

STATE PUBLIC CHARTER SCHOOL AUTHORITY



2016 CHARTER SCHOOL EXPANSION AMENDMENT REQUEST

Schools Requesting to Operate Additional Campuses

*Released January 15, 2016
Amendment Requests Due March 1, 2016*

Section I: Introduction from Board Chair Adam Johnson

Dear Charter School Governing Body,

On behalf of the State Public Charter School Authority and our nearly 25,000 incredible students, we thank you for your interest in amending your written charter or charter contract to expand a high-performing school in Nevada to serve additional students on new campuses under an amended and restated charter contract. Whether you are applying to expand from a single Nevada charter school campus or to add new campuses to an emerging network of schools here in the Silver State, we understand the tremendous amount of work and commitment required to expand a quality school and achieve operational excellence across multiple sites while maintaining fidelity to your mission, vision, and academic model.

The development and release of this Amendment Request format reflects the sweeping education reforms adopted during the 2015 Legislative Session and our recognition of the opportunities and challenges that many of our existing multi-site operators have faced as they have grown their schools to serve multiple communities. Multi-site charter schools are large, complex public entities which may serve thousands of students and employ hundreds of staff. The 2015 Legislature recognized this reality and requires that an authorizer review the track record of the charter school with relation to academic, financial, and organizational performance and determine whether the school has the capacity to operate additional campuses with a high degree of quality and consistency across all domains.

We have designed this process to allow governing bodies and leadership teams to assist in this process through an evaluation of their own capacity and determine where they will need to invest additional resources to ensure success. As with all submissions to the State Public Charter School Authority (SPCSA), this amendment request is intended to be a document which is the result of deep, thoughtful engagement by the governing body and staff employed by the school. While the SPCSA acknowledges and appreciates the contribution of vendors and contractors, including education management organizations, to the growth and vitality of the state's charter school movement, it is important to emphasize that the sole legal accountability for the promises and commitments made by the school to students, parents, families, the surrounding community, and to the people of Nevada and their authorized representative, the State Public Charter School Authority, lies with the governing body of the school and its direct, authorized employees.

The SPCSA is committed to quality in every aspect of our operation, and we firmly believe that quality authorizing leads to quality schools. We are committed to granting expansion amendments only to those schools who clearly demonstrate the academic track record and financial and operational capacity and business planning necessary to govern and operate high-performing networks of schools. We particularly welcome amendment requests from schools who seek to serve at risk students in and around our urban cores of Clark and Washoe counties, develop

intentionally diverse populations in our growing suburbs, and the underserved populations of our rural and Native American communities.

Our statutory responsibility compels us to provide our students and families with the very best options the charter community can provide. We are confident that we have created a demanding, thorough, and transparent amendment request and review process.

As you complete your amendment request, please feel free to contact the SPCSA staff with any questions. Again, thank you for your interest in recommitting to this vital work and investing more of your time and talents in our effort to build and deliver a high quality public school option to every student in Nevada.

Sincerely,

Adam Johnson
Board Chair

Section II: Instructions

OPERATOR APPLICANT INSTRUCTIONS

Specifications

- It is the responsibility of the applicant to ensure that the content is complete, detailed, and easily understood and followed by reviewers; external experts; and parents, families, and the general public.
- This request may be completed with responses following each question (e.g., the questions following the headings *Parent and Community Involvement*, *Driving for Results*, *Human Resources*, etc.). Please leave the text of the question in the document to facilitate review and public transparency.
- All narrative elements of the application must be typed with 1-inch page margins and 11-point Cambria font, single-spaced.
- All headings must be in 11, 12, or 14 point Cambria font.
- Tables may be in either 11 or 10 point Cambria font.
- Each major section (Executive Summary, Meeting the Need, Academic Plan, etc.) must begin on a separate page, as indicated in the RFP document.
- All pages must be consecutively numbered in the footer, including all attachments.
- The table of contents must identify the page number of each major section of the narrative and each required attachment.
- Schools are encouraged to utilize Microsoft Word's cross-referencing features to allow for automatic updates to page numbers within the document for any element discussed in more than one section. Simply referring reviewers to content in another section or expecting reviewers to seek out and infer an answer from information which may or may not be found in an attachment is unacceptable and will be deemed unresponsive. Petitioners are expected to exercise appropriate judgement in balancing responsiveness with excessively duplicative content. It is highly advisable to answer the question posed and refer the reviewer to additional contextual information that will inform review with transitional and referential phrases such as "As discussed in greater detail in the Section _ beginning on page __, the school will..." and "Reviewers seeking more information on __ may wish to refer to the section labeled __ beginning on page __. More specifically, the school will..."
- References and citations should be placed in the footer.
- The name of each major section and attachment, e.g. "Attachment 1," etc. must be placed in the footer to facilitate easy review and navigation of the materials. Bookmarking of individual sections and attachments in Acrobat is strongly encouraged to enhance readability and facilitate a thorough review.

- Schools are encouraged to use Microsoft Word's styles features (<http://shaunakelly.com/word/styles/stylesms.html>) to manage formatting, provide for bookmarking and cross-referencing, and facilitate the generation of the table of contents and other features through the heading styles functionality.
- If a particular question does not apply to your team or application, simply respond with an explanatory sentence identifying the reason this question is not applicable to your school AND including the term "not applicable" within the sentence.
- All questions, including those identified as "Not Applicable" and tables not utilized must be left in the document. Tables which are accompanied with directions permitting the school to modify the number of rows and to customize the designated content may be changed as indicated.
- Applicants **MUST** submit amendment requests electronically in Epicenter, the statewide document management center for school submissions to the State Public Charter School Authority. All documents, other than budget documents and data submissions better suited to Excel, must be submitted as PDF documents. All PDF documents, other than those individual pages containing signatures or facilities documentation, must be submitted as converted (not scanned) documents.
- The following is a list of attachments to accompany the application:

Attachments Necessary to Assess Facility Compliance

1. A letter of transmittal signed by the Board chair formally requesting the amendment and identifying each of the elements to be submitted in support of the request.
2. Agenda for Board Meeting Where Board Voted to Request an Amendment to Add Additional Grades, Expand Enrollment, or Occupy a New or Additional Facility
3. Draft or Approved Minutes for Board Meeting Where Board Voted to Request an Amendment to Add Additional Grades, Expand Enrollment, or Occupy a New or Additional Facility
4. If a facility has been identified, the physical address of the facility and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility **OR**, if a facility has not been identified, a discussion of the desired community of location and the rationale for selecting that community AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265
5. If a facility has been identified, a copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement **OR** a narrative explaining the rationale for the budgeted cost of acquisition of an owned or leased facility AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265
6. If a facility has been identified, a copy of the floor plan of the facility, including a notation of the size of the facility which is set forth in square feet **OR**, if a facility has not been identified, a discussion of the general specifications to be utilized during the facility search, including approximate square footage AND an assurance that the school will submit such

documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265

7. If a facility has been identified, the name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school **OR** a description of the process and resources the school will use to identify a facility **AND** an assurance that the school will submit such information for review and approval prior to acquisition of any facility in compliance with NAC 386.3265
8. Full Certificate of Occupancy **OR** a detailed construction project plan and timeline, including a Gantt chart, identifying all facility development activities necessary to obtain a full certificate of occupancy prior to the first day of school **AND** documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will issue the Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265
9. Documentation demonstrating that the proposed facility meets all applicable building codes, codes for the prevention of fire, and codes pertaining to safety, health and sanitation **OR** a detailed construction project plan and timeline, including a Gantt chart, identifying all facility development activities necessary to obtain all such code approvals prior to the first day of school **AND** documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all code inspections, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265.
10. Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 386.3265

Attachments Necessary to Assess School Capacity

11. Letters of Community Support/Partnership (preferably PDF conversion but may be scanned to PDF)
12. School and network leadership team job descriptions
13. Resumes and student achievement data for proposed school leader (if available)
14. Competencies used for school leader selection
15. Regional Director resume or job description
16. CMO/Local Network organizational charts
17. New Board Member Information Sheets
18. Incubation Year Planning Table

19. EMO agreement documentation (*if school will contract with a non-profit or for-profit EMO for additional services or this expansion will result in additional payments to an existing EMO*) OR an assurance that the school is not contracting with an EMO
20. Operational execution plan
21. Budget narrative
22. Financial Plan
23. Local Network Budget
24. For schools which replicate an EMO or CMO model from another state which do not yet have Nevada performance data: school performance data sheet and data from network's internal assessments demonstrating that the Nevada school is performing at a level similar to schools in other geographies. Please also provide historical financial documents for the entity including audited financial records for the entity and, if any of the schools operated by the management organization are technically separate entities, audited financials for each such school as well as any other campus by campus financial evaluations conducted by charter school authorizers. At least three years of school financial audits are required for any school operating for three years or longer. This may be provided in the format of your choosing.
25. School Data Worksheet

- When submitting resumes and biographies of proposed new board members and staff, label each document with the individual's affiliation with the proposed school (board member, principal, teacher, etc.) and combine the files into a single converted PDF document.
- Review all elements of your request for completeness before submitting. Incomplete requests will not be accepted, and schools are not able to amend, revise, or supplement their request after it has been submitted unless the SPCSA, at its sole discretion, requests additional information or the SPCSA board votes to reject the request and the applicant chooses to resubmit a revised request at a later date.
- Schools are strongly encouraged to maintain final Microsoft Word versions of all written materials. In the event that a school elects to resubmit a request with additional content and documentation, the school will be expected to use the Track Changes function to identify any additions or deletions to the application. Specific format requirements for such resubmissions will be furnished to applicants upon request.

Applicants are reminded that all requests for facilities or enrollment expansion amendments are public records and are posted on the SPCSA web site. Once a request is approved, it is expected that the complete charter application and the approved amendments will be posted on the school's web site or will otherwise be made available via electronic means upon request from any member of the public. To ensure the broadest range of accessibility for public documents, the SPCSA strongly encourages applicants to consult the Accessibility Guidance offered by our peer authorizer, the Massachusetts Department of Elementary and Secondary Education: <http://www.doe.mass.edu/nmg/MakingAccessibleDocuments.pdf> and

<http://www.doe.mass.edu/nmg/accessibility.html>. The usage of the Microsoft styles feature discussed earlier will also help to facilitate accessibility.

Eligibility Requirements

To be eligible to submit an expansion amendment in the fall 2015 expansion amendment cycle, a school must be in good standing in all three domains of the Authority's academic, financial, and organizational performance frameworks and it must not be considered a low-performing school or otherwise ineligible according to any definition set forth in law or regulation. Ineligible schools include, but are not limited to those schools which operate an elementary, middle, or high school rated below the three star level; schools which operate an elementary, middle, or high school program that is a priority or focus school; schools which operate high schools with graduation rates below 60 percent; and schools rated at the approaches, unsatisfactory, or critical level on the Authority Performance Framework either in aggregate or at the elementary, middle, or high school level.

A school which does not have at least one independent financial audit and one year of academic performance data in the Nevada system of accountability is ineligible to apply for an expansion amendment unless the school was approved by the Authority as an EMO replication of a high performing charter school in another state or the operator applied as a CMO applicant and has replicated a high performing charter school model from another state. In such cases, the school will be required to submit updated academic, financial, and organizational performance data in all three domains from the replicated EMO school or CMO school network. Such schools are also encouraged to submit, rigorous, objectively verifiable internal assessment data which demonstrates that the Nevada-based charter school is making progress similar to that of the schools in other states with similarly rigorous academic standards and statewide assessment systems and evaluative criteria. Such non-Nevada schools must be continuing to meet the academic, financial, and organizational performance targets which made them eligible for replication in Nevada for the Authority to consider utilizing their results as a proxy for the performance of a Nevada replication school utilizing the same model. It is also important to note that the Authority will only favorably consider internal assessment results for Nevada campuses which meet or exceed those of schools utilizing the same model in such states. Put simply, such data must, in the Authority's sole discretion, support the finding that the Nevada replication school is on track to perform as well or better than the replicated school on a rigorous, statewide assessment. In the event that the Authority mandates a system-wide assessment to supplement the statewide test and provide for additional data in the event of a testing irregularity or a change in state testing provider, schools should expect that data from that assessment will outweigh data provided from a school's internal assessment system.

Schools are advised that fiscal or organizational issues which are discovered during the review process, including issues related to, raised in, or uncovered during a review of the annual

independent audit which was due to the Authority on December 1, 2015, will result in denial of the expansion amendment request.

Submission Instructions

1. **Schools must submit their complete amendment request into the Charter Amendment section of Epicenter by 5:00 pm PT on March 1, 2016**
2. In order to complete and submit your request, you will need to meet the following minimum technology requirements:
 - a. A local copy of Microsoft Office Word 2007 and Microsoft Office Excel 2007
 - b. A local copy of Adobe Acrobat Standard or Professional or a third party PDF-creation solution that allows for converting, combining, and consecutively paginating files into portable document format
 - c. A local copy of Microsoft Office Project and Microsoft Office Visio or other software or a school-selected suitable web-based equivalent (e.g. Lucidchart for flowcharts) with the capacity to produce detailed Gantt charts, flowcharts, and explanatory graphics for inclusion in the Microsoft Word narrative or the requested attachments
 - d. Microsoft Internet Explorer Version 9 or above OR Google Chrome Version 40 or above
 - e. A reliable Internet connection
 - f. A laptop or desktop computer with at least 50 Mb of free space to store downloaded amendment request documents and local copies of your submission
3. Schools may upload amendment requests up to 5:00 pm PT on March 1, 2015. Once the request is submitted, schools will be unable to access, edit, or revise the documents

Guidance and Resources for Applicants

Schools are encouraged to familiarize themselves with **current** Nevada law and regulations relating to charter schools. As Nevada's statutes and regulations are continuing to evolve, it is advisable to monitor and evaluate all changes to ensure that any proposed changes to the charter meet current expectations. The Authority does not have the capacity or the statutory authority to provide individual guidance or legal advice. Charter schools are encouraged to consult the Charter School Association of Nevada and an attorney who is well versed in charter school law for guidance in interpreting those elements of statute and regulation for which the Authority has not incorporated its policy expectations in this document.

Nevada Revised Statutes: NRS 386.490 et seq. contains the vast majority of law pertaining to charter schools: <https://www.leg.state.nv.us/NRS/NRS-386.html#NRS386Sec490>.

During the 2015 legislative session, the state adopted a number of reforms related to charter schools. Key bills which passed include:

- SB509: Balances additional operating flexibility for charter schools with broad changes in charter school authorizing and accountability:
https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB509_EN.pdf

- SB460: Provides for an accountability framework to evaluate the performance of a small subset of charter schools which have a mission to exclusively serve opportunity youth, students with disabilities, and other particularly vulnerable populations: https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB460_EN.pdf
- SB208: Codifies existing minimum expectations regarding the notification of families when a new charter school is scheduled to open in a community and changes the expectations around recruiting and enrolling students: https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB208_EN.pdf
- SB390: Permits but does not require charter schools to give admissions preference to students who attend overcrowded schools or underperforming schools within a 2 mile radius of a campus: https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB390_EN.pdf
- SB200: Permits but does not require charter schools on military bases to give admissions preference to students of personnel residing on or employed by the military base: https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB200_EN.pdf

Nevada Administrative Code: As a state with a biennial legislature, Nevada relies heavily on its regulatory framework to provide guidance on the interpretation and execution of its laws. The provisions of NAC 386.010 through 386.47 govern the administration of the state's charter school program: <https://www.leg.state.nv.us/NAC/NAC-386.html>.

The state adopted a number of changes to the NAC regarding charter schools during the 2014 interim. Most of these modifications reflect the creation of the SPCSA in 2011 and the creation of a charter school accountability system in 2013. Some of these changes have not yet been codified into the existing NAC:

- R036-14A: <http://www.leg.state.nv.us/Register/2014Register/R036-14A.pdf>
- R069-14A: <http://www.leg.state.nv.us/Register/2014Register/R069-14A.pdf>
- R075-14A: <http://www.leg.state.nv.us/Register/2014Register/R075-14A.pdf>
- R076-14A: <http://www.leg.state.nv.us/Register/2014Register/R076-14A.pdf>

Due to the legislative changes during the 2015 session, schools should anticipate that many of these regulations will be revised to reflect the most current law during the fall of 2015 and the winter of 2016 as Nevada continues to adopt best authorizing and oversight practices and policies from other leading charter school states. This amendment request document is one of the first efforts to incorporate those changes.

Pursuant to SB509, the Authority may require that schools enter into amended and restated charter contracts as a condition of granting an amendment; this mechanism allows us to require schools to develop additional technical amendments and contractual changes as statutory and regulatory requirements evolve.

Additional Guidance and Resources for Schools

The Nevada charter school movement and the SPCSA have undergone dramatic changes in the past four years as a result of legislative changes in the 2013 legislative session and the sweeping education reforms adopted during the 2015 legislative session. As noted above, the policy and operating landscape for charter schools has undergone significant shifts, including some changes which have yet to be codified into regulation and standard practice.

In light of these changes and the Authority board's deep commitment to accountability and continuous improvement, the expectations and standards for charter application approval and for ongoing operation and expansion have continued to evolve and our process has become increasingly more rigorous. Consequently, schools are strongly cautioned against excessive borrowing of language from "boilerplate" Nevada charter application material and sample resources that are widely available on the internet, including legacy materials on a variety of state web sites, including documents maintained for a subset of existing schools on the SPCSA website.

The Authority also recognizes that overseeing and operating high performing schools with multiple campuses is a complex task requiring flexibility and sophistication. Nevada's multi-site charter schools are the Silver State's own homegrown charter management organizations. Like similar networks in other states, our homegrown CMOs directly hold charters to operate multiple campuses in Nevada. As they plan their growth, schools which have limited experience operating charter schools with multiple campuses and those which have not fully made the mindset shift from operating a small school to a more district-like entity are encouraged to reach out to the top performing multi-site charter school networks in leading charter school markets, including not only states in the western United States, but also CMOs in places like New York, Massachusetts, and the District of Columbia. While there are some contextual differences between states, you will find that many of these networks have experienced challenges as they have grown and can share lessons learned about how to grow intentionally, strategically, and effectively.

Schools are encouraged to avoid quoting entire statutes or regulations, or including documents that could just as well be referred to rather than provided in their entirety in the application. Do not simply print materials off the Nevada Department of Education's website or the State Public Charter School Authority's website for inclusion in the amendment request; the Review Team can access those websites if necessary. Including documents and statutes and regulations in their entirety will result in an unmanageably large submission. Rather than quoting or including the entire text of statute, regulation and/or documents in the application, include only relevant excerpts or summarize the statute, regulation or document. Do not hesitate to provide citations of relevant statutes or regulations along with a thoughtful, original discussion of **how** the school intends to implement the requirements of the law, regulation, or process in a way which is **fully aligned** with the mission, vision, and program outlined in the application. In designing their policies, processes, and procedures, schools are encouraged to consider the who, what, where, when, and why for each element in the school's operating system.

Overview of the Spring 2016 Expansion Amendment Cycle

With the Spring 2016 charter expansion amendment cycle, the State Public Charter School Authority has adopted a format which features questions focused on the particular academic, financial, organizational, and governance opportunities and challenges associated with multi-site operation.

The State Public Charter School Authority views the granting of the charter as an investment of public dollars and the public trust in the service of public schoolchildren. The evaluation of each application and each applicant revolves around the same essential question: will this school be an academic, organizational, & financial success?

The expansion request is evaluated based on the strength of the plan in each of those domains, while applicants are evaluated based on their *capacity* to execute the program they've proposed both based on the coherence, thoroughness, and thoughtfulness of each element of the application and on the data gathered during both the (discretionary) capacity interview process and background research and due diligence on both proposed members of the expanded governing board and proposed staff members. Successful requests will share many of the same characteristics.

Successful Amendment Requests Will Demonstrate...

Domain	Criteria
Governance	Strong Governing Team which Significantly Exceeds Statutory Minimum Criteria with Proven Track Record of Transparency and Accountably Governing a Multi-Million Dollar Public Entity
Leadership	School and Network Leaders with Exemplary Track Record of Academic and Operating Results with Similar Model/Population Strong Operating Team with Proven Track Record of Transparency and Accountably Operating a Multi-Million Dollar Public Entity
Academic Accountability	Proven School Model With Proven Track Record of Producing 4/5 Star Results with Target Population
Fiscal Accountability	Strong School and Network Financial Model With Proven Track Record of Increasing Annual Fund Balances ¹

¹ Such fund balance increases are intended to track free cash on hand, and should be exclusive of any capital refresh, expansion, or bond-mandated reserves budgeted for and maintained by the school.

	Track Record of Clean Audits
Business Relationships	Transparent and Appropriate Client/Vendor Relationship with Any Identified Service Providers

Developing a high quality multi-site school design and operating plan is a challenging and time-consuming endeavor that requires extensive collaboration by the governing body and leadership team of the charter school. Reading and making recommendations on charter amendments is also a time-consuming activity for SPCSA board members, staff, and any external evaluators with whom the Authority may work to ensure a diversity of perspectives and expertise in the review process.

It is important to note that in contrast to other statewide independent charter school board authorizers with similarly sized portfolios, the SPCSA currently has very limited staff approved to manage school communications, the charter application process, the amendment request process, the pre-opening process for new charter schools and new campuses, performance management of existing charter contracts, or the process for renewing and closing charter schools based on performance issues. All State Public Charter School Authority employees other than the Director are primarily funded as either state agency fiscal support staff or as staff to the agency's district-like local education agency funding. Consequently, schools are cautioned that timelines for review and feedback may be subject to change or modification.

For the Spring 2016 amendment cycle, all requests are projected to be on the same review timeline:

Full Request Submitted	March 1 2016
Initial Technical Review to Confirm Eligibility and Completeness	Early March 2016
Requests for Clarification (at discretion of SPCSA staff)	late March 2016
Review of Amendment Request by Internal and Possible External Reviewers	late March 2016
Capacity Interviews (At SPCSA Director Discretion)	Mid April 2016
Reviewer Conference and Generation of Staff Recommendations	Late April 2016
SPCSA Board Meeting: Public Hearing: Staff Recommendation, School Presentation, & Board Vote	May-June 2016

Schools that are unable to submit an amendment request which meets their own high standards during the spring round are strongly encouraged to begin working on an application for the fall 2017 cycle as soon as possible. While there are likely to be some changes to the timeline, process, and format, the essential questions will remain the same.

Section III: Request for Amendment

CAMPUSES OPENING FALL 2016 AND BEYOND

Please submit an amendment request that addresses the following questions / issues. There are no page limits for individual sections except for the Executive Summary. The total amendment request may not exceed 128 pages (not including the requested attachments and the 28 pages of questions and tables included in this document).

Please keep in mind that your amendment request is a professional document. The quality of the document that you submit should reflect the quality of the school that you propose to expand. Review teams will be able to navigate well-organized, effectively edited documents easily, thereby focusing their energy on reviewing the content of each application. Grammar, spelling, and formatting all make an impression on a reviewer. Responsive answers are critical: ensure that you have fully answered the question and have thoroughly researched the relevant section of law, regulation, and policy. Organization and clarity are essential: use of appropriate cross-referencing by page number and, where appropriate, sub-section headings to linked areas of the application when elaborating on or demonstrating alignment to a key strategic element of the proposal will limit the possibility that an essential point is missed by a reviewer due to a lack of clarity and specificity.

The purpose of this Expansion Amendment Request is to assess the potential of existing charter school boards to produce high-quality student outcomes and function as highly effective, accountable, and transparent providers of public education as they transition from being single site or small multi-site charter schools into charter management organizations with the capability and maturity to achieve at consistently high levels in all domains while continuing to scale their impact in their communities and in other communities across the state.

EXECUTIVE SUMMARY

4 Page Limit

Provide a brief overview of your school, including:

- An overview of the mission and vision for the expanded school network
- Proposed model and target communities
- The outcomes you expect to achieve across the network of campuses
- The key components of your educational model for the expanded school
- The values, approach, and leadership accomplishments of your school or network leader and leadership team
- Key supporters, partners, or resources that will contribute to your expanded school's success

Coral Academy of Science Las Vegas (CASLV) is a STEM-focused, college-prep public charter school that gives students in grades K-12 an opportunity to achieve their full potentials. The mission of CASLV is to provide a safe, rigorous college preparatory environment that promotes social responsibility and a culturally diverse community dedicated to becoming lifelong learners bound for success. CASLV currently serves over 1,500 students across the valley, with more than 4,000 students on its waitlist.

CASLV's stellar reputation, which speaks for itself, has only grown in magnitude since its inception. Having started off as a replication model of Coral Academy of Science - Reno (CAS), which is a renowned school in Northern Nevada, CASLV has raised the bar even higher by adding more components to its already rigorous education programs. CASLV is accredited by the leading accreditation institution, AdvancED.

CASLV's faculty and staff are dedicated to challenging all students academically, instilling college awareness at all grade levels, and motivating them towards STEM careers by providing the necessary tools to help develop 21st century and leadership skills.

Belief Statements

C – Challenge: Every student is challenged to enhance character and fulfill their academic potential.

A – Acceptance & Achievement: Accepting the diversity of our peers and achieving goals beyond ourselves.

S – Safety: Providing a safe learning environment that sets boundaries to allow students to achieve greatness.

L – Lifelong Learning: Fostering a love of lifelong learning.

V – Values: Developing well-rounded individuals while promoting integrity and responsibility.

Some of the highlights of our team’s qualifications to provide the services for this project are as follows:

- CASLV has received the top Nevada Department of Education designations “High Achieving,” “5-star School,” “Quality School,” and “Reward School” for each school year it has been operational. In addition, CASLV is the #1 high school in Nevada and #72 in the nation according to the Washington Post’s “America’s Most Challenging High Schools” list of 2014. CASLV will exceed in your expectations on each and every factor defined in your Statement of Objectives. CASLV is headed by Mr. Ercan Aydogdu, Executive Director of the CASLV and was responsible for achieving the highest rating for the school in the State of Nevada. He is committed to make all resources available for the success of the additional Henderson campus and will make his priority to make this school one of the top schools in the State of Nevada.

With a waitlist of over 4,000 for our Henderson location, we are in need of adding another campus to support the current demand and need, as well as being able to have a separate Middle and High School campus. CASLV’s new campus process guarantees the continuation of CASLV’s extraordinary success and includes the following:

- **Proven educational program:** The same successful educational model with all aspects will be implemented at the new location. Feedback from school administration, parents and students and later from the school staff may cause other site-specific programs to develop.
- **CASLV Central Office support and Supervision:** CASLV central office will supervise every step of the startup and program implementation at the new campus. CASLV has a proven replication model at multiple locations in Nevada.
- **Seed administrators and teachers to ensure successful replication:** As previously done at already replicated Coral Academy schools, some existing administrators and teachers at current schools will be transferred to the newly opened site to implement the educational program at the new Henderson campus. In order to facilitate a smooth transition and long-term sustainability, the central office will transfer some of its core teaching faculty and administration to the new campus. This strategy has been successful in effectively instituting CASLV’s proven educational model.
- **Proven human resources management:** CASLV central office will handle teacher recruitment for the new campus.
- **Professional training:** A thorough professional development program will be incorporated.

Weekly coordination meetings: School principals and central office staff will hold weekly meetings to oversee the entire replication process.

MEETING THE NEED

TARGETED PLAN

(1) Identify the community you wish to serve as a result of the expansion and describe your interest in serving this specific community.

(a) Over the next three years, we will be serving our Henderson and Henderson-Adjacent area students in the K-12th grades. We will be providing up to 750 additional placements for incoming students.

(2) Explain how your expansion model, and the commitment to serve this population, including the grade levels you have chosen, would meet the district and community needs and align with the mission of the SPCSA.

(a) Our commitment to serve all of our students has always proven to be unparalleled. This Henderson area expansion will serve our current students as well as an additional 750 new students. We have chosen to use this new Henderson campus to allow a restructure of all campuses in an effort to streamline all campuses and keep continuity across all of the campuses. This will allow our Sandy Ridge Campus to focus on their efforts for grades 4th through 7th. Both Tamarus and Windmill Campuses will then be able to both serve grades K through 3rd. To accomplish this we will be building a new, high tech capable, STEM focused school for 8-12th grades in Henderson/Henderson-adjacent area over the next three years. Since we have such a large wait list, adding 750 more students will help alleviate some of this and allow more families the opportunity to educate their student with CASLV.

GROWTH RATE AND RATIONALE

(1) Describe the school's six-year growth plan for developing new schools in Nevada and other states. Please describe the proposed scope of growth over the next 6 years, including both the schools that the campuses the school has already been approved to open, those it is currently applying to open and any additional campuses that it anticipates applying to open in the next six years (number of campuses, locations, proposed six-year enrollment projections, and grade configuration/type of schools).

(a) Provide a rationale for the proposed six-year growth plan; for example, how the school determined the appropriate pace and scope of the proposed growth and why the school is well-positioned to implement the growth plan. If locating in a new community within your present county of location or a new county within Nevada, please explain the rationale for the geographic expansion. If planning to operate new campuses in other states, please explain the rationale for that expansion.

Our commitment to serve all of our students has always proven to be unparalleled. This Henderson area expansion will serve our current students as well as an additional 750 new students. We have chosen to use this new Henderson campus to allow a restructure of all campuses in an effort to streamline all campuses and keep continuity across all of the campuses. This will allow our Sandy Ridge Campus to focus on their efforts for grades 4th through 7th. Both Tamarus and Windmill Campuses will then be able to both serve grades K through 3rd. To accomplish this we will be building a new, high tech capable, STEM focused school for 8-12th grades in Henderson/Henderson-adjacent area over the next three years. Since we have such a large wait list, adding 750 more students will help alleviate some of this and allow more families the opportunity to educate their student with CASLV. In our recent lottery, we were able to only take 100 students, most of which made up our kindergarten population. We have siblings of enrolled students that have to go through their own lottery and waitlist to get enrolled into CASLV, let alone other students from the general public. By adding another campus in Henderson we will be able to support our current families and also offer more opportunities for students to participate in our outstanding program.

(2) Specifically identify the key risks associated with this growth plan and describe the steps the school is taking to mitigate these risks. Respondents should demonstrate a sophisticated and nuanced understanding of the challenges of replication in general and as they relate specifically to their school growth plans based on current and historic experience of charter school management organizations and similar types of multi-site social enterprises and non-profit and for-profit organizations. The response should detail specific risks and explain how the school will minimize the impact of each of these risks, and ideally provide contingency plans for them. Examples may include:

- a. Inability to secure facilities/facilities financing;
 - i. We are currently working on and investigating areas that would work for our new campus
- b. Difficulty raising philanthropic funding;
 - i. Not applicable
- c. Insufficient talent pipeline/difficulty recruiting faculty;
 - i. We are already developing a plan for teacher and faculty recruitment and we have some key teachers on already developed campuses that will transfer to the new campus to help with the startup and implementation of the CASLV program
- d. Insufficient leadership pipeline/difficulty recruiting school leaders;

- i. As previously done at already replicated Coral Academy schools, some existing administrators and teachers at current schools will be transferred to the newly opened site to implement the educational program.
 - e. Misalignment between the founding school and leader and new campuses and leaders, and;
 - i. There will be formal and informal systems that will prepare leaders for their responsibilities. School leaders and the central office will hold weekly meetings to oversee the entire replication process and ongoing communications between all campuses.
 - f. Ambiguous student performance outcomes and the need to curtail expansion if performance drops.
 - i. CASLV has consistently performed at a high level, with an overall 4-5 star rating. This is something we will continue to look at closely on all levels - staff administration, and the board. If issues and concerns come up where we are not performing at a high level we will take immediate action to fine tune academic plans, procedures, and structures that are in place to ensure student success.
- 2. Discuss lessons learned during the school's past replication efforts and those of any replicated school or organization from another jurisdiction. For example: specifically identify each challenges encountered and how the school addressed them, as well as how the school would minimize such challenges for the proposed campuses.
 - a. Open and ongoing communication with students, parents, and staff will be key to ensure our new Henderson campus is operating smoothly.

PARENT AND COMMUNITY INVOLVEMENT

- (1) Describe the role to date of any parents, neighborhood, and/or community members involved in the proposed expansion of the school.

Involvement with our community members and parents about the need for an additional campus in Henderson has been an ongoing conversation.

(2) Describe how you will engage parents, neighborhood, and community members from the time that the application is approved through the opening of the new campus(es) or grade levels. What specific strategies will be implemented to establish buy-in and to learn parent priorities and concerns during the transition process and post opening?

Open, dynamic and transparent communication between parents, teachers, administration and community leaders is an imperative paragon of success in any excelling school. Recognizing that educational success will be realized only when the essential underlying triad of student-teacher-parent/guardian is in harmony, the purpose of Coral Academy of Science is to create a partnership that will provide our children with the support necessary to reach their highest potential *intellectually, socially, emotionally, and physically*.

(3) Describe how you will engage parents in the life of the expanded school (in addition to any proposed governance roles). Explain the plan for building family-school partnerships that strengthen support for learning and encourage parental involvement. Describe any commitments or volunteer activities the school will seek from, offer to, or require of parents.

CASLV's traditional activities/programs:

- Back to School Nights
- Parent-Teacher Conferences
- Home Visit Program
- Around the World Festival
- Winter Festival
- Harvest Festival
- Muffins for Moms
- Doughnuts for Dads
- STEM Expo
- Fall Picnics
- Parent-School-Community Sports Activities

CASLV communicates with parents in variety of ways. Social Media channels such as Facebook, Twitter and LinkedIn are constantly updated. Newsletters, report cards, emails, and webpage are extensively utilized by administration and faculty to preserve consistent communications with parents. CASLV provides 24/7 access to its SIS, where parents have access to all academics (grades, progress) and discipline information for their children simply by going online. The school's website

is another great tool for parents; announcements, forms, upcoming events and activities are updated regularly to ensure that parents and the schools are on the same page.

CASLV believes that these type of events will be instrumental in building a strong platform for community relations at the new Henderson campus.

(4) Discuss the community resources that will be available to students and parents at the expanded school. Describe any new strategic partnerships the expanded school will have with community organizations, businesses, or other educational institutions that are part of the school's core mission, vision, and program other than dual-credit partners discussed in subsequent sections. Specify the nature, purposes, terms, and scope of services of any such partnerships, including any fee-based or in-kind commitments from community organizations or individuals that will enrich student-learning opportunities. Include, as Attachment 11, existing evidence of support from new community partners such as letters of intent/commitment, memoranda of understanding, and/or contracts.

Community involvement is a fundamental aspect of CASLV's mission and vision. Community partnerships are extremely important as it broadens the students' opportunities to be exposed to various opportunities in and out of the school day. CASLV will continue to seek partnerships that will enrich our school program.

(5) Describe the school's ties to and/or knowledge of the target community. How has the school learned from and engaged with this community to date? What initiatives and/or strategies will you implement to learn from and engage the neighborhood, community, and broader city/county?

CASLV will prioritize deep engagement with the target community through a multifaceted marketing campaign to educate parents and families about school choice. The development of target community engagement will be multidimensional as part of our strategic plan and gathering knowledge from a variety of community stakeholders especially from parents, families, and targeted at-risk subgroups through focus groups and other mechanisms.

(6) Identify any organizations, agencies, or consultants that are partners in planning and expanding the school, along with a brief description of their current and planned role and any resources they have contributed or plan to contribute to the school's development. If the school is new to this county, describe how your previous work has prepared you to establish relationships and supports in this new community.

This proposal is for expansion of our current community in the Henderson area. We have outlined our expansion plans, resources, and roles below through our Academic Plan, Operational Plan, and Financial Plan.

ACADEMIC PLAN

MISSION & VISION

The mission of your school should describe the purpose of your school, including the students and community to be served and the values to which you will adhere while achieving that purpose. The vision of your school should describe what success looks like for students, for the school as a whole, and for any other entities that are critical to your mission. The mission and vision statement should align with the purposes of the Nevada charter school law and the mission of the State Public Charter School Authority and serves as the foundation for the entire proposal.

(1) Explain whether the proposed mission and vision for the network is different from the existing school's mission and vision and how they differ. Describe the reasoning behind any modifications. Explain whether the mission and vision outlined will replace the current mission and vision of the charter holder, or if the school proposes to complement a broader organizational mission and vision with campus or grade-level specific variants. How will the entity as a whole ensure consistency and coherence of its mission and vision?

MISSION & VISION

"The mission of CASLV is to provide a safe, rigorous college preparatory environment that promotes social responsibility and a culturally diverse community dedicated to becoming lifelong learners bound for success."

School Beliefs

C – Challenge: Every student is challenged to enhance character and fulfill their academic potential.

A – Acceptance & Achievement: Accepting the diversity of our peers and achieving goals beyond ourselves.

S – Safety: Providing a safe learning environment that sets boundaries to allow students to achieve greatness.

L – Lifelong Learning: Fostering a love of Lifelong learning.

V – Values: Developing well rounded individuals while promoting integrity and responsibility.

At CASLV, we recognize that educational success will be realized only when the essential underlying triad of student-teacher-parent/guardian is in harmony.

We, as educators, will create a partnership among this triad that will provide our youth with the support necessary to reach their highest potential- intellectually, socially, emotionally and physically.

The educational vision and innovation crucial to accomplishing this mission are organized under two main headings: specific elements and whole-school design.

The specific design elements fall into five categories: 1) rigorous curricula, instruction, and assessment; 2) leadership, governance, and staffing; 3) parent and community involvement; 4) technology; and 5) financing. The whole-school design involves the comprehensive and continuing effort to realize these five essential elements in an integrated manner.

It is our belief that each child has an inherent curiosity and love of learning; and that each child has a unique intelligence, level of capability, and learning style. With this in mind, we will motivate our students and expect them to strive toward their highest levels of capability while addressing their individual learning styles, thus fostering within them a lifelong love of learning.

Continuous improvement, persistent innovation, positive response to change, and a commitment to continuous growth will be expected of all the people and programs at CASLV. The public's resources and those of the Board of Directors must be effectively committed to ensure that these expectations will be met. Then, and only then, will our proven successful educational vision infused with the energy of local innovation harmonize the triad of student-teacher-parent/guardian support to accomplish our mission, that of providing each student with the motivation and resources to reach his or her highest potential and realize his or her greatest aspirations.

It is the responsibility of the Board of Directors, in alliance with the community, to guide the school in holding true to its mission. To this end, the Board of Directors will provide the school with the support, which will ensure optimal conditions for the achievement and continuing growth and development of each student.

CURRICULUM & INSTRUCTIONAL DESIGN

The framework proposed for instructional design must both reflect the needs of the anticipated population and ensure all students will meet or exceed the expectations of the Nevada Academic Content Standards.

- (1) Historical Performance

(a) **Performance Data:** schools are only eligible to complete the amendment request and business plan if the existing schools meet the Authority’s eligibility criteria; these criteria reflect a proven academic track record of success with Nevada students and our operating expectations or similar performance in another state. However, a school is welcome to provide any additional historical academic performance metrics that fall outside of the operator’s contractual performance plan (e.g. average student growth on an adaptive test such as ACT Aspire, NWEA MAP, SCANTRON, Renaissance Learning’s STAR, etc.). If provided, describe student performance on these metrics. ***Please only provide data in vendor-produced score reports and note that the Authority may require additional time and resources to review and vet such data.***

CASLV AYP

School Year	CASLV
2007-2008	High Achieving
2008-2009	High Achieving
2009-2010	Adequate
2010-2011	Adequate
2011-2012	High Achieving / 5-Star & Quality School
2012-2013	4-Star
2013-2014	5-Star & Reward School
2014-2015	5-Star & Reward School

(b) **Interventions:** Please explain any past performance that has not met the organization’s expectations. How was the underperformance diagnosed, how were appropriate intervention(s) determined, and how are they being implemented? What are the key areas in which existing schools/campuses need to improve, and what are the priorities to drive further success?

CASLV is well equipped to meet the needs of a diverse student body with multiple learning styles.

Students are assigned class activities based on their identified levels that are determined by MAP and other placement test results. Teachers differentiate instruction per their students' cognitive and social needs. In-class assessments are also used to determine the level of understanding and design individualized instruction. Teachers utilize strategies that include tiered assignments, interest centers/groups, independent projects, flexible grouping, and varying questions. For students achieving substantially below grade level, educational materials that provide review and re-teaching are used. Schoolwide cluster grouping and within-class ability grouping strategies will be employed to cater instruction to students in need. CASLV's flexible scheduling will allow students who are struggling to attend enrichment and remediation classes to fill in the gaps in their learning. Teacher and classroom aides will implement pull-out and push-in interventions as part of the RTI. One-on-one and small group tutoring sessions will support in class instruction as extended school hour programs.

(2) Academic Vision and Theory of Change

(a) **Model Non-Negotiables:** What are the key non-negotiables (i.e. the key school design components, policies, practices, etc. that underlie school culture and academic outcomes) of your school model? Please include details about the critical elements that are constant across the organization's schools and those that may vary. Discuss any campus-level autonomies in implementing the educational plan.

The heart of the mission of CASLV is to provide a solid academic foundation in the core subject areas through implementation of a rigorous curriculum. In order to do so, the following are always taken into consideration at CASLV:

- Technology based curricula (integrated units with computer classes and application of subjects in advanced classes)
- CASLV has an academic probation policy, per which all student grades are monitored and certain actions are taken for underachievers. These actions include but are not limited to loss of privileges, suspension from sports/extra-curricular activities, parent conferences, and placement on an improvement plan.
- CASLV provides extra-curricular activities such as robotics, basketball, debate, art, student council, Key Club, NHS ,CMLP, Math Counts, Lego Robotics, and Science Olympiads.
- Parents are notified immediately if a teacher suspects that a student may be having difficulty in mastering a specific skill. All teachers are available after school to assist students with homework.
- Good communication is established among administrators, teachers and parents through CAS School Information System.

CASLV's STEM-focused and college-prep education program is based on an inquiry approach to science, technology, engineering, and math to improve access and success in STEM fields in college.

According to research conducted about the benefits of an inquiry-based science program for special populations, inquiry-oriented teaching may be especially valuable for many at-risk and diverse populations. In one study, language-minority students were found to acquire scientific ways of thinking, talking, and writing through inquiry-oriented teaching.

CASLV's elementary program prepares students for success in middle and high school by providing a rigorous integrated STEM education. The inquiry-based hands-on instructional approach not only teaches young students to "learn to learn," but also prepares them for success in the pursuit of future STEM careers. CASLV administrators firmly believe that it is essential to start early and provide a motivating education program grounded in STEM.

For grades 3rd through 5th, a team of two elementary teachers share two classes, one teaching math and science, the other reading and writing, while each their own social studies. CASLV has managed to provide equal time for science and social studies whereas many schools have to alter teaching them due to devoting more time to math and reading.

CASLV believes that an educated citizen in the 21st century must have the skills and understanding to participate and work productively in a technologically oriented and global environment. A significant step toward helping students achieve their maximum potential involves providing a rigorous, relevant, and college-preparatory curriculum. While the curriculum concentrates on STEM, it also provides a solid instruction in humanities and social sciences to educate the whole child. Advanced courses are offered to spur interest in and prepare for all students in STEM related careers. Science classes employ technology in laboratory explorations and experimentation. Computer simulations assist in expanding the number of lab opportunities in all grade levels. Teachers effectively use the inquiry-based approach to engage students in the learning process while encouraging high levels of interest. Students' observations and reflections are the key factors for maximum learning results through hands-on instruction.

To enhance critical-thinking skills, students work on inquiry-based activities and projects outside of the classroom throughout the school year. Each year, CASLV organizes a school-wide science fair in which all students participate. CASLV students then move on to participate in the regional and statewide science fairs. CASLV organizes and participates in local and statewide math and computer programming competitions, STEM fairs and Expos. Through various activities, competition days will become a targeted event to arouse student interest.

(3) Performance Management

(a) **Measuring Progress:** Describe the school's approach to performance management across the network and with individual campuses, including the systems used to measure and evaluate both academic and non-academic performance of each site and of the network as a whole. What performance management systems, processes, and benchmarks will the school use to formally assess this progress? Explain how the school addresses underperformance and describe the corrective action plan procedures.

In addition to the classroom and state assessments, students are tested using NWEA's MAP testing which is then used to inform instructional decisions. As a growth-based instrument, MAP testing allows the teachers and administrators to monitor student growth and project state assessment performance. The tools provided in NWEA also help teachers group the students for more effective differentiation.

Based on student performance in the classroom, state tests, and MAP test results, the grade level or department level teams discuss student needs and possible interventions. There is an RTI process in place for the students who are consistently struggling or need to close an academic gap. These students are approximately the bottom 20% of the whole population. The following services are available for these students:

1. Parent-Teacher conferences
2. Student Success Team Meetings
3. After and during school tutoring and homework help
4. Small group instruction with a specialist
5. Academic Clubs
6. I-Ready and Accelerated Reader

(b) **Closure:** Describe the conditions that would cause the school to petition the Authority to close a consistently low performing campus. Be specific about threshold metrics the school would use to inform its decision.

CASLV has consistently performed at a high level, with an overall 4-5 star rating. This is something we will continue to look at closely at with on all levels - staff, administration, and our board. If issues and concerns come up where we are not performing at a high level we will take immediate action to fine tune academic plans, procedures, and structures that are in place to ensure student success.

(c) **College Readiness (HS Only):** Describe the mechanisms that the school employs to accurately, reliably, and consistently track college acceptance, enrollment, and persistence rates. If historical data is available on college acceptance, enrollment, and/or persistence rates, please include it. Cite the percent of total alumni for which the school has data on each metric. If data is not available, please include plans to create mechanisms to accurately, reliably, and consistently track student acceptance, enrollment, and persistence rates.

Not applicable with current expansion proposal.

(d) **Readiness to Replicate:** What academic, financial, and operational metrics does the school and its Board use to determine readiness for replication?

CASLV meets all requirements of the Charter School Performance Framework (CSPF). We have consistently met the designation of Quality or Meets Standards with our existing CASLV campuses.

PROGRAMS OF DISTANCE EDUCATION (*Distance Education Expansion Amendments*)

A charter school that wishes to provide distance education (online, virtual, cyber, etc.) courses and/or programs (NRS 388.820-388.874 and NAC 388.800-388.860) must submit a distance education application to the Nevada Department of Education prior to or in conjunction with its amendment request to the SPCSA.

For applicants who do not propose to offer a program of distance education or who already have approval to operate such a program, please provide a brief statement explaining that the questions in this section are not applicable.

- (1) Describe the system of course credits that the school will use.
- (2) Describe how the school will monitor and verify the participation in and completion of courses by pupils.
- (3) Describe how the school will ensure students participate in assessments and submit coursework.
- (4) Describe how the school will conduct parent-teacher conferences.
- (5) Describe how the school will administer all tests, examinations or assessments required by state or federal law or integral to the performance goals of the charter school in a proctored setting.

The questions in this section are not applicable to CASLV.

PRE-KINDERGARTEN PROGRAMS (All Operators Currently Operating or Proposing to Operate Pre-K)

A charter school that wishes to provide pre-kindergarten services to students who will later enroll in its K-12 programs must apply separately to the Nevada Department of Education to offer education below the kindergarten level following charter approval. Approval to offer pre-kindergarten cannot be guaranteed. Consequently, revenues and expenditures related to pre-kindergarten should not be included in the initial charter application budget. Please note that state-funded pre-kindergarten programs are not directed through the state Distributive Schools Account for K-12 education. In addition to a limited amount of state pre-kindergarten funding available through the Department of Education, the SPCSA is also a sub-recipient of a federal grant to expand early childhood services in certain high-need communities through programs approved by NDE. Applicants are encouraged to review resources available at http://www.doe.nv.gov/Early_Learning_Development/. For applicants who do not propose to offer pre-kindergarten, please provide a brief statement explaining that the questions in this section are not applicable.

(6) Identify whether the school plans to offer pre-kindergarten in the first year of operation at the new campus or in any subsequent year of the charter term.

(7) Identify whether the school will offer fee-based pre-kindergarten services. If the school does plan to offer fee-based pre-kindergarten, explain how the school will ensure that parents will be informed both initially and on an ongoing basis that both state and federal law preclude a K-12 charter school from giving admissions preference to students to whom it has previously charged tuition.

(8) Describe the school's plans for ensuring that the pre-kindergarten program aligns with the mission, vision, and program of the school's other grades and meets all other state requirements.

(9) Explain how the school's proposed pre-kindergarten program may meet the federal pre-kindergarten expansion grant criteria.

The questions in this section are not applicable.

HIGH SCHOOL GRADUATION REQUIREMENTS AND POSTSECONDARY READINESS (New High School Amendments Only)

High schools approved by the SPCSA will be expected to meet or exceed Nevada graduation requirements. For operators who do not propose to operate a high school program during the initial charter term or who already have approval to operate a high school, please provide a brief statement explaining that the questions in this section are not applicable.

(1) Explain how the school will meet state requirements. Describe how students will earn credit hours, how grade-point averages will be calculated, what information will be on transcripts, and what elective courses will be offered. If graduation requirements for the school will exceed those required by the State of Nevada, explain the additional requirements.

(2) Explain how the graduation requirements will ensure student readiness for college or other postsecondary opportunities (e.g., trade school, military service, or entering the workforce).

(3) Explain what systems and structures the school will implement for students at risk for dropping out and/or not meeting the proposed graduation requirements, including plans to address students who are overage for grade, those needing to access credit recovery options, and those performing significantly below grade level.

The questions in this section are not applicable.

SPECIAL POPULATIONS

Pursuant to State and federal law, SPCSA schools are required to serve the needs of all students in special populations. Beginning in the 2016-17 school year, the State of Nevada will switch to a weighted formula for special education. For the first time, this will provide for equitable special education funding across all Nevada public schools. Over time, this will necessitate current SPCSA-sponsored charter schools moving from a defined continuum of service to a broader continuum of services. All operators submitting amendment requests to the SPCSA after the conclusion of the 2015 Legislative Session should plan on offering students a broad continuum of services.

The SPCSA operates under the following principles with regards to special populations of students:

SPCSA schools serve all eligible students. SPCSA schools do not deny the enrollment of any student based on needs or disability.

- 1. SPCSA schools are to ensure streamlined access for all students requiring special programs.*
- 2. SPCSA schools develop programs to support the needs of their students.*
- 3. SPCSA schools do not counsel or kick any students out.*
- 4. SPCSA schools utilize best practices to expose students to the most inclusive environments appropriate.*
- 5. If needed, an SPCSA school is responsible for developing more restrictive placements to meet the needs of the highest needs students, including but not limited to clustered placements in consortium with other charter schools.*
- 6. SPCSA schools are responsible for providing high functioning, trained special education teams, which focus on student advocacy and high expectations. IEP teams (including school's leadership) make placement decisions at IEP meetings. Decisions are made based on evidence/data to support what is best for the student.*

Special Education

(1) **Track Record:** Please explain the extent to which the board and leadership team (instructional leader, etc.) has experience working to achieve high academic outcomes of students with disabilities, including students with mild, moderate, and severe disabilities.

(2) **Identification:** Describe in detail the school's Child Find process. How will the school identify students in need of additional supports or services?

(a) *(Elementary Schools Only)* How will the school accurately identify students prior to and following enrollment (e.g., those who require pre-school special education and related services) and in the early grades (PreK, K, 1, or 2) for appropriate services?

(b) *(Middle and High Schools)* How will the school identify and serve students who require special education services and develop transition plans?

(c) *(All Schools)* How will the school handle over-identification of students as having a disability that qualifies them for special education services? What will be the process to transition a student out of special education who has been incorrectly identified as having a disability in the past?

CASLV will utilize a Student Success Team (SST) as a prior intervention strategy. Prior intervention is employed when concerns have been expressed about academic achievement or the behavioral needs of an individual student. In most instances, prior intervention assists the school in determining whether the student has needs that can be met within the regular education setting without the need for special education, or whether the student is suspected of having a disability.

SST assists students by providing modifications and alternatives to meet the student's needs. SST participation stimulates the school community to work together with the common aim of providing appropriate interventions and assistance for students with special needs in the least restrictive environment.

If a student is suspected of having a disability, CASLV will initiate procedures to evaluate the student for eligibility under the Individuals with Disabilities Education Act (IDEA) and the NAC.

Child Find – CASLV conducts annual child identification activities to create public awareness of special education programs, advise the public of the rights of eligible children and parents, and alert community residents and school personnel of the need to identify, locate, and assess children ages birth through 21. These measures include: 1) Child Find screenings; 2) Child Find referral log maintenance; 3) yearly advertising and posting of public notices regarding Child Find activities; and 4) communication with outside agencies regarding possible referrals.

Referral - CASLV accepts referrals from a variety of sources, including parents, custodians, school personnel, outside agencies, and the student. Unless the student is immediately suspected of having a disability, prior intervention strategies must be attempted and documented before an evaluation referral is appropriate. However, the evaluation process will not be delayed for the purpose of conducting prior interventions.

Within **45 school days of the parent's consent for initial evaluation**, the school shall conduct the initial evaluation and determine whether the student is eligible for special education and related services.

When the school feels the student has been over-identified as having a disability that qualifies them for special education, the school will contact the parent for permission for the school psychologist to give a full assessment including a complete academic screening. An MDT meeting will take place where teachers will share MAP scores and classroom achievements as part of the evaluation. Parents will share their concerns and observations. A team decision will then be made to exit the student from the IEP if the team is in agreement.

(3) Continuum of Services: How will the school provide a broad continuum of instructional options and behavioral supports and interventions for students with a range of disabilities? Specifically describe how students with severe intellectual, learning, and/or emotional disabilities will be served. Provide a chart which graphically illustrates the continuum of services which identifies, by disability and level of severity, the means by which students with disabilities will be able to receive an appropriate public education in the least restrictive environment (note—this graphic may be created using a commercial program like Microsoft Visio or a free or low-cost internet based solution such as Lucidchart). Identify the resources, personnel (including administrative responsibilities), and direct and related services the school is likely to provide both within general education classrooms and in other settings (e.g., collaborative team teaching (CTT), Special Education Teacher Support Services (SETSS), speech therapy, physical therapy, occupational therapy, counseling, etc.) as well as the services or settings that will be provided through a consortium or other collaborative initiative with other charter schools or through a third party contract.

CASLV offers a range of services that are available to the students so that they are served in the least restrictive environment.

(4) Enrollment: Describe the school's strategy and plan to recruit, enroll, and retain students with disabilities. How will the school proactively address parent and community perceptions around the availability and appropriateness of the charter school to the needs of students with disabilities?

CASLV's best strategy and plan to recruit, enroll, and retain students with disabilities is by parents, educators, and staff putting the word out in the community. Families seek us out for enrollment with our history of providing exemplary services to every student.

(5) General Education Collaboration/Access: How will special education and related service personnel collaborate with general education teachers (e.g., team teaching, team planning, etc.) to ensure that all students are able to access a rigorous general academic curriculum?

Collaboration/consultation/co-teaching services focus on special educators and general educators working together to best meet the needs of students with disabilities as well as children who may be "at-risk". Each school operates Student Success Teams (RTI) to promote data driven instruction,

to individualize learning experiences and to effectively integrate resources which would positively impact the child's educational program.

The Individual/Small Group Instruction program provides students with disabilities support that helps to increase their opportunity to benefit from regular class placement. This is supplemental instruction which focuses on targeted IEP goals and objectives. Depending upon each student's individual needs, this instruction could include academic support, as well as assisting students in becoming independent in the "process" of learning through the use of compensatory strategies, and study/organizational techniques.

The Resource Room serves children whose disabilities require intensive programming. Continued participation in the child's regular class activities is encouraged. The Resource Rooms offer an alternative/modified curriculum in a small group setting, which provides personalized options that are not offered in the general education program. These placements are considered cross-categorical, meaning students with a variety of disabilities are served in the same special class.

(6) Staffing: How will you ensure qualified staffing to meet the needs of students with disabilities across a broad continuum? Note: Federal and Nevada law requires licensure for the special education teachers, related service personnel, and psychologists at all charter schools, including those which are permitted to waive other licensure requirements due to their academic track record.

CASLV shall utilize a licensed teacher in special education, with an endorsement in the area of disability represented by the majority of the pupils in the unit. In addition, any teachers working with gifted and talented students will meet the requirements for licensure for teaching in a program for the gifted and talented.

(7) Staff Development: How does the school plan to train general education teachers to modify the curriculum and instruction to address the unique needs of students with disabilities across a broad continuum?

Each year, before the start of the school year, the special education department provides staff development to the entire school population to address the unique needs of students with disabilities. Special education teachers also meet with individual teachers who are in contact with students with unique needs to inform them of how to better modify the curriculum and instruction to meet their needs. In the future, these staff development sessions can be extended to staff meeting times when necessary.

(8) Discipline: Explain how the school will protect the rights of students with disabilities in disciplinary actions and proceedings and exhaust all options in order to promote the continuation of educational services in the home school.

CASLV shall ensure that no pupil with a disability will be suspended, expelled or excluded from attendance if the suspension, expulsion or exclusion results in a change of placement of the pupil during any school year except upon compliance with the provisions of this section and the 2004 IDEA.

Before initiating any suspension, expulsion or exclusion that will result in a change of placement for the pupil, the school will inform the school district special education office and convene a meeting of the committee that developed the pupil's individualized educational program. CASLV may appoint another qualified personnel to meet with the committee as warranted. School personnel may consider any unique circumstances on a case-by-case basis when determining whether to order a change in placement for a child with a disability who violates a code of student conduct.

Except for children with disabilities who have been suspended for not more than 10 days, within 10 school days of any decision to change the placement of a child with a disability because of a violation of a code of student conduct, the school and their local education agency (LEA), the parent, and relevant members of the individualized education program (IEP) team (as determined by the parent and LEA) shall review all relevant information in the student's file, including the child's IEP, any teacher observations, and any relevant information provided by the parents to determine if the conduct in question was:

- Caused by, or had a direct and substantial relationship to, the child's disability; or
- Direct result of the LEA's failure to implement the IEP.

If the charter school and their LEA, the parent, and relevant members of the IEP team make the determination that the conduct was a manifestation of the child's disability, the IEP team shall:

- Conduct a functional behavioral assessment and implement a behavioral intervention plan for such child, provided that the LEA had not conducted such assessment prior to such determination before the behavior that resulted in a change in placement described in Section 616(k)(1)(C) or (G);

In the situation where a behavioral intervention plan has been developed, review the behavioral intervention plan if the child already has such a behavioral intervention plan, and modify it, as necessary, to address the behavior; and

Except as provided in Section 616(k)(1)(G), return the child to the placement from which the child was removed, unless the parent and the LEA agree to a change of placement as part of the modification of the behavior intervention plan.

School personnel may remove a student to an interim alternative educational setting for not more than 45 school days without regard to whether the behavior is determined to be a manifestation of the child's disability, in cases where a child has inflicted serious bodily injury upon another person while at school, on school premises, or at a school function under the jurisdiction of an SEA or LEA. The term "serious bodily injury" is defined in Section 1365(h)(3) of Title 18, U.S. Code, to mean a bodily injury that involves a substantial risk of death, extreme physical pain, protracted and obvious disfigurement, or protracted loss or impairment of the function of a bodily member, organ, or mental faculty.

In making the determination under Section 615(k)(3)(B)(i), the hearing officer may order a change in placement of a child with a disability. In such situations, the hearing officer may: (1) return a child with a disability to the placement from which the child was removed; or (2) order a change in placement of a child with a disability to an appropriate interim alternative educational setting for

not more than 45 school days if the hearing officer determines that maintaining the current placement of such child is substantially likely to result in injury to the child or to others.

When an appeal under Section 615(k)(3) has been requested, the SEA or LEA shall arrange for an expedited hearing, which shall occur within 20 school days of the date the hearing is requested, and shall result in a determination within 10 school days after the hearing.

The school and their LEA shall be deemed to have knowledge that a child is a child with a disability if, before the behavior that precipitated the disciplinary action occurred:

- The parent of the child expressed concern in writing to supervisory or administrative personnel of the appropriate educational agency, or a teacher of the child, that the child is in need of special education and related services;
- The parent of the child has requested an evaluation of the child pursuant to Section 614(a)(1)(B); or
- The teacher of the child, or other personnel of the LEA, has expressed specific concerns about a pattern of behavior demonstrated by the child, directly to the director of special education of such agency or to other supervisory personnel of the agency.

The school and their LEA shall not be deemed to have knowledge that the child is a child with a disability if the parent of the child has not allowed an evaluation of the child pursuant to Section 614 or has refused services under Part B or the child has been evaluated and it was determined that the child was not a child with a disability under Part B.

(9) Monitoring: What are your plans for monitoring and evaluating both the progress and success of students who qualify for special education and related services across a broad continuum, and the extent to which your special education program complies with relevant federal and state laws? How will curriculum and instructional decisions be tracked and monitored by IEP teams and school personnel?

Our special education program complies with relevant federal and state laws. Each child with an identified disability has an annual IEP meeting and a three year re-evaluation meeting. Students are monitored and evaluated on a regular basis by classroom assessments, observation, MAP testing and standardized testing.

(10) Parental Involvement: What appropriate programs, activities, and procedures will be implemented for the participation of parents of students with a broad range of disabilities?

Parents are always highly encouraged to keep in close contact with all teachers through email and conferences. Teachers often reach out to parents on a weekly basis to keep parents informed of missing and upcoming assignments. Parents are highly encouraged to attend and be an active part of all IEP meetings.

(11) For Distance Education Schools: Describe how the school will provide appropriate services in the distance education learning environment to students with disabilities across a broad continuum. *If you are not proposing to operate a distance education or virtual school, please explain that this is not applicable.*

Distance education is not applicable to CASLV.

OPERATIONS PLAN

(1) Organization Governance Structure & Board Development:

(a) Describe how the organization's governance structure will adapt to oversee and support the 6-year growth plan and addition of new school(s). Include any impact on: (1) the composition of the Board, the Board's roles and responsibilities, and the Board's development priorities and (2) the Board's relationship to individual campuses

The Governing Body shall elect Members by the vote of a majority of the Governing Members then in office, whether or not the number of Governing Members in office is sufficient to constitute a quorum, or by the sole remaining Governing Member.

The Governing Body may elect any person who in its discretion it believes will serve the interests of the school faithfully and effectively. Not more than two persons who serve on the governing body may represent the same organization or business or otherwise represent the interests of the same organization or business. Pursuant to NAC 386.345(1), a majority of the members of the governing body must reside in the county in which the charter school is located. The Governing Body shall consist of:

- I. One member who is a teacher or other person licensed pursuant to chapter 391 of NRS or who previously held such a license and is retired, as long as his or her license was in good standing.
- II. One member who:
 - Satisfies the qualifications of paragraph (i); or
 - Is a school administrator with a license issued by another state or who previously held such a license and is retired, as long as his or her license was held in good standing.

- III. One parent or legal guardian of a pupil enrolled in CASLV who is not a teacher or an administrator at the School
- IV. Two members who possess knowledge and experience in one or more of the following areas:
 - Accounting;
 - Financial services;
 - Law; or
 - Human resources
- V. At large Governing Members, which includes other persons of good moral character such as parents, educators, community leaders and representatives of nonprofit organizations and businesses that do not have contracts with the School

(b) Describe the diverse skillsets that currently exist on the Board and note any additional type of expertise that the Board may seek to help support the growth plan.

Dr. Hasan Deniz is an Assistant Professor of Science Education at the University of Nevada, Las Vegas, who teaches masters level science methods courses. Dr. Hasan Deniz received his bachelor degree from Dokuz Eylul University Biology Education. His background includes secondary teaching and introductory college science and methods courses at Indiana University. Dr. Deniz is an active researcher in the areas of students' epistemological beliefs in science and evolution education.

Ms. Anne Diggins is the Director of Recruitment and Student Services and a Project Director for the Precollege Science Education Initiative at the University of Nevada School of Medicine. Ms. Diggins received her Bachelor of Arts degree in Journalism from the University of Nevada, Reno in 1986, and her Master of Arts degree from the College of Education at the University of Nevada, Reno in 2001.

Ms. Arlene Ishii Hayman has a Bachelor of Science degree from University of Hawaii, and a Bachelor of Education degree with Distinction in June 1974. She completed a master's degree in education from University of Nevada in 2007. Ms. Hayman has also been a certified teacher since January 1997. She has taught for several years at different schools. She has also mentored University of Nevada, Las Vegas teacher interns through the Curriculum & Instruction Teacher Education Program. In addition, she served as Science Site Leader at Paradise Professional Development School, promoting science instruction in the school by attending Clark County School District meetings and communicating information to the staff. She completed the Coaches Training for Critical Friends Group through Southern Nevada Writing Project at University of Nevada, Las Vegas in 2008. Moreover, she is a member of the Science Cadre for Clark County School District. She was a recipient of a Science Teacher of the Year Award from the Southern Nevada Science Teachers' Association. She achieved National Board Certification.

Dr. Baloglu teaches Hospitality and Tourism Marketing, Marketing Strategy, Research Methods, and Statistics at the University of Nevada, Las Vegas ("UNLV") and serves as Associate Dean of the Hospitality Department at UNLV. Prior to UNLV, Dr. Baloglu taught at Mersin School of Tourism

and Hotel Management in Turkey, and Virginia Polytechnic Institute and State University. He has a Bachelor's degree in Tourism and Hotel Administration from Cukurova University, a Master of Business Administration degree from Hawaii Pacific University and a Ph.D. from Virginia Polytechnic Institute and State University.

Mr. Tandogan is the Executive Director of Coral Academy of Science Reno. Mr. Tandogan received his Bachelor of Science in Mathematics from Ankara and went on to receive his Master of Science in Mathematics from Ataturk University in Erzurum. Mr. Tandogan also attended California State University's Single Subject Teaching Credential Program in Long Beach, California.

J. Brin Gibson to oversee the division, which advises the Gaming Control Board and Nevada Gaming Commission and regulatory matters. Gibson has worked in the gaming and regulatory department for the statewide law firm Lionel Sawyer & Collins. His projects have included work on the creation of a gaming control system for the country of Vietnam and review of the gaming regulatory structure of another overseas jurisdiction. Brin has also been appointed Associate Adjunct Professor and teaches water law with the Southern Nevada Water Authority CEO and General Counsel at the William S. Boyd School of Law at the University of Nevada, Las Vegas. He is assistant editor of the forthcoming Nevada Gaming Licensing Guidebook, edited by fellow Lionel Sawyer & Collins attorneys Robert Faiss and Mark Clayton. Brin's projects have included environmental permitting and due diligence for one of the world's largest manufacturers of clean energy technology, and water rights work in Southern Nevada. In 2011, he was appointed by Governor Brian Sandoval to serve as a member of Nevada's Colorado River Commission, which is responsible for acquiring, managing and protecting Nevada's water and hydroelectric power resources deriving from the Colorado River. The Commission works with the U.S. Bureau of Reclamation and the other six Colorado River Basin states to effectively manage one of the country's most important natural resources.

Beth Kazelskis has played an active role with CASLV parents and has served as the PTO president before joining the CASLV board.

(c) Identify any Board development requirements relative to the organization's governance needs at each stage of growth.

(d) Describe how the Board identifies and addresses conflicts of interest. Attach a code of ethics that includes a formal conflict of interest policy and specifies the procedures for implementing the policy.

No person shall serve on the Governing Board that has a conflict of interest, actual or perceived, in the school. A conflict of interest occurs when a governing body member acts on a school matter that could benefit or harm him or his immediate family members personally. An "interested person" is: (1) any person or spouse currently being compensated by the school for services rendered to it within the previous 12 months, as a full-time or part-time employee, (2) contractors with the school or their spouse, (3) vendors with the school, or (4) lessors of the school facility or other property used by the school.

(2) Organization Charts and Decision-Making Authority:

(a) Provide the following organizational charts:

- *Current*
- *Vision for school in three years (clearly identify both campuses requested in this amendment request as well as any additional campuses that the operator anticipates applying to open within three years)*
- *Vision for school in six years (clearly identify both campuses requested in this amendment request as well as any additional campuses that the operator anticipates applying to open within six years)*

The organization charts should represent the all national and state operations and clearly delineate the roles and responsibilities of – and lines of authority and reporting among – the governing board, staff, any related bodies (e.g., advisory bodies or parent/teacher councils), and any external organizations that will play a role in managing the schools. If the school intends to contract with an education management organization or other management provider, clearly show the provider's role in the organizational structure of the school, explaining how the relationship between the governing board and school administration will be managed. Please *include* all shared/central office positions and positions provided by *the Management Organization (CMO or EMO) in the organizational chart, if applicable.*

Current and proposed organizational charts have been included in the attachments.

(3) Describe the proposed organizational model; include the following information:

(a) Job descriptions for each leadership or shared/central office role identified in the organizational chart (provide as Attachment 12)

(b) Resumes of all current leadership (provide as Attachment 13).

(c) Previous student achievement data for the proposed instructional leaders at each proposed campus (if available) (provide as part of Attachment 13)

(4) Describe the leadership team's individual and collective qualifications for implementing the multi-site school design and business and operating plan successfully, including capacity in areas such as:

(a) School leadership;

(b) School business operations and finance;

(c) Governance management and support to the Board;

(d) Curriculum, instruction, and assessment;

(e) At-risk students and students with special needs;

(f) Performance management; and

(g) Parent and community engagement.

Collectively, the CASLV core administrative team has extensive experience in in all areas of school administration in varied experiences and settings. These experiences include:

- School leadership and developing strong school leaders
- School business operations, finance, and budgeting
- Governance management and support to the Board
- Creating and continuing to develop curriculum, instruction, and assessment
- Supporting and developing programs for at-risk students and students with special needs
- Performance management
- Developing and continuing to build parent and community engagement

(5) Explain who is responsible for school leader coaching and training and what those processes will look like in action. Please include any existing competencies used for school leader selection and evaluation, if available (provide as Attachment 14).

(6) Explain your school leader's role in the successful recruitment, hiring, development and retention of a highly effective staff.

The school leader plays a key role in recruiting, hiring, and developing highly effective staff. The new school leader of the Henderson campus will work closely with human resources director for recruitment, hiring and retention of the highly effective staff members and site directors at the existing CASLV campuses as he/she identify the needs of new campus employees.

(7) Explain your campus instructional leader's role in providing instructional guidance and school culture guidance. How will the leadership team work in support of the campus instructional leader's guidance?

Executive Director and Chief of Academics will make sure that new campus director and instructional coaches are replicating the curriculum and the program of the current campuses. The school leader and instructional coach will be responsible for carrying the current curriculum and programs to recruited teachers and office staff and they will continue providing instructional guidance and support year round. Formal and informal professional development for both returning and new staff will be required and be focused on schools mission, vision, curriculums and developing programs. This will be developed and organized by the Chief Academic Officer, Instructional Coaches, Site Directors, and multi school collaboration to ensure student success and academic achievement.

(8) What systems are in place in your leadership team structure to ensure redundancies in knowledge and skill?

As we continue to grow, our CASLV administrative team also grows. We are recruiting additional members to our central office team with high education and experienced backgrounds. We are training all team members first for school mission, vision, curriculum, programs and expectations. Then team members continue to attend city, state and nation wide conferences and professional development programs to keep up with the ongoing developments. The Executive Director and Governing Board are also working on additional options of reimbursing the cost of admin team's professional development courses.

LEADERSHIP FOR EXPANSION

(1) Describe the operator's current or planned process for recruiting and training potential network leaders. Explain how you have developed or plan to establish a pipeline of potential leaders for the network as a whole. If known, identify candidates already in the pipeline for future positions.

As previously done at already replicated Coral Academy schools, some existing administrators and teachers at current schools will be transferred to the newly opened site to implement the educational program.

The central office will supervise every step of getting the new Henderson campus up and running as well as program implementation. CASLV has a proven replication model at multiple locations in Nevada. There will be formal and informal systems that will prepare leaders for their responsibilities. School leaders and the central office will hold weekly meetings to collaborate and support continued growth and program expansion. There will be a thorough professional development program that will be incorporated to ensure alignment and collaboration at all campuses.

(2) Identify the proposed regional director candidate, if applicable, and explain why this individual is qualified to lead the expansion of the organization (provide a resume as Attachment 15). Summarize the proposed leader’s academic and organizational leadership record. Provide specific evidence that demonstrates capacity to design, launch, and manage a high-performing charter school network.

(a) If a regional director candidate has not yet been identified, provide the job description (as Attachment 15) or qualifications and discuss the timeline, criteria, and recruiting and selection process for hiring the regional director. Note: It is strongly encouraged that schools proposing to open new campuses in the 2017-18 school year, identify the regional leader (*Regional Director, Executive Director, etc.*) in the proposal. The SPCSA reserves the right to require schools which do not have network leadership and support position candidates identified to defer opening new campuses until the 2017-18 school year and to add additional criteria to the pre-opening requirements for such campuses.

This is not applicable to CASLV

STAFFING

(1) Complete the following table indicating projected staffing needs for the proposed campuses over the next six years. Schools should also complete the second table outlining projected staffing needs for the entire network over the next six years. Include full-time staff and contract support that serve the network 50% or more. Change or add functions and titles and add or delete rows as needed to reflect organizational plans.

Proposed New Campus(es)

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Management Organization Positions						
[specify]	N/A	N/A	N/A	N/A	N/A	N/A
Total Back-Office FTEs	0	0	0	0	0	0
School Staff						
Principals	1	1	1	1	1	1
Dean of Academics	1	1	1	1	1	1
Dean of Students	1	1	1	1	1	1
Counselor	1	1	1	1	1	1
Test Coordinator	1	1	1	1	1	1

Classroom Teachers	45	45	45	45	45	45
Front Office	2	2	2	2	2	2
Total FTEs at School	52	52	52	52	52	52

Network

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Number of elementary schools	4	4	4	4	4	4
Number of middle schools	1	1	1	1	1	1
Number of high schools	1	1	1	1	1	1
Total schools	6	6	6	6	6	6
Student enrollment	3393	3490	3565	3615	3640	3640
Management Organization Positions						
Executive Director / CEO	1	1	1	1	1	1
Chief Academic Officer	1	1	1	1	1	1
Chief Financial Officer	1	1	1	1	1	1
Chief Talent Officer	1	1	1	1	1	1
Chief Operations Officer	1	1	1	1	1	1
Chief Growth Officer	1	1	1	1	1	1
IT Manager	2	2	2	2	2	2
Purchasing Manager	1	1	1	1	1	1
Accounting Manager	2	2	2	2	2	2
Head Registrar	1	1	1	1	1	1
Book Keeper	1	1	1	1	1	1
Total Back-Office FTEs	13	13	13	13	13	13
Elementary School Staff						
Principals	4	4	4	4	4	4
Assistant Principals	6	6	6	6	6	6
Counselor	3	3	3	3	3	3
Classroom Teachers (Core Subjects)	60	60	60	60	60	60

Classroom Teachers (Specials)	20	20	20	20	20	20
Special Education Teachers	5	5	5	5	5	5
ELL/TESOL Teachers	2	2	2	2	2	2
Office	8	8	8	8	8	8
School Operations Support Staff	2	2	2	2	2	2
Total FTEs at Elementary Schools	110	110	110	110	110	110
Middle School Staff						
Principals	1	1	1	1	1	1
Assistant Principals	2	2	2	2	2	2
Counselor	1	1	1	1	1	1
Test Coordinator	1	1	1	1	1	1
Classroom Teachers (Core Subjects)	34	34	34	34	34	34
Classroom Teachers (Specials)	10	10	10	10	10	10
Special Education Teachers	2	2	2	2	2	2
ELL/TESOL Teachers	1	1	1	1	1	1
Office	2	2	2	2	2	2
School Operations Support Staff	1	1	1	1	1	1
Total FTEs at Middle Schools	55	55	55	55	55	55
High School Staff						
Principals	1	1	1	1	1	1
Assistant Principals	1	1	1	1	1	1
Deans	2	2	2	2	2	2
Counselor	1	1	1	1	1	1
College Advisor	1	1	1	1	1	1
Test Coordinator	1	1	1	1	1	1
Classroom Teachers (Core Subjects)	34	34	34	34	34	34
Classroom Teachers (Specials)	10	10	10	10	10	10
Special Education Teachers	2	2	2	2	2	2
ELL/TESOL Teachers	1	1	1	1	1	1
Office	2	2	2	2	2	2
School Operations Support Staff	1	1	1	1	1	1

Total FTEs at High Schools	57	57	57	57	57	57
Total Network FTEs	222	222	222	222	222	222

HUMAN CAPITAL STRATEGY

Describe your strategy, plans, and timeline for recruiting and hiring teachers for a multi-site charter school. Explain key selection criteria and any special considerations relevant to your school design. *Note: schools with strong track records of academic success, as determined by the Department of Education, are eligible to waive teacher licensure requirements for all teachers except for special education and ELL professionals as long as they meet all other federal and state requirements. Maintaining such a waiver is contingent on the school continuing to achieve at the 3 Star level or higher (or equivalent) on the statewide system of accountability. Please refer to Section 46 of SB509 (2015 session) for additional information.*

(1) **Recruitment:** Identify whether recruitment will be managed at the campus or network level. Identify key partnerships and/or sources the operator will rely upon of teachers and leaders. Identify the process the operator will rely upon to identify and develop high-quality leaders and high-quality teachers.

Teacher recruitment is based on strong academic preparation, professional competence, intellectual rigor, emotional maturity, enthusiastic professional attitude, knowledge of instructional practices, and ability to contribute to the furtherance of the school's educational goals. In doing so, the following criteria are used:

- CASLV employs properly licensed teachers under The Nevada Department of Education, Office of Educator Licensure
- CASLV adheres to the provisions of NCLB Act and its waivers. CASLV teachers will be highly qualified in the core courses taught
- Teachers will possess the necessary technology skills to implement the educational program, manage the school website, communicate with parents through our School Information System, and use e-mail tools
- Teachers will abide by our staff handbook and constitute role models for our students and school communities

CASLV central office will set up a hiring committee in charge of interviewing teacher candidates. The hiring committee will consist of the school director, the department head of the relevant subject, an instructional coach and a teacher of the relevant subject. The interview process includes a sample lesson through which prospective teachers' classroom management skills and subject competency are observed. In addition, teachers' technology and computer skills are put to test in a session. CASLV's years of success in hiring qualified teachers has proven that this process is very effective in recruiting the best talents.

Hiring Schedule

CASLV Central office will hire the Principal at least three months prior to the school's commencement. Preferably, principal will have experience in teaching science and/or technology, and in school administration.

In order to recruit new staff, open positions will be advertised frequently visited nationwide websites such as www.TEACHERS-TEACHERS.com, www.EDJOIN.org, LinkedIn.com, www.careerbuilder.org, and in local newspapers. CASLV attends and hosts local education career fairs to reach out to the best candidates and referrals from CASLV staff and parents will also be taken into consideration.

The hiring committee will conduct interviews during the months of March through August to hire the teachers. The hiring committee will consider the school's mission and the target student population in selecting the most qualified teachers for the positions available.

(2) **Leadership Pipeline:** Discuss the specific measures and timelines the organization will employ to identify and develop organizational and school leaders. For example, explain:

- How the school plans to identify leadership internally and externally;
- Who will be responsible for hiring leaders;
- Formal and informal systems that will prepare leaders for their responsibilities;
- The school's philosophy regarding internal promotions;
- The timing for identifying leaders in relation to the launch of a new campus; and,
- Internal or external leadership training programs.

As previously done at already replicated Coral Academy schools, some existing administrators and teachers at current schools will be transferred to the newly opened site to implement the educational program.

The central office will supervise every step of the program implementation at the new Henderson campus. CASLV has a proven replication model at multiple locations in Nevada. There will be formal and informal systems that will prepare leaders for their responsibilities. School leaders and the central office will hold weekly meetings to oversee the entire replication process. There will be a thorough professional development program that will be incorporated to ensure alignment and collaboration at all campuses.

(3) **Professional Development:** Identify the school's plan to meet professional development needs. Include whether professional development will be managed at the school or network level and how new campuses will be added to existing professional development. Also identify the method the school will use to determine the effectiveness of professional development.

CASLV teachers are key people in carrying out the mission, vision and goal of the school and therefore at the forefront of developing and maintain the school culture over the years. The teaching staff is supported through a number of means to help them grow and perform well. CASLV teacher professional development programs:

- Integrate with school goals to improve education;
- Guided by a coherent long-term plan;
- Driven by disaggregated data on student outcomes;
- Designed according to teacher-identified needs;
- Primarily school-based;
- Provide a strong foundation in subject content and methods of teaching;
- Informed by research on teaching and learning;
- Designed around collaborative problem-solving;
- Enable teachers to work with colleagues, in and beyond their school building;
- Continuous and ongoing, providing follow-up support for further learning;
- Incorporate principles of adult learning with sufficient time and other resources;
- Evaluated ultimately on the basis of its impact on teacher effectiveness and student learning

Throughout the academic year, the teachers are exposed to many professional development practices and programs as below:

- Summer In - Service Programs
- Induction Programs
- Mentorship Programs
- Class Observations and Conferences
- Personal Growth and Improvement Plans
- Personal Need Based Workshops and Trainings
- Goal Setting with Coaches

- School Improvement Plans Based Workshops
- Summative Performance Reviews
- Peer Observations
- Weekly Reflections
- Walkthroughs
- Wrap-up Meetings
- Summer Institutes and Workshops
- Class Observations and Conferences

The core components of professional development include in-house and outside training activities. The in-house professional development consists of Professional Learning Communities (PLCs) meeting at school bi-weekly to discuss teaching practice, peer mentoring through peer observation to improve teaching practice, department level meetings to oversee the consistency and coherency in teaching and learning, and professional development days, a minimum of 10 days to build a learning culture at school. The outside professional development days include attending training events such as conferences.

Every academic school year starts with an extensive in-service program consisting of orientations for new staff, required annual trainings and workshops for school programs. There will be 5 days of in-services just before the school opens in academic year. New teachers will go through additional trainings. The induction program will consist of the following trainings and sessions:

- General School-wide Expectations and Non-negotiables,
- Personnel Handbook and Benefit Programs,
- Internal and External Communication
- Teacher Performance and Support Programs
- School-Wide Academic Goals, State and NWEA MAP Tests
- Academic Policies and Practices
- Master Calendar, Daily Schedules, Syllabi, Lesson Structures and Annual Plans
- Professional Learning Communities, Staff Meetings, Grade and Department Chair duties
- SIS use, Teacher Portal Network, Computers and E-mail System
- Positive Behavioral Support System, Incentive and Recognition Programs
- Supervision Duties and Responsibilities

- Emergency and Safety Plans
- Annual Sexual Harassment and Bullying Prevention Trainings
- Child Abuse and Neglect Training
- Special Education and Section 504 Training

New teachers will go over additional training and workshops to orient to the policies, practices, and procedures of the school. Mentor teachers will provide personal and professional support to the new teachers.

(4) Performance Evaluations and Retention: Identify the school’s approach to staff performance evaluations. Identify how frequently the organization plans to: evaluate teachers, campus administrators, and network leaders and staff, who will evaluate whom, and how the organization plans to retain high-performing teachers and administrators?

CASLV firmly believes that teacher quality is the most important variable in increasing student achievement. At CASLV, cumulative teacher evaluation protocols are implemented and recorded using an online tool. The annual and cumulative evaluation is based on multiple measures including formal and informal observations, classroom artifacts, professional contributions, and a major piece on student achievement and growth. A panel of observers including the key admin team takes part in recording and finalizing each evaluation. The evaluations span a definite period of time and are based on several performance categories. This evaluation model is based on current, best practices and national research findings. The system will have the following performance components:

1. Relationship with Students
2. Classroom Management
3. Instructional Skills
4. Proficiency In Instruction
5. Student Achievement
6. School Improvement Programs
7. Extra-Curricular Activities
8. Personal Qualities And Competencies
9. Requested Documents/Materials/Duties
10. Credentialing And Experience

(5) **Compensation:** Explain the board's compensation strategy and salary ranges for network and school level staff. Discuss how the compensation structure enables the organization to attract and retain high quality staff and describe any incentive structures such as bonuses or merit pay. Compare the proposed salary ranges to those in other organizations, charter schools and local districts, as applicable.

Historically, the teacher retention rate at CASLV has been about **70%**. The following incentives are offered by CASLV in order to maintain high levels of teacher retention.

- *Highly competitive salary*
- *Public Employee Retirement System contribution*
- *Health, dental and life insurance*
- *Personal and sick days*
- *Small classes, low teacher-student ratio*
- *Friendly environment*
- *Available instructional technology*

CASLV is committed to offer highly competitive wages in order to retain its best faculty and staff. Benefit package includes one of the best healthcare coverage in the region with low co-payments, large physicians' network, zero or minimal hospitalization fees, dental care coverage and more. In addition, CASLV offers Public Employee Retirement System contributions. Moreover, we find that small classes and low teacher-student ratio play an important role in retaining our best faculty. Teachers tend to express higher levels of satisfaction when the number of students in classrooms is relatively low. The average class size (in 2014-2015) at CASLV is 21 which is a major source of attraction for teachers.

SCALE STRATEGY

(1) Describe the steps that you will take to scale your model to new sites, including the people involved and the resources contributed both by the founding campus and the new campuses.

- **Proven educational program:** The same successful educational model with all aspects will be implemented at the new location. Feedback from school administration, parents and students and later from the school staff may cause other site-specific programs to develop.
- **CASLV Central Office support and Supervision:** CASLV central office will supervise every step of the startup and program implementation at the new location. CASLV has a proven replication model at multiple locations in Nevada.
- **Seed administrators and teachers to ensure successful replication:** As previously done at already replicated Coral Academy schools, some existing administrators and teachers at current schools will be transferred to the newly opened site to implement the educational program at our new campus. In order to facilitate a smooth transition and long-term

sustainability, the central office will transfer some of its core teaching faculty and administration to the new campus. This strategy has been successful in effectively instituting CASLV's proven educational model.

- **Proven human resources management:** CASLV central office will handle teacher recruitment for the new campus.
- **Professional training:** A thorough professional development program will be incorporated.
- **Weekly coordination meetings:** School principals and central office staff will hold weekly meetings to oversee the entire replication process.

(2) If the school is affiliated with a CMO or EMO that operates schools in other states, compare your efforts to scale operations to Nevada to past scale efforts in other states.

This is not applicable to CASLV.

(3) Describe your plan for embedding the fundamental features of the model that you described in

As previously done at already replicated Coral Academy schools, some existing administrators and teachers at current schools will be transferred to the newly opened site to implement the educational program at our new campus. In order to facilitate a smooth transition and long-term sustainability, the central office will transfer some of its core teaching faculty and administration to the new campus. This strategy has been successful in effectively instituting CASLV's proven educational model.

(4) Explain any shared or centralized support services the management organization will provide to campuses in Nevada.

This is not applicable to CASLV.

(5) Describe the structure, specific services to be provided, the cost of those services, how costs will be allocated among campuses, and specific service goals of the network. Please also include how the school will measure successful delivery of these services. In the case of a charter management organization proposing to contract with an education management organization, service goals should be outlined in the term sheet and draft contract provided later in Attachment 19. Note that Nevada law allows charter schools to contract for the management or operation of the school with either a for-profit or nonprofit education management organization.

Please see Attachment 19.

(6) Using the table below, summarize the division school- and organization-level decision-making responsibilities as they relate to key functions, including curriculum, professional development, culture, staffing, etc. This division of responsibilities will be evaluated both in the context of Nevada law and regulation and best organizational and authorizing practices nationally.

Function	Mgmt Org Decision-Making	Network Leader Decision-Making	Board Decision-Making	Campus Leader Decision-Making
Performance Goals	Executive Director (ED)/Chief Academic Officer (CAO)	N/A	Governing Board	Principal/ Instructional Coach
Curriculum	ED/CAO	N/A	Governing Board	Principal/ Instructional Coach
Professional Development	ED/CAO	N/A	Governing Board	Principal/ Instructional Coach
Data Mgmt & Interim Assessments	ED/CAO	N/A	Governing Board	Principal/ Instructional Coach
Promotion Criteria	ED/CAO	N/A	Governing Board	Principal/ Instructional Coach
Culture	Central Office	N/A	Governing Board	School Administrative Team
Budgeting, Finance, and Accounting	ED/CFO	N/A	Governing Board	Principal/Registrar
Student Recruitment	Central Office	N/A	Governing Board	School Administrative Team
School Staff Recruitment & Hiring	ED/HR	N/A	Governing Board	School Administrative Team
HR Services (payroll, benefits, etc.)	ED/CFO/HR	N/A	Governing Board	Principal

Development/ Fundraising	Central Office	N/A	Governing Board	School Administrative Team
Community Relations	Central Office	N/A	Governing Board	School Administrative Team
IT	ED/IT Manager	N/A	Governing Board	Principal
Facilities Mgmt	ED/Facilities Manager	N/A	Governing Board	Principal
Vendor Management / Procurement	ED/CFO	N/A	Governing Board	Principal
Student Support Services	Central Office	N/A	Governing Board	School Administrative Team
Other operational services, if applicable	Central Office	N/A	Governing Board	School Administrative Team

STUDENT RECRUITMENT AND ENROLLMENT

Like all public schools, public charter schools must be open to any such child, regardless of that child's race, gender, citizenship, or need for accommodations or special education services. Thus, recruitment and enrollment practices should demonstrate a commitment to providing all students equal opportunity to attend the school, and help schools avoid even the appearance of creating barriers to entry for eligible students.

(1) Explain the plan for student recruitment and marketing for the new campuses that will provide equal access to interested students and families, including how the school will comply with the requirements of SB208 (2015 session). Specifically, describe the plan for outreach to: families in poverty; academically low-achieving students; students with disabilities; and other youth at risk of academic failure. For schools which are giving one or more statutorily permissible admissions preferences pursuant to NRS 386.580 or SB390 (2015 session), please indicate if you plan to focus your student recruitment efforts in specific communities or selected attendance areas.

To meet the SPSCA's criteria CASLV will implement the following. First, the National School Lunch Program which is likely to attract students who receive free and reduced lunch and would factor into their decision to attend CASLV. We will also implement an intense grassroots campaign that reaches students and families in non-traditional means that are likely to educate families about CASLV and the charter application process, who would normally not know about these options.

Finally we will send mailers out to the surrounding area to inform families that we will have more openings for our Henderson campus.

(2) Provide a detailed discussion of the school's track record in recruiting and retaining students that reflect the ethnic, socioeconomic, linguistic, and special needs diversity of the current charter school and each campus to at least the level reflected by the attendance zones where the charter school will operate facilities before approving the proposal. Please provide the school's past enrollment and retention performance for all years since the inception of the school broken out by race, ethnicity, language other than English, disability and 504 status, and eligibility for free and reduced priced lunch both as a school and in comparison to the school's current zoned schools.

CASLV is committed to recruiting and retaining a diverse population of students that reflects the demographic profile of its campuses' surrounding school zones as evident by our current campuses and opening of our new campus out on Nellis Air Force Base.

(3) Detail how the school's programmatic, recruitment, and enrollment strategies are designed to recruit, enroll, and retain a student population that is representative of the zoned schools which prospective students would otherwise attend in the community. Schools which do not currently represent their communities based on the data identified above and are not serving an at-risk population are expected to add several of the following programmatic, recruitment, and enrollment strategies to merit approval: (1) participation in state-funded pre-K programs (including federal pre-K) for low-income students; (2) substituting online and social media marketing which advantages affluent and well-connected populations with a community-based, grassroots campaign which targets high need populations in the community, including aggressive door-to-door outreach and publishing marketing materials in each language which is spoken by more than 5 percent of families within each attendance zone; (3) an explicit commitment to serving a broad continuum of students with disabilities and the expansion of programs, including cluster programs or consortia, to meet the needs of a broad spectrum of student needs; (4) a weighted lottery² which provides additional opportunities for specific target populations to be admitted to the school in a manner consistent with state and federal law; and (5) other enrollment policies and strategies which have had a demonstrated track record of success in dramatically increasing the diversity of student populations in a high achieving charter school to at least the poverty, disability, and ELL profile of the zoned school.

² See <http://www.publiccharters.org/wp-content/uploads/2015/09/CCSP-Weighted-Lottery-Policy-factsheet-updated-GS-8-27-2015-2.pdf> for one possible approach in this evolving area of charter school policy.

To meet the SPSCA's criteria CASLV will implement the following. First, the National School Lunch Program which is likely to attract students who receive free and reduced lunch and would factor into their decision to attend CASLV. We will also implement an intense grassroots campaign that reaches students and families in non-traditional means that are likely to educate families about CASLV and the charter application process, who would normally not know about these options. Finally we will send mailers out to the surrounding area to inform families that we will have more openings for our Henderson campus.

(4) What is the enrollment calendar for both the first year of operation and subsequent years of operation? Please specify the dates on which the school will begin accepting applications and how long the enrollment window will last prior to conducting a lottery.

Applications open window for the next school year is November 1st to February 28th. All applications that are submitted between November 1st and noon of February 28th, will be included in the lottery. The lottery will be the first business day after the application closes. Any applications received after February 28th will be subject to an additional lottery if applicable.

Once the lottery takes place CASLV will mail the lottery results to the address provided on the online application within 7 days of the lottery. This letter will provide further information for you based on the results of the lottery.

Coral Academy of Science Las Vegas School shall not base admission on intellectual ability, measures of achievement or aptitude, athletic ability, or discriminate on the basis of ethnicity, race, religion or disability.

School receives all kindergarten enrollment applications for the following school year during the announced enrollment window which will be determined by the school administration. The enrollment window applies only to kindergarten; for all other grades, if the grade is not yet full, a pupil must be enrolled and receive instruction at the time the pupil seeks enrollment; if the grade is full, the pupil's name is placed on an enrollment waiting list and chosen from the waiting list by lottery as soon as a space becomes available in the grade. Coral Academy will conduct a public lottery on a pre-announced lottery date if school has more applications than open spaces available in each grade level.

The lottery will consist of the names of all students whose parents have filled and returned the application form to the school registrar either as paper records or electronically. Once the enrollment has reached capacity, students will be put onto a waiting list. *An exception to this is kindergarten enrollment: if more pupils apply than the building can accommodate, all names are subject to the lottery.* Once students are on a waiting list they will receive an announcement notifying them of their status and the procedures for holding the lottery. They will be asked to confirm whether or not their child(ren) should be left on the *enrollment* "Wait List".

For each grade, those names will be drawn from a "jar" or sorted by a software application to put the waiting list in a random order. The students then will be accepted in that order as long as there are available spots. The rest of the students will remain in the waiting list at their randomly

determined position. Any new application will be added to this waiting list without a wait list number until all the names in the original waitlist are used. Another lottery will be conducted to determine the waitlist order of the applicants that have applied later.

(5) What enrollment targets will you set and who will be responsible for monitoring progress towards these targets? What is your target re-enrollment rate for each year? How did you come to this determination? What are the minimum, planned, and maximum projected enrollment at each grade level? Outline specific targets in the table below.

The plan for the new Henderson/Henderson-Adjacent campus would be to have a separate High School running from grades 8th through 12th, with approximately 750 students, being fed into from our existing campuses. Both Tamarus (currently K-2) and Windmill (currently 3-5) would be K-3 campuses and our Sandy Ridge campus (currently 6-12) will be a 4th-7th grade campus.

What systems will you put in place to ensure that staff members are knowledgeable about all legal enrollment requirements pertaining to special populations and the servicing of particular populations of students and can answer parent inquiries in a manner consistent with the letter and spirit of state and federal law?

All site registrars are trained/re-trained yearly on the enrollment process and requirements. Once the student is accepted through the lottery process they completed the enrollment packet. If a student has a part of a special populations (IEP/504) then the registrar completes enrollment and notifies either the Special Education Coordinator or 504 Coordinator to review the student's file and meet with the family to make an academic support plan.

(6) Describe the student recruitment plan once your school has opened. In what ways will it be different than your pre-opening year, in terms of the strategies, activities, events, persons responsible and milestones? How will the school backfill vacancies in existing grades?

This Henderson area expansion will serve our current students as well as an additional 750 new students. Once the new Henderson campus has been approved, postcards to the homes within a 2 mile radius of the school (per SB 208, at least 45 days before the lottery date) will be sent out to families in order to initially place students in the first year. Ongoing enrollment for subsequent years will follow our current model where current students advance to the next grade each year. The added seats will be filled with our extensive waitlist, so filling the new seats will not be difficult. Recruitment at the new Henderson campus will mirror the procedures we have in place at our existing campuses and will include many events such as - Math Matters, Social Media, Open Houses, Family Nights, Festivals, STEM Expo, and other events that the central office incorporates.

(7) Complete the following tables for the proposed school to open in 2017-18. Schools applying for multiple campuses must complete enrollment summary tables for each school campus opening in fall 2016 and fall 2017.

(a) Minimum Enrollment (Must Correspond to Break Even Budget Scenario Assumptions discussed in budget narrative)

Grade Level	Number of Students					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Pre-K	N/A	N/A	N/A	N/A	N/A	N/A
K	360	360	360	360	360	360
1	360	360	360	360	360	360
2	360	360	360	360	360	360
3	360	360	360	360	360	360
4	200	400	400	400	400	400
5	400	400	400	400	400	400
6	200	200	200	200	200	200
7	200	200	200	200	200	200
8	200	200	200	200	200	200
9	175	200	200	200	200	200
10	150	175	200	200	200	200
11	125	150	175	200	200	200
12	100	125	150	175	200	200
Total	3390	3490	3565	3615	3640	3640

(b) Maximum Enrollment (Note: Enrolling more than 10 percent of the planned enrollment described in subsection b will necessitate a charter amendment)

Grade Level	Number of Students					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Pre-K	N/A	N/A	N/A	N/A	N/A	N/A
K	360	360	360	360	360	360
1	360	360	360	360	360	360
2	360	360	360	360	360	360
3	360	360	360	360	360	360
4	200	400	400	400	400	400
5	400	400	400	400	400	400
6	200	200	200	200	200	200
7	200	200	200	200	200	200
8	200	200	200	200	200	200
9	175	200	200	200	200	200
10	150	175	200	200	200	200
11	125	150	175	200	200	200
12	100	125	150	175	200	200
Total	3390	3490	3565	3615	3640	3640

(8) Describe the rationale for the number of students and grade levels served in year one and the basis for the growth plan illustrated above. Note: particular weight will be given to rationales which prioritize academic achievement over financial returns.

(a) Schools proposing to open new elementary facilities with more than 400 students or more than 3 grade levels should identify and discuss the specific elements of the school model and organizational track record detailed throughout the request that demonstrate that the proposed expansion model is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a startup environment.

The projected opening of the new Henderson campus will align with our current schools and be able to support some of the huge demand we have. Currently we are overcrowded at our Windmill campus and are also in need of breaking up our High School and Middle School students to better support their needs. By having Windmill and Tamarus both be K-3 campuses, we will eliminate the overcrowding at Windmill and better align our current section of students.

(b) Schools proposing to add a new middle or high school facility with more than 200 newly enrolled students in sixth grade or above or more than 2 grades above fifth grade should identify and discuss the specific elements of the school model and organizational track record detailed throughout the request that demonstrate that the proposed expansion model is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a start-up environment.

BOARD GOVERNANCE

(1) Explain the governance philosophy that will guide the board, including the nature and extent of involvement of key stakeholder groups.

The Governing Body shall conduct or direct the affairs of the public charter school and exercise its powers, subject to the limitations of Nevada public charter school law, applicable state and federal laws, the executed charter, and these Rules. The Governing Body may delegate the management of the activities of the public charter school to others, so long as the affairs of the public charter school are managed, and its powers are exercised, under the Governing Body's ultimate jurisdiction. Without limiting the generality of the powers hereby granted to the Governing Body, but subject to the same limitations, the Governing Body shall have all the powers enumerated in these Rules, and the following specific powers:

a. To elect and remove Governing Members;

- b. To select and remove Officers, agents and employees of the public charter school; to prescribe powers and duties for them; and to fix their compensation;
- c. To enter into contracts, leases and other agreements which are, in the Governing Body's judgment, necessary or desirable in obtaining the purposes of promoting the interests of the public charter school;
- d. To act as trustee under any trust incidental to the public charter school's purposes, and to receive, hold, administer, exchange and expend funds and property subject to such a trust;
- e. To acquire real or personal property, by purchase, exchange, lease, gift, devise, bequest, or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, convey or otherwise dispose of such property;
- f. To borrow money, incur debt, and to execute and deliver promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities;
- g. To lend money received only from private sources and to accept conditional or unconditional promissory notes therefore, whether interest or non-interest bearing, or secured or unsecured;
- h. To indemnify and maintain insurance on behalf of any of its Governing Members, officers, employees, sponsor or agents for liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, subject to the provisions of Nevada law and the limitations noted in these Rules,
- i. To develop and approve the annual budget and financial plan which shall be monitored and adjusted as necessary; to submit a final budget to the state pursuant to statute and resolutions
- J. To cause an annual inspection or audit of the accounts of the School, as well as any other audits required by law;
- k. To ensure ongoing evaluation of the School and provide public accountability; and
- I. To establish and approve all major educational and operational rules, policies and procedures.

(2) Describe the governance structure of the expanded school when the board is fully composed, including the primary roles of the governing board and how it will interact with the principal/head of school and any advisory bodies. Explain how this governance structure and composition will help ensure that a) the school will be an educational and operational success; b) the board will evaluate the success of the school and school leader; and c) there will be active and effective representation of key stakeholders, including parents.

Since this is an extension of the model we already have in place, the board make-up will remain the same.

(3) Please submit board member information for current and proposed new board members in the provided Board Member Template (provide as part of Attachment 17). Please note that at least 75% of new board members for SY 2016-2017 must be identified at the time of the submission of the expansion request.

Please see attachment 17

(4) Provide, as part of Attachment 17, a completed and signed Board Member Information Sheet for each proposed new Board member as well as the board member's resume and a thoughtful biographical summary outlining the particular qualifications of each board member as relates to both service on a public charter school board and to the specific needs of this particular charter school.

This is not applicable for our current expansion.

(5) Describe the board's ethical standards and procedures for identifying and addressing conflicts of interest. Will the board be making any changes to its Bylaws, Code of Ethics, and Conflict of Interest policy in light of the expansion or new statutory or regulatory requirements, including SB509?

No person shall serve on the Governing Board that has a conflict of interest, actual or perceived, in the school. A conflict of interest occurs when a governing body member acts on a school matter that could benefit or harm him or immediate family members personally. An "interested person" is: (1) any person or spouse currently being compensated by the school for services rendered to it within the previous 12 months, as a full-time or part-time employee, (2) contractors with the school or their spouse, (3) vendors with the school, or (4) lessors of the school facility or other property used by the school.

(6) Identify any existing, proposed, or contemplated relationships that could pose actual or perceived conflicts if the expansion request is approved, including but not limited to any connections with landlords, developers, vendors, or others which will receive compensation or other consideration directly or indirectly from the school; discuss specific steps that the board will take to avoid any actual conflicts and to mitigate perceived conflicts, including the new requirements of a Code of Ethics in SB509 and the nepotism regulations applicable to charter schools.

This is not applicable to CASLV's expansion

(7) Describe the board's history since inception, including a discussion of turnover. How does the board proactively manage governance and succession? How does the board propose to significantly exceed the statutory minimum criteria for board qualifications in light of the complexity and risk associated with governing a large, multi-site charter school network? What elements, characteristics, and behaviors of specific, analogous high performing multi-site charter school networks, non-profit social enterprises, and for-profit organizations with similar levels of revenues or complexity has the governing body elected to emulate in its governance and in the operation of the school? Describe concrete and specific plans for increasing the capacity of the governing board. How will the board continue expand and develop over time?

CASLV was originally set up to be similar to the existing Coral Academy of Reno. Two founding board members of CASLV still serve on the CASLV board today. As CASLV grew, so did positions and needs of the board. Some of the expansions of the CASLV board over the last several years have included creating a seat for a parent representative to help connect the board to the concerns of parents, and having representation from educators from K-12 or the college setting. The board's goals have been to balance new membership, new ideas, and community members with the institutional memory and mission of CASLV. With the addition of new campuses the board will consider adding a second parent representative. Board meetings are held at each of the campuses to give families the opportunity to attend meetings, as well as to familiarize itself with each campus and school programs.

As CASLV has grown, the board has put more structure into place, for the hiring of executive staff; and the evaluation of executive staff; as well as the data the board sees annually to monitor the achievement and development of the school and each campus.

(8) Describe the kinds of orientation or training new board members will receive and what kinds of ongoing development existing board members will receive. The plan for training and development should include a timetable, specific topics to be addressed, and requirements for participation.

Orientation is an area we need to improve upon and it should be placed upon a future agenda item to come up with an orientation outline. On the other hand we give access to each board member to the website of BoardOnTrack.com to get online training. Board members are also attending to the annual Nevada Association of School Boards (NASB) conferences. Our board members will also attend Attorney General's office's new board member training. Nevada Open Meeting Law Manual has been provided to each board member.

(9) Describe the working relationship between the board and staff (academic, operations, and financial) and the working relationship between the board, staff, and any education management organization. Outline the regular reports that will be provided to the board, their frequency, and who will provide them. This may include financial, operational, and/or or academic reports.

The board requires regular executive director updates, combined with site director reports and presentations. As we continue to grow our administrative team, additional reports and information will need to be provided to the board.

(10) Describe any advisory bodies or councils to be formed, including the roles and duties of those bodies. Describe the planned composition; the strategy for achieving that composition; the role of parents, students, and teachers (if applicable); and the reporting structure as it relates to the school's governing body and leadership.

The Governing Body may create committees for any purpose, the President of the Governing Body shall appoint members to and designate the chairs of such committees. A Board Committee will consist of not fewer than two Governing Members, who shall serve at the pleasure of the President, except that any executive committee shall comprise not fewer than five Governing Members.

a. Standing Committee. The Governing Body shall have a standing Finance Committee, chaired by the Treasurer. Additional members of the Finance Committee will be appointed by the President.

b. Authority of Board Committees. The President may delegate to a Board committee any of the authority of the Board, except with respect to:

1. The election of Members;

11. Filling vacancies on the Governing Body or any committee which has the authority of the Governing Body;

111. The fixing of Governing Member compensation for serving on the Board or on any committee;

iv. The approval of any self-dealing transaction, as defined by the Nevada law.

v. The amendment or repeal of these Rules or the adoption of new Rules; and

vi. The appointment of other committees of the Governing Body, or the members of the committees.

c. Procedures of Committees. The Governing Body may prescribe the manner in which the proceedings of any Board Committee are to be conducted. In the absence of such prescription, a Board Committee may prescribe the manner of conducting its proceedings, except that the regular and special meetings of the Committee are governed by the provisions of these.

(11) Explain the process that the school will follow should a parent or student have an objection to a governing board policy or decision, administrative procedure, or practice at the school.

A parent or student can appeal to Nevada Charter School Authority at any time. If they appeal to the school's administration, then school administration takes it to the Board and Board discusses it at the closest meeting.

(12) What goals will be established for the board and how will board members be held accountable? Outline the key expectations for board members in the table below. What actions would trigger removal from the board and under what process?

A board member can be removed from the board if he or she is convicted of any crime or a board member is consistently absent in board meetings (e.g. 3 board meetings in a row)

Goal	Purpose	Outcome Measure
Oversee academic achievement	Ensure that students are provided with a challenging education	CASLV keeps the school test scores above the state and national averages
Oversee financial stability	Ensure that the school spends money aligned with its mission by standard accounting regulations	Account audit
Set goals for expansion	Ensure that the school increases its student population in the new sites as planned	Student enrollment targets being met

INCUBATION YEAR DEVELOPMENT

(1) Provide a detailed start-up plan as well as specific organizational goals for the planning year (SY 2015-2016) to ensure that the school is ready for a successful launch in fall 2016. Using the template provided, outline key activities, responsible parties, and milestones and submit as Attachment 18.

The new Henderson campus will be an extension of the CASLV model we already have in place. The central office and current site directors will work closely with the new leadership at the new campus to ensure that all milestones and activities are completed on time.

(2) Please describe the plans for leadership training and development of the selected school leader during the incubation year prior to school opening and how these plans support your year 0 goals. If partnering with an organization, please briefly describe the main components of the training program.

CASLV has a proven replication model at multiple locations in Nevada. As previously done at already replicated Coral Academy schools, some existing administrators and teachers in current schools will be transferred to the newly opened site to implement the educational program at our new Henderson campus. In order to facilitate a smooth transition and long-term sustainability, the central office will transfer some of its core teaching faculty and administration to the new campus. This strategy has been successful in effectively instituting CASLV's proven educational model.

(3) Explain who will work on a full-time or nearly full-time basis immediately following assignment of a location to lead development of the school(s) and the plan to compensate these individuals.

CASLV central office will supervise every step of the startup and program implementation at the new location

SCHOOL MANAGEMENT CONTRACTS

If the school does not intend to amend an existing management contract or enter into a new management contract with a for-profit or non-profit education management organization (EMO), please explain that this sub-section is "Not Applicable" and skip to the next sub-section.

(1) How and why was the EMO selected?

This is not applicable to CASLV.

(2) Explain whether the management organization will provide services to the charter school as a whole or will it be assigned to provide specific services at an individual campus or campuses or a particular program (e.g. a portfolio management governance model).

This is not applicable to CASLV.

(3) Describe the relationship between the school governing board and the service provider, specifying how the governing board will monitor and evaluate the performance of the service provider, the internal controls that will guide the relationship, and how the governing board will ensure fulfillment of performance expectations.

This is not applicable to CASLV.

(4) Disclose fully and provide an explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities, including, without limitation, any past or current employment, business or familial relationship between any officer, employee, or agent of the proposed service provider and any prospective employee of the charter school, a member of the committee to form a charter school or the board of directors of the charter management organization, as applicable.

This is not applicable to CASLV.

(5) Please provide the following in Attachment 19:

(a) A term sheet setting forth the proposed duration of the contract; roles and responsibilities of the governing board, the school staff, and the service provider; scope of services and resources to be provided by the EMO; performance evaluation measures and mechanisms; detailed explanation of all fees and compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement by the governing board and/or school staff; investment disclosure; and conditions for renewal and termination of the contract;

(b) A draft of the proposed management contract which complies with NRS 386.562 and SB509 (2015 session) and all other applicable laws and regulations;

(c) As an exhibit to the proposed management contract, a crosswalk of the academic, financial, and organizational goals of the charter school set forth in the SPCSA Charter School Performance Framework, including the school's mission-specific goals, and a clear identification of each of the performance goals and expectations for the education management organization related to each charter school goal. This will serve as the board's primary evaluative tool for the education management organization.

(d) Documentation of the service provider's for-profit or non-profit status and evidence that it is authorized to do business in Nevada.

This is not applicable to CASLV.

(6) Provide a brief overview of the organization's history.

CASLV is a STEM-focused, college-prep public charter school that gives students in grades K-12 an opportunity to achieve their full potentials. The mission of CASLV is to provide a safe, rigorous college preparatory environment that promotes social responsibility and a culturally diverse community dedicated to becoming lifelong learners bound for success. CASLV currently serves over 1,550 students across the valley, with more than 3,200 on its waiting list for 200 available spots.

CASLV's stellar reputation, which speaks for itself, has only grown in magnitude since its inception. Having started off as a replication model of Coral Academy of Science - Reno, which is a renowned school in Northern Nevada, CASLV has raised the bar even higher by adding more components to its already rigorous education programs. CASLV is accredited by the leading accreditation institution, AdvancED.

CASLV's faculty and staff are dedicated to challenging all students academically, instilling college awareness at all grade levels, and motivating them towards STEM careers by providing the necessary tools to help develop 21st century and leadership skills.

(7) List any and all charter revocations or surrenders, bankruptcies, school closures, non-renewals, or shortened or conditional renewals for any of the schools managed by the organization and provide explanations. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school’s authorizing office and a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer personnel contacted. Include a summary of all performance issues related to each revocation, surrender, bankruptcy, closure, non-renewal, or shorted or conditional renewal. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

This is not applicable to CASLV.

(8) Explain any performance deficits or compliance violations that have led to formal authorizer intervention with any school managed by the organization. Provide details as to how such deficiencies were resolved. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school’s authorizing office and all other authorizer personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer staff regarding all performance issues related to each non-renewal, shortened or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

This is not applicable to CASLV.

(9) List any and all management contract non-renewals, shortened or conditional renewals, or renegotiations or reductions in services provided for any of the schools managed by the organization and provide explanations. For all such schools which are still in operation, please provide contact information, including name, legal home or business mailing address, home or business telephone number, and personal or business email address, for the current board chair office and all other board members and school personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable staff or board members regarding all performance issues related to each non-renewal, shorted or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

This is not applicable to CASLV.

SERVICES

(1) Provide, as Attachment 20, a description of how the school leadership team will support operational execution. Please provide narrative or evidence that illustrates the staffing model, performance metrics, and the school's plan for supporting all operational needs of the school, including but not limited to those listed below. In this space and in the finances section, demonstrate how you will fund the provision of these services.

(a) Transportation: Describe your plans for providing student transportation. If the school will not provide transportation, please identify how the school will ensure that this does not serve as a barrier to enrollment or ongoing attendance.

This is not applicable to CASLV.

(b) Food Service: Outline your plans for providing food service at the school, including whether and how you will be your own school food authority or will contract with another provider. If the school will not provide food service, please identify how the school will ensure that this does not serve as a barrier to enrollment or ongoing attendance.

CASLV uses Wholesome Tummies & WT Café - www.wtcafe.com for their hot lunch provider. They also supply lunches for FARM students.

(c) Facilities maintenance (including janitorial and landscape maintenance)

The new Henderson campus will be included in the support we are already providing from the Central Office.

(d) Safety and security (include any plans for onsite security personnel)

The new Henderson campus will be included in the support we are already providing from the Central Office.

(2) Technology: Outline the technology infrastructure and support mechanisms across your school, staff, and teachers. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support, including the management of user rights and privileges.

Technology encompasses the tools and strategies for solving problems, using information, increasing productivity and enhancing growth. CASLV's goal is to help students live, learn and work successfully and responsibly in an increasingly complex, technology-driven society. CASLV's technology standards will not only meet, but also exceed National Educational Technology

Standards and Nevada State standards. In this regard, CASLV is committed to systematically analyze and evaluate its technological arsenal to ensure they are up-to-date in a rapidly changing global technological society.

CASLV's technology update procedure is threefold: 1) research phase, 2) recommendation phase, 3) decision and approval phase.

Research Phase

Research phase involves multiple stages:

- Technology coordinators and IT managers attend annual state and nationwide technology-bound and charter school conference. Technology coordinator also exchanges ideas with the technology coordinators of other districts and charters.
- Every computer science teacher attends at least one technology-bound workshop/conference each year to explore new instructional technologies.
- All academic departments hold end-of-year wrap up meetings where "utilizing modern instructional technologies" are discussed and solicited to school administration. (February)

Recommendation Phase

Technology coordinator and computer science teachers make a list of recommendations of new instructional technologies for the next academic year to Technology. (March)

Decision and Approval Phase

After thorough evaluation of all proposed recommendations on acquiring or updating instructional technologies, final decision is made (April). Upon approval of the school budget, necessary orders are placed in June to ensure timely delivery of equipment.

(3) Student Information Management: Timely communication of accurate student information is critical for payments to schools, compliance, and performance monitoring. Please describe how you will manage student information using the statewide Infinite Campus system, and how you will build capacity around the use of the software in order to independently maintain the system. Detail the staff members who will enter data along with the project manager who will commit to trainings and regularly monitor student information for accuracy.

Student information is entered as part of the enrollment process and overseen by our head registrar and registrars at each campus.

(4) Data Security: SPCSA charter schools record, generate and consume data that falls under strict requirements for security, privacy, and retention (including FERPA and recent legislation related to the protection of personally identifiable information (PII)). Describe the systems and procedures you will implement in order to ensure you are compliant with these obligations.

As is required by state and federal law, CASLV employees will protect the right of each student to confidentiality. In the case of special education students, information regarding the eligibility and placement, the IEP, program services, and social and emotional information about the student and their family must be held in strict confidence. The Family Education Rights and Privacy Act (FERPA) defines “confidential information” as personally identifiable information about a student or a student's family which is not made publicly available because it is private in nature and has the potential of causing harm or violating the privacy rights of the student or the student's family. This includes the student's name, name of parents and family, student's address, social security number or student number, and any personal characteristics that would make it possible to identify the student.

Confidential information may only be shared with individuals who need the information to provide services to the student or who have a legitimate educational interest for the information. A school official has a legitimate educational interest if the official needs to review an education record in order to fulfill his or her professional responsibility. School officials with compelling legitimate educational interests include any teacher, school principal, administrator, school psychologist and related service provider working with the student, substitute, assigned student teacher, teacher's aide, school board member, or other professional employed or contracted by the school to provide education or educationally related services for the student, and the information is needed in order to carry out his or her official duties regarding the student.

CASLV will inform the parents when the student's personally identifiable information is no longer needed to provide educational services to the pupil. A student's education records will be maintained for the duration of his enrollment at the school. Student records will be maintained for seven years after the student leaves CASLV.

After this period, the school will make reasonable efforts to inform the student's parents (or the student, if the student has reached age 18) when education records are no longer needed to provide educational services. If the parents or guardian wish to have a copy of the confidential records for purposes of obtaining social security benefits or other services, they may request a copy of the confidential records prior to destruction. If a former student has become an adult (age 18 or older), the notice of intent to destroy confidential records will be sent to him or her.

The Request for Destruction of Confidential Records form will be used as prior written notice to the parents (or a former student who is now an adult) of the intent to destroy confidential special education records.

CASLV will indefinitely retain a permanent record of each student's name, address, telephone number, grades, attendance, classes he attended, grades he completed and the year he completed them. Upon the request of the parent of a pupil, or a former student who is now an adult, CASLV will destroy any personally identifiable information, except the information previously listed in this paragraph, which is no longer necessary to provide educational services.

CASLV will not disclose personally identifiable information except as authorized by law. With the exception of suspected child abuse or neglect reporting which has specific procedures, and authorized persons, no person or outside agency may have access to the confidential records of any special education student without first obtaining written, dated consent from the parent or eligible student. This permission shall be for legitimate educational purposes only and shall be in effect for one year. If continued contact is necessary new permission must be obtained.

CASLV may disclose the education records of a student without written consent of the parent or eligible student. Circumstances where the release of records may occur include:

1. To school officials with a legitimate educational interest, including the student's special education teacher, classroom teachers, substitutes, assigned student teachers; related service interns, the school principal; the school counselor or social worker; school administrators; School Board members; school psychologists and related service providers working with the student; contract services providers, consultants, and others who are hired by the school to provide services for the student; school clerical staff (for file management purposes only); and teacher's aides under the direction and supervision of licensed school personnel.
2. To authorized personnel of a school, school district, community college or institution of higher learning in which a student seeks or intends to enroll.
3. To comply with a judicial order or lawfully issued subpoena. If the education records of a student are subpoenaed, the school will make a reasonable effort to notify the parent or student (if 18 years of age or older) before complying with the subpoena. This is intended to allow the parents/student the opportunity to challenge the subpoena.
4. To authorized representatives of federal or state agencies who are engaged in audit or compliance activities. In such a case, the representatives must sign a record of access stating the purpose of their need to access the education record. The school may disclose personally identifiable information about a student from confidential records in an emergency if the information is necessary for the health or safety of the student or other individuals. This will be strictly construed.
5. Other entities specified in FERPA Sec. 99.31.

CASLV shall keep a record of access of persons who are allowed access to education records collected, maintained, or used under Part B of the Act (except access by parents and authorized employees of the participating agency), including the name of the party, the date access was given, and the purpose for which the party is authorized to use the records.

Except for the parent and eligible student, school officials with a legitimate educational interest, a party with written consent from the parent or eligible student, or a party seeking directory information, each request or disclosure must be maintained in the educational record of the student as long as the records are maintained. This record must include:

- Name of the person;
- Date access was given; and
- Legitimate purpose for which the person is authorized to use the records.
- The "Review of Student Record" form (Appendix A) to record authorized access to or disclosure of information contained in education records.

Before confidential information may be released to agencies or persons other than those described in FERPA 99.31, the school must secure a written release from the parent, guardian, or eligible student. The school will maintain a record of confidential information which has been released to other agencies or programs by maintaining a copy of the "Parent Consent to Release or Exchange Confidential Information" form (Appendix B) in the confidential special education file.

FACILITIES

(1) Describe the school's capacity and experience in facilities acquisition and development, including managing build-out and/or renovations, as applicable. Provide a description and analysis of any construction or development delays which have impacted a school or campus calendar and schedule in the past and a discussion of any organizational or operational adjustments that have been made to prevent recurrence in the future.

We have successfully developed three campuses two of which have varying lease terms and the third location we have purchased. We did not experience any delays with these three properties. We have retained our own maintenance department to keep the properties in good repair. We have experienced delays in opening an additional 4th Henderson location in existing buildings due to community push-back, locational deficits, and financial restrictions associated with a non-profit model. To avoid these same delays going forward, we are seeking locations which are in the appropriate price, square footage, and most importantly, in areas where the nearby residents are excited to have Coral Academy in their neighborhood.

(2) Identify the entity responsible for acquiring and maintaining school facilities and describe that entity's relationship to both the school and any management organization. If costs related to the facility will be borne by the proposed school's education management organization or a related party such as a foundation, it should identify the level of capital support the organization (or related party) is willing to provide to the school.

Coral Academy will have an investor like Red Hook Capital Partners LLC or any other development group acquire and construct the proposed school facility. Coral Academy will enter a Triple Net Lease which will require the school maintain the facility. Coral Academy will consider to have lease to purchase option.

(3) If a proposed facility has been identified and requires no construction or renovation prior to the commencement of instruction, please provide:

(a) The physical address of the facility and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility as Attachment 4

(b) A copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement as Attachment 5

(c) A copy of the floor plan of the facility, including a notation of the size of the facility which is set forth in square feet as Attachment 6

(d) The name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school as Attachment 7

(e) A copy of the Certificate of Occupancy at Attachment 8

(f) Documentation demonstrating that the proposed facility meets all applicable building codes, codes for the prevention of fire, and codes pertaining to safety, health and sanitation as Attachment 9

(g) Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 386.3265 as Attachment 10

We do not have a proposed facility at this time.

(4) If a proposed facility has not been identified or the proposed facility requires any construction or renovation prior to the commencement of instruction, please provide:

(a) Either a discussion of the desired community of location and the rationale for selecting that community AND an assurance that the school will submit the documentation required in 1(a) for review and approval prior to acquisition of any facility in compliance with NAC 386.3265 as Attachment 4 **OR** the physical address of the proposed facility which requires construction or renovation and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility as Attachment 4

There are number of potential sites available for construction of a new facility in the Henderson area. We are in the planning stage of narrowing down to a facility in the near future. The potential Henderson location will be somewhere south of Cactus road, West of Eastern Ave. East of I-15 and North of Volunteer road. There are number of existing residential communities and new communities under construction. We believe that once this area is completely developed there will be potentially 2400 Primary, middle school and high school students who could attend Coral Academy in the Henderson area.

(b) Either a narrative explaining the rationale for the budgeted cost of acquisition of an owned or leased facility AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265 as Attachment 5 **OR**, if a facility has been identified which requires construction or renovation, a copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement as Attachment 5

As stated above we are in the planning stages of acquiring a location for southwest Henderson facility. We will provide detailed information of the facility or identified land for a new school once we have narrowed it to the final location.

(c) Either a discussion of the general specifications to be utilized during the facility search, including approximate square footage AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265 as Attachment 6 **OR**, if a facility location has been identified but requires construction or renovation, a copy of the proposed floor plan of the facility, including a notation of the size of the facility which is set forth in square feet AND an assurance that the school will submit final documentation in compliance with NAC 386.3265 as Attachment 6

Coral Academy has engaged realtor, investment company and consultant to perform a site selection study to identify an existing facility or land for construction of a new facility.

1. Existing facility should be approximately 50,000 square feet single story building or approximately 5.0 acres of land for a new facility.
2. Location of the facility should not significantly impact the traffic in the surrounding areas that could negatively impact the City of Henderson planning, zoning and permitting process.
3. All utilities have to be adjacent to the property for hook up. Coral Academy cannot afford to bring utilities from far away locations.
4. Any new land acquisition can't be in the 100 year flood zone that needs significant mitigation for the development of a new facility.
5. Ingress and egress to the potential new facility needs to be a smooth operation. Coral Academy consultants have narrowed down to few locations based on these criteria and will submit the site selection study once it's completed for the Board review and approval.

(d) Either a description of the process and resources the school will use to identify a facility AND an assurance that the school will submit such information for review and approval prior to acquisition of any facility in compliance with NAC 386.3265 as Attachment 7 **OR**, If a facility has been identified but requires construction or renovation, the name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school as Attachment 7

Coral Academy site selection consultants will complete the site selection study using the criteria identified in section 4 (C). A matrix will be developed as part of the study to identify the best site for Coral's Southwest Henderson location. If Coral Academy is not successful in acquiring the top priority location based on the study, Coral will try to negotiate the next best location identified in the study. Once the study is completed Coral will submit the detailed site selection study to the Board.

(e) A detailed construction project plan and timeline, including a Gantt chart, identifying all facility development activities necessary to obtain a full certificate of occupancy prior to the first day of school AND documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will issue the Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265 as Attachment 8

Attached is a preliminary schedule for the development of the southwest Henderson facility. Attached is a Gantt schedule.

(f) A detailed construction project plan and timeline, including a Gantt chart, identifying all facility development activities necessary to obtain all such code approvals prior to the first day of school AND documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all code

inspections, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265 as Attachment 9

The new facility will be located in the southwest Henderson area. All zoning, planning, design review, construction permits and occupancy permits will be obtained from City of Henderson for this facility.

(g) Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 386.3265 as Attachment 10

(5) For schools which are seeking to occupy multiple facilities over several years, please list the number of facilities you project operating in each of the next six years and identify all potential target jurisdictions at the county and municipal levels, including any unincorporated areas.

(a) Describe the strategy and process for identifying and securing multiple facilities, including any brokers or consultants you are employing to navigate the real estate market, plans for renovations, timelines, bond or third party financing, etc.

Coral Academy will engage in a site selection study with a project management firm to develop all necessary tasks from planning to complete operations of the new facility.

(b) Charter school facilities must comply with health and safety requirements and all other mandates prescribed in statute and regulation. In addition, charter schools must be prepared to follow applicable county and municipal review procedures which vary significantly between jurisdictions. Schools are expected demonstrate that they have thoroughly researched the different local requirements and adjust their permitting, construction, and inspection timelines accordingly. Discuss the research and planning that has occurred to date for each of the targeted jurisdictions, including both municipalities and unincorporated areas. Provide documentation of the current inspection and approval processes and timelines for the state, municipal, or county agencies within your proposed jurisdictions which will issue each Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265 as part of Attachment 8. Provide documentation of building, fire, safety, health and sanitation code compliance inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all such code inspections within your proposed jurisdictions, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265 as part of Attachment 9.

Each site is looked at with a different perspective. When the final site has been selected, we look at the surroundings and look to see how a new building can be woven into the existing fabric. Every jurisdiction has varying timelines for both land use approval and permitting. City of Henderson averages around two months for land use and zoning approval. Once the site and building design has arrived, the submission for land use is submitted. In an effort to maintain a timely schedule, while this is under review with the city, the preparation of documents for final permitting can run concurrently so that once final approval for land use and zoning is arrived at the permit documents can be submitted. This helps to shorten the overall schedule and minimize the design fees spent on A/E. The current length of time for permitting the city of Henderson is on average three months. Once permit is received construction would last for about fourteen months. Please refer to the attached schedule for additional information.

(6) Please include the organization's plans to finance these facilities, including:

(a) Total project cost for each facility

Coral Academy has estimated that for a new facility from ground up will be approximately \$10 million. If there is an existing facility that meets Coral Academy's criteria, an estimated budget will be provided.

(b) Financing and financing assumptions

Coral Academy will enter into triple net lease with a development group for the facility. Coral Academy board will decide based upon market rates whether or not enter into a lease agreement.

(c) Total facility costs that the financial model can handle – debt service + lease + maintenance + utilities + etc. for each facility and for the network as a whole

Coral Academy targets to have no more than 20% of revenues be attributed to: rent+debt service+maintenance+utilities for each campus.

ONGOING OPERATIONS

SPCSA schools coordinate emergency management with local authorities. Explain your process to create and maintain the school's Emergency Management Plan required by the State of Nevada. Include the types of security personnel, technology, equipment, and policies that the school will employ. Who will be primarily responsible for this plan? Does the school anticipate contracting with the local school district for school police services? How will the school communicate with and coordinate with lead law enforcement agencies and other public safety agencies?

We have an emergency management planning team that has been approved by the school board. Each year this team updates the plan for each site and creates any new plans for added campuses. We are in contact with Las Vegas Metro Police Department with any needs and/or concerns.

Discuss the types of insurance coverage the school will secure as a result of the expanded scope of operation and the attendant risks, including a description of the levels of coverage. Types of insurance should include workers' compensation, liability insurance for staff and students, indemnity, directors and officers, automobile, and any others required by Nevada law or regulation. As the minimum coverage required by Nevada law and regulation is intended as a baseline requirement for schools which operate at a significantly smaller scale, schools requesting an amendment are expected to research the levels of and types of insurance coverage typically required of and obtained by multi-site charter school networks in other states, including but not limited to Arizona, California, Colorado, the District of Columbia, Massachusetts, and New York, and crosswalk those levels of coverage with those the school intends to obtain to ensure that the governing body and network leadership is fully cognizant of the complexity of risk management in a multi-site context.

The new campus will be added to our existing insurance coverage and policies we already have in place for existing campuses of CASLV. This coverage includes: workers' compensation, liability insurance for staff and students, indemnity, directors and officers, automobile, and any others required by Nevada law or regulation.

FINANCIAL PLAN

ACCOUNTING ORGANIZATION

The accounting department is primarily responsible for Accounting and Finance including back office duties.

Accounting Department Organization Chart

The organization's organizational framework provides the foundation for coordinating and administering the accounting management system. A description of the roles and responsibilities applicable to the accounting and operations staff is maintained by management.

Director of Finance Responsibilities: Overseeing the finance function, monitoring internal controls, refinancing debt, raising capital, debt and or equity appropriations, cash management, fund balances, and management activities. The Director of Finance is responsible to the Board of Directors and Executive Director for all long-range financial matters for Coral Academy of Science Las Vegas to establish organization-wide financial and administrative objectives, policies, programs, and practices, which insure the organization of a continuously sound financial structure.

The Director of Finance controls the flow of cash through the organization and maintains the integrity of funds, assets and other valuable documents.

Major Duties and Responsibilities:

- o Develops and implements accounting policies, coordinates systems and procedures, and prepares operating data and special reports as required, including interim and year-end financial statements. Maintains the organization's system of accounts and keeps books and records on all organization transactions and assets.
- o Establishes, coordinates and administers, as an integral part of management, an adequate plan for the control of operations including, revenue planning, programs for financing, fundraising forecasts, expense budgets and cost standards, together with necessary controls and procedures to effectuate the plan.
- o In conjunction with the Executive Director and Director of Finance, coordinates, reviews, and endorses budget proposals, discusses proposed changes and significant changes.
- o Compares performance with operating plans and standards, and reports and interprets the results of operations to all levels of management.
- o Provides for the control and editing of all organization orders, to insure conformity to established policies and procedures, and to facilitate data control and retrieval of records generated by these orders.
- o Establishes and administers non-profit tax policies and procedures.
- o Supervises or coordinates the preparation of reports to Federal, State, and Local government agencies.

- o Provides Site Directors and their schools with information required by them to carry out their assigned responsibilities.
- o Assures protection for the assets of the business through internal control, internal auditing and assuring proper insurance coverage.
- o Provides advice on all matters to the Executive Director.

Accounting Staff Responsibilities

Accounting staff responsibilities are focused on accurately documenting the Organization's operations, collecting all money owed to the organization, and responsibly disbursing money owed to vendors.

The accounting staff consists of the following:

- o Designated Accountants. Responsible for performing a variety of administrative, office and clerical functions. Prepares accounting and financial reports and ensures accurate accounting systems and record keeping. Reports directly to the Director of Finance. Assists in recording of Accounts Payable, Accounts Receivable, Purchasing, Collections, and Coordinating activities with all schools.
- o Purchasing/Payroll Manager. Responsible for Purchases and Payroll transmission to the payroll processing company on a periodic base.

MANAGEMENT COMMITMENT

Senior Management at our organization shows its commitment to the accounting management system through the development and implementation of this accounting manual.

MANAGEMENT ACCOUNTING POLICY

Our organization has established an Accounting Manual that we feel is appropriate to our organization and meets the practices set forth in Generally Accepted Accounting Principles (GAAP). This policy is communicated throughout the organization. Department managers and supervisors are responsible for ensuring all employees understand the policy. To ensure our policy remains appropriate, it is reviewed at least annually at one of our Management Review meetings.

The Organization Accounting Policy:

It is the policy of our organization to design and produce financial statements in keeping with GAAP, Financial Accounting Standards Board (FASB) Statements, Generally Accepted Governmental Accounting Principles, (GAGAS) of Financial Accounting Concepts and comply with all statutory and regulatory requirements. We accomplish this by adhering to our Accounting Management System and use operational methods as documented in our Accounting Manual.

We strive to continually improve the effectiveness of our Accounting Management System by monitoring our performance against our established objectives and through leadership that promotes employee involvement. This concept represents our organization's commitment to quality accounting and the increasing need to better serve our students, stakeholders, and employees.

Conflicts of Interest

No employee, officer, or agent of CASLV shall participate in the selection, award, or administration of a contract involving CASLV if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, or any member of her or his immediate family, his or her partner, or a CASLV employee that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected.

See the CASLV Accounting Manual (Appendix A) Procurement Policies and Procedures section of this manual for further information regarding Conflicts of Interest and the penalties for violation. The CASLV Human Resources Policies and Procedures should also be reviewed for violation of and penalties associated with the CASLV Conflict of Interest policy.

ACCOUNTING MANAGEMENT SYSTEM

OBJECTIVES

The Director of Finance maintains all documents that identify the sequence of accounting processes and, in conjunction with the Accounting Department, defines the interactions of the processes within the procedures defining these processes.

Processes for management activities, provision of resources, and measurement reporting are included. Procedures shall include the methods needed to ensure that the accountability and control of processes are effective. The Director of Finance will monitor, measure, and analyze processes and implement any actions necessary to achieve intended results and continual improvement of the processes. Any processes that are outsourced that may affect our organization's conformity to requirements shall be controlled. The Director of Finance is responsible for defining the methods to control outsourced processes and procedures.

Internal Controls

Internal controls, procedures, and practices will be utilized to ensure that:

- o Obligations and costs comply with applicable laws.
- o All assets are safeguarded against waste, fraud, loss, unauthorized use, and misappropriation.
- o Revenues and expenditures applicable to organization operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained.
- o Programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

Audit Findings

The Director of Finance will promptly evaluate findings and recommendations reported by auditors and then determine proper actions in response to audit findings and recommendations (e.g., develop corrective actions). Audits can be but are not limited to the annual independent audit or program/contract audits performed by Federal, State, and Local auditors. The Director of Finance or designee should complete, within established time frames, all actions that correct or otherwise resolve the matters brought to management's attention.

TRANSACTIONS

All transactions recorded or posted into the Accounting Management System should be properly authorized and accurately represent the activity being documented. Both the timing and amount of the transaction should be in accordance with organization accounting policies defined in this manual.

Authorization

Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority. It is the principal means of assuring that only valid transactions and other events are entered into. Modification or adjustment to previously recorded transactions requires authorization.

Timing

All transaction dates recorded in the organization accounting system should accurately reflect the date the transaction occurred. Revenues should be recognized when earned and expenses when incurred. Processing, cutoff and period-end closing schedules and procedures should be documented. Cash sales should be recorded at the time of sale and deposited.

Amounts

Prior or related transactions should be checked for conformity with the transaction being recorded (e.g., match invoice to purchase order). Amount of posted transactions should be checked against source documents. Balances with third parties should be verified as appropriate (i.e. debtors, creditors, or landlord deposits, etc.). Transactions should be recorded in conformity with documented policies in Accounting manual (Appendix A)

Accuracy

Transactions should be recorded in the accounting system accurately. An approved set of general ledger and subsidiary accounts are maintained for assets, liabilities, revenues, expenses, budgetary accounts, programs, departments, and other accounts.

All transactions should be supported by documentary evidence, which becomes part of the accounting records. Error transactions should be reviewed, resolved, and cleared in a timely fashion. Manually determined control totals should be reconciled with recorded results. The Accounting Management System utilizes standard forms and provides control and accountability over these forms. Supervisors should review posted accounting transactions with source documents and processing documents.

GENERAL PURCHASING

Policy: The investment in supplies and capital equipment will be facilitated through the Business Office, maintained at the lowest effective level and supervised consistent with a common set of procedures and controls as required by all regulatory and customer contract requirements.

Purpose: To outline the actions to be taken for 1) the procurement of supplies and capital equipment, 2) the completion of related documents.

Scope: This procedure applies to the purchase of all supplies and capital equipment for all departments within the Organization.

Responsibilities:

All personnel that require a product or service must complete a request in online purchasing module specifying items for purchase and obtain required approvals. Director of Finance, Purchasing/Payroll Manager, & Designated Accountant are responsible for using good purchasing methods, optimizing price savings, quality or value of products, vendor working relationships, placing orders with approved suppliers, negotiating pricing with suppliers, and forwarding all paperwork to accounting for payment.

School Site Accountant is responsible for payment of invoices only after satisfactory completion or delivery of goods or services has been made. The Campus Site Personnel and Other Designated Individuals are responsible for receiving, inspecting materials, and forwarding all paperwork to the Business Office.

Procedure:

1.0 ORDER DETERMINATION AND REQUISITION

1.1 Purchasing should obtain the optimal price for any purchases. All purchases above \$5,000 require at least 3 quotes to be obtained. Quotes may be submitted by the requestor or the Purchasing/Payroll Manager can obtain the 3 quotes. The quotes are entered into online purchasing module along with evaluation and selection of the best option by the requestor. The Director of Finance or his/her designee reviews the 3 quotes and forwards the recommendations to the Executive Director for final review and decision.

1.2 For purchases of goods and supplies, a request in online purchasing module will be prepared by the originating individual or department. The purchase request should be completed and approved with the following items and any additional supporting documentation:

- Complete description with part or model numbers and link to website if available
- Engineering drawings and specifications
- Type, Class, Grade required

- Quantity required
- Date required
- Requesting department and accounting code
- Recommended vendor or source if applicable

Other requirements

- Special shipping requirements
- Special inspection requirements upon receipt

For the following purchases, additional information is required:

- Textbooks – Full ISBN
- Airline tickets - passenger(s) legal name(s), date of birth, gender, departure/arrival airport codes and exact dates
- Vehicle rentals - vehicle type, exact dates and exact pick up/drop off locations

1.3 If the requisition is for subcontracted services:

- A complete description of the service to be performed
- Engineering drawings and specifications if appropriate
- Requirements for qualification of personnel
- Other documents such as insurance forms, etc.
- Quality standards to be applied

1.4 The Purchasing/Payroll Manager will analyze terms, vendor, pricing, quantity breaks, etc., and will order accordingly in the Organization's best interest. Purchasing/Payroll Manager will notify the requester of any material variances prior to placement of the order.

1.5 Reimbursements for purchases made by staff will be processed upon proper authorization through online purchasing module..

2.0 ORDER PLACEMENT

2.1 Requestor is responsible for completing a purchase order form for all orders. This can be processed through online purchasing module. Purchase orders are exempted for items such as salaries and related costs, utilities, and in state travel, or where a contract exists.

2.2 If there are any requirements for items to be inspected at the supplier's or the Organization's premises by the Organization or our customer, the arrangements and method of product release shall be included in the purchasing information.

2.4 Buyers must review their purchase orders for accuracy. The buyer submits their authorization through online purchasing module indicating the review was performed.

2.5 Orders can be placed with the vendor either by telephone, fax, internet or mail. When placing orders by telephone, the vendor contact and date of order should be noted and a confirming copy of the order sent to the vendor. Pre-approval for any purchase is always required.

2.6 Purchasing/Payroll Manager is responsible for communicating with those receiving the supplies, following-up on shipping, delivery, and expediting and partial shipments of ordered items. Purchasing/Payroll Manager can either telephone vendors or use a PUR102 Ex1 PURCHASE ORDER FOLLOW-UP form to verify, trace or expedite orders.

3.0 RECORDKEEPING AND MATCHING

3.1 When Purchase Orders are issued, the Business Office copies will be placed in an Open File until the items are received. The Open File should be reviewed on a weekly basis to determine whether any orders need follow up.

3.2 Items will be received in accordance with procedure PUR103 RECEIVING AND INSPECTION. The completed vendor's packing list is kept at the site where the shipment was received.

3.4 For partial shipments, a note will be made in online purchasing module to identify the shipment as partially received. The original Purchase Order will be kept in the open file until all items are received.

See the CASLV Accounting Manual (Appendix A)

Referenced Procedures:

G&A101 Chart of Accounts

G&A104 Management Reports

G&A105 Period-End Review & Closing

G&A121 School Site Accounting

CSH101 Cash Boxes

CSH102 Cash Receipts And Deposits

REV102 Invoicing and Accounts Receivable

REV106 Gifts-In-Kind

REV107 Restricted Funds

CSH107 Bank Account Reconciliations

PUR106 Accounts Payable And Cash Disbursements

PURCHASING – ACCOUNTS PAYABLE

Proper vendor selection and utilization assist in controlling expenses. The following Purchasing Procedures should be utilized to account for and control all purchases and acquisitions of the organization.

Vendor Selection

The organization ensures purchased products and services conform to specified requirements. This starts with selection of appropriate suppliers, contractors, and consultants that have the capability and systems to supply products, materials and services to the organization's specific requirements. The organization should strive to validate the performance capabilities of all vendors and maintain the internal controls of the purchasing functions. Suppliers, contractors, and consultants are controlled to the extent necessary based on the effect of the purchased items on the quality of the organization's products and services. The organization should provide the methods for determining, documenting and, when applicable, inspecting vendors for compliance with organization policies and contract purchasing requirements. This applies to all vendors of products, materials, and services that directly affect the quality of the organization's products and services.

General Purchasing

The investment in supplies and capital equipment will be facilitated through the Purchasing/Payroll Manager, maintained at the lowest effective level and supervised consistent with a common set of procedures and controls as required by all regulatory and customer contract requirements. To outline the actions to be taken for 1) the procurement of all supplies and capital equipment, 2) the completion of related documents. This applies to the purchase of all inventory items, supplies and capital equipment within the organization.

Receiving and Inspection

All parts, components, goods and materials should be received in an organized manner and inspected for conformance prior to stocking or use in order to provide an initial quality control inspection. Any items or shipments rejected will be properly quarantined from other inventory items until disposition. The organization should outline the steps for receiving and inspection of materials, components, or parts prior to use or the disposition of rejected items. This procedure applies to the receipt of all purchases.

Accounts Payable and Cash Disbursements

Internal controls are required to ensure that only valid and authorized payables are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of general ledger accounts and appropriate timing of payments.

The organization should explain the practices for documenting, recording and issuing payments for accounts payable transactions. This applies to all purchases including contractor, consultant, merchandise and non-merchandise purchases.

Prepaid Expenses

It is the policy of CASLV to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, prepaid expenses are only accounted for at the end of the fiscal year and the amount considered to be prepaid remains at the discretion of the Director of Finance.

Reimbursements

Internal controls are required to ensure that only valid and authorized reimbursements are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments.

Purchasing and Procurement Bidding Policy

Defines when purchases or procurement is necessary to be obtained through a competitive sealed bidding.

See the CASLV Accounting Manual (Appendix A)

Referenced Procedures:

PUR101 Vendor Selection

PUR102 General Purchasing

PUR103 Receiving and Inspection

PUR104 Accounts Payable and Cash Disbursements

PUR105 Prepaid Expenses

PUR106 Reimbursements

7.0 REFERENCE TO UNIFORM SYSTEM OF FINANCIAL RECORDS FOR NEVADA CHARTER SCHOOLS

<u>NV Dept. of Ed. Procedure</u>	<u>Included in Coral Policy</u>	<u>Referenced to in Coral Policy</u>
VI-B: Accounting Records	G&A101, G&A118, Main Manual	X
VI-C: Cash	CSH107, CSH110,	X
VI-D: Supplies Inventory	INV101	X
VI-E: Capital Assets	INV101, INV102, INV103	X
VI-F: Receipts	CSH series	X
VI-G: Disbursements	PUR series	PUR102
VI-H: Payroll	G&A122	X
VI-I: Travel	G&A103	X
VI-J: State and Federal Financial Assistance	REV108	X

Nevada Department of Education procedures from "Suggested Model Financial Policies for Nevada Charter Schools", published November 2008.

- 4) Please see attachment 21
- 5) Please see attachment 22
- 6) Please see attachment 23
- 7) Please see attachment 24
- 8) Please see attachment 24
- 9) Please see attachment 24, historical financial statements donations and fundraising section.
- 10) Please see attachment Appendix A (Accounting Manual)

CASLV financial and accounting responsibilities are described in Appendix A Accounting Manual.

Management responsibilities page 11-15

Internal Controls page 21

Budgeting page 37

Incubation Year Planning Table

Using the table below, outline a detailed start-up plan as well specific organizational goals for the planning year (SY 2016-2017) to ensure that the school is ready for a successful launch in fall 2016. Feel free to add rows as needed.

2016-2017 Planning Year Milestones (SMART Goals) by Work Stream	Activity	Key Personnel	Milestone Date(s)
<i>INSTRUCTION</i>	<ul style="list-style-type: none"> • Align curriculum K-12 at all campuses • Professional Development and training on curriculum implementation 	Executive Director, Chief Academic Officer, Instructional Coaches, Dean of Academics, Site Directors	Ongoing Continued reflection and evaluation at least quarterly – August, November, February, May
<i>TALENT</i>	<ul style="list-style-type: none"> • Attend job fairs • Retain qualified staff • Continued professional development for staff 	Executive Director, HR Director, Site Directors, Chief Academic Officer	Ongoing Continued reflection and evaluation at least quarterly – August, November, February, May
<i>OPERATIONS</i>	<ul style="list-style-type: none"> • Ensure K-12 alignment and Coral Model • Day to day facility management 	Executive Director, Site Directors, Chief Academic Officer, site facility coordinator	Ongoing Continued reflection and evaluation at least quarterly – August, November, February, May
<i>TECHNOLOGY</i>	<ul style="list-style-type: none"> • Continued professional development around technology • Continued technology advancements 	Executive Director, Site Directors, Chief Academic Officer, IT Manager	Ongoing Continued reflection and evaluation at least quarterly – August,

			November, February, May
<i>FINANCE</i>	<ul style="list-style-type: none"> Develop the school’s annual budgets and financial forecasting. 	Executive Director, CFO, Site Directors	February, March, April, May
<i>PARENT & COMMUNITY ENGAGEMENT</i>	<ul style="list-style-type: none"> Continued development of engagement opportunities and partnerships 	Executive Director, Site Directors, PTO	Ongoing Continued reflection and evaluation at least quarterly – August, November, February, May
<i>SCHOOL SYSTEMS & CULTURE</i>	Ensure K-12 alignment and Coral Model	Executive Director, Chief Academic Officer, Site Directors	Ongoing Continued reflection and evaluation at least quarterly – August, November, February, May
<i>OTHER</i>			

Operational Execution

Coral Academy of Science Las Vegas (CASLV) is a STEM-focused, college-prep public charter school that gives students in grades K-12 an opportunity to achieve their full potentials. The mission of CASLV is to provide a safe, rigorous college preparatory environment that promotes social responsibility and a culturally diverse community dedicated to becoming lifelong learners bound for success. CASLV currently serves over 1,500 students across the valley, with more than 4,000 students on its waitlist.

CASLV's stellar reputation, which speaks for itself, has only grown in magnitude since its inception. Having started off as a replication model of Coral Academy of Science - Reno (CAS), which is a renowned school in Northern Nevada, CASLV has raised the bar even higher by adding more components to its already rigorous education programs. CASLV is accredited by the leading accreditation institution, AdvancED.

CASLV's faculty and staff are dedicated to challenging all students academically, instilling college awareness at all grade levels, and motivating them towards STEM careers by providing the necessary tools to help develop 21st century and leadership skills.

CASLV's new campus process guarantees the continuation of CASLV's extraordinary success and includes the following:

- **Proven educational program:** The same successful educational model with all aspects will be implemented at the new location. Feedback from school administration, parents and students and later from the school staff may cause other site-specific programs to develop.
- **CASLV Central Office support and Supervision:** CASLV central office will supervise every step of the startup and program implementation at the new campus. CASLV has a proven replication model at multiple locations in Nevada.
- **Seed administrators and teachers to ensure successful replication:** As previously done at already replicated Coral Academy schools, some existing administrators and teachers at current schools will be transferred to the newly opened site to implement the educational program at the new Henderson campus. In order to facilitate a smooth transition and long-term sustainability, the central office will transfer some of its core teaching faculty and administration to the new campus. This strategy has been successful in effectively instituting CASLV's proven educational model.
- **Proven human resources management:** CASLV central office will handle teacher recruitment for the new campus.
- **Professional training:** A thorough professional development program will be incorporated.

Weekly coordination meetings: School principals and central office staff will hold weekly meetings to oversee the entire replication process.

Executive Director and Chief of Academics will make sure that new campus director and instructional coaches are replicating the curriculum and the program of the current campuses. The school leader and instructional coach will be responsible for carrying the current curriculum and programs to recruited teachers and office staff and they will continue providing instructional guidance and support year round. Formal and informal professional development for both returning and new staff will be required and be focused on schools mission, vision, curriculums and developing programs.

This will be developed and organized by the Chief Academic Officer, Instructional Coaches, Site Directors, and multi school collaboration to ensure student success and academic achievement.

As we continue to grow, our CASLV administrative team also grows. We are recruiting additional members to our central office team with high education and experienced backgrounds. We are training all team members first for school mission, vision, curriculum, programs and expectations. Then team members continue to attend city, state and nation wide conferences and professional development programs to keep up with the ongoing developments. The Executive Director and Governing Board are also working on additional options of reimbursing the cost of admin team's professional development courses.



February 24, 2016

Patrick Gavin
Executive Director
State Public School Charter Authority
1749 North Stewart Street, Suite 40
Carson City, NV 89706

Dear Mr. Gavin:

On behalf of the Red Hook Capital Partners, I am pleased to submit this letter of interest to develop an educational facility for Coral Academy of Science Las Vegas (CASLV).

Red Hook Capital Partners (Red Hook) is a real estate investment and development firm focused on the charter school sector. Red Hook works with high quality charter school operators to identify, acquire, and developed permanent homes.

Our construction and development capabilities, coupled with a keen understanding of the charter school operations and management, position us well to meet the needs of our charter school clients. Our strong understanding of the real estate and construction markets position us well to serve high-performing charter school operators across the country. We look forward to continuing our work with CASLV and meeting its facility needs.

Red Hook proposes to acquire the real estate and work with CASLV to design, develop and construct a new school campus located in Henderson. The school will provide educational services for grades 8-12 based on a STEM model, similar to those provided to students in comparable Nevada state public school districts and consistent with local, state and federal laws and regulations.

Based on our review of CASLV's credit, its historical charter school operations, prior charter school development experience, recent financial performance and other factors, our preliminary analysis indicates that CASLV has/will have sufficient financial resources to support a long-term lease and the eventual purchase of a new campus located in Henderson for a total project cost of up to \$10 million.

If you should have any questions, please do not hesitate to contact me

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Underwood", written over a light blue horizontal line.

Craig Underwood
Principal
(310) 721-7755

Central Office

3039 W. Horizon Ridge Pkwy. Suite 120
Henderson, NV 89052
702-776-6529 | 702-776-6569 (Fax)

Tamarus Campus

8185 Tamarus St.
Las Vegas, NV 89183
702-269-8512 | 702-269-3258 (Fax)



Windmill Campus

2150 Windmill Pkwy.
Henderson, NV 89052
702-485-3410 | 702-722-2718 (Fax)

Sandy Ridge Campus

1051 Sandy Ridge Ave.
Henderson, NV 89052
702-776-8800 | 702-776-8803 (Fax)

CORAL ACADEMY OF SCIENCE LAS VEGAS

March 1, 2016

Patrick J. Gavin
Director
Nevada State Public Charter School Authority
1749 N. Stewart Street, Suite 40
Carson City, NV 89706

Re: Assurance that CASLV will provide a facility review for approval

Dear Mr. Gavin:

I assure that the school will submit a description of the process and resources that it will use to identify a facility for review and approval prior to acquisition of any facility in compliance with NAC 386.3265.

Sincerely,



Ercan Aydogdu
Executive Director
Coral Academy of Science Las Vegas

Central Office

3039 W. Horizon Ridge Pkwy. Suite 120
Henderson, NV 89052
702-776-6529 | 702-776-6569 (Fax)

Tamarus Campus

8185 Tamarus St.
Las Vegas, NV 89183
702-269-8512 | 702-269-3258 (Fax)



Windmill Campus

2150 Windmill Pkwy.
Henderson, NV 89052
702-485-3410 | 702-722-2718 (Fax)

Sandy Ridge Campus

1051 Sandy Ridge Ave.
Henderson, NV 89052
702-776-8800 | 702-776-8803 (Fax)

CORAL ACADEMY OF SCIENCE LAS VEGAS

March 1, 2016

Patrick J. Gavin
Director
Nevada State Public Charter School Authority
1749 N. Stewart Street, Suite 40
Carson City, NV 89706

Re: Assurance that CASLV is not contracting with an EMO or CMO

Dear Mr. Gavin:

I assure that neither existing Coral Academy of Science of Las Vegas campuses nor proposed Henderson High School Campus is/will not contract with an EMO or CMO.

Thank you for your time and attention.

Sincerely,



Ercan Aydogdu
Executive Director
Coral Academy of Science Las Vegas

**CORAL ACADEMY OF SCIENCE
LAS VEGAS
FINANCIAL STATEMENTS
JUNE 30, 2012**

CORAL ACADEMY OF SCIENCE LAS VEGAS
JUNE 30, 2012

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COULSON & ASSOCIATES, LTD.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Coral Academy of Science Las Vegas

We have audited the accompanying financial statements of the governmental activities and each major fund of Coral Academy of Science Las Vegas as of and for the year ended June 30, 2012, which collectively comprise of Coral Academy of Science Las Vegas's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Coral Academy of Science Las Vegas's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Coral Academy of Science Las Vegas as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2012, on our consideration of Coral Academy of Science Las Vegas'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who

considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Coral Academy of Science Las Vegas. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by the Nevada Department of Education, and is not a required part of the financial statements of Coral Academy of Science Las Vegas. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. This schedule has not been audited in accordance with requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Coulson & Associates, Ltd.

Reno, Nevada
October 25, 2012

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

This section of Coral Academy of Science Las Vegas annual financial report presents our discussion and analysis of Coral Academy of Science Las Vegas's financial performance during the fiscal year that ended June 30, 2012. Please read it in conjunction with Coral Academy of Science Las Vegas's financial statements, which immediately follow this section.

Financial Highlights

- Coral Academy of Science Las Vegas completed the year with net assets of \$1,244,614, an increase of \$879,728 from prior year.
- Overall revenues were \$7,837,511, an increase from prior year revenues of \$6,206,748.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to Coral Academy of Science Las Vegas's basic financial statements. Coral Academy of Science Las Vegas's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad over-view of Coral Academy of Science Las Vegas's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Coral Academy of Science Las Vegas's assets and liabilities, with the difference between the two reported as net assets. Over time, increase or decreases in net assets may serve as a useful indicator of whether the financial position of Coral Academy of Science Las Vegas is improving or deteriorating.

The statement of activities presents information showing how Coral Academy of Science Las Vegas's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of Coral Academy of Science Las Vegas that are principally supported by the State of Nevada per pupil funding. The governmental activities of Coral Academy of Science Las Vegas include instruction, support services, operation and maintenance of facilities. The government-wide financial statements can be found on pages 8 and 9 of this report.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Coral Academy of Science Las Vegas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Coral Academy of Science Las Vegas uses only governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as government activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Coral Academy of Science Las Vegas's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Coral Academy of Science Las Vegas's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 11 and 13, respectively.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditure, and changes in fund balance for the General and Special Grant Funds, both of which are considered to be major funds. The basic governmental fund financial statements can be found on pages 10 and 12 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also present certain required supplementary information concerning Coral Academy of Science Las Vegas's budget process. Coral Academy of Science Las Vegas adopts an annual budget and a budgetary comparison in the supplementary information section of this report.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of Coral Academy of Science Las Vegas, assets exceeded liabilities by \$1,244,614 as of June 30, 2012.

The following presents a summary of Coral Academy of Science Las Vegas’s net assets for the following fiscal years.

	As of June 30, 2012	As of June 30, 2011	As of June 30, 2010
Current Assets	\$ 1,756,522	\$ 886,243	\$ 328,005
Capital Assets	229,457	222,417	229,005
Total Assets	<u>1,985,979</u>	<u>1,108,660</u>	<u>557,010</u>
Current Liabilities	741,365	737,494	558,275
Long-Term Liabilities	-	6,280	51,090
Total Liabilities	<u>741,365</u>	<u>743,774</u>	<u>609,365</u>
Net Assets:			
Invested in Capital Assets, net of related debt	226,771	222,417	229,005
Unrestricted	1,017,843	142,469	(281,360)
Total Net Assets	<u>\$ 1,244,614</u>	<u>\$ 364,886</u>	<u>\$ (52,355)</u>

Increase in current assets can be attributed to the increase in the bank balance and the building deposits paid related to the lease extensions/purchase option on the Sandy Ridge campus.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Changes in Net Assets. Coral Academy of Science Las Vegas’s total revenues for the fiscal year ended June 30, 2012 were 7,837,511. The total costs of all programs and services were \$5,789,507. The following is a summary of the changes for the following fiscal years.

	Fiscal year ended June 30, 2012	Fiscal year ended June 30, 2011	Fiscal year ended June 30, 2010
Revenues:			
Program Revenue			
Charges for Service	\$ 739,415	\$ 695,898	\$ 364,015
Government Grants	46,984	40,397	-
General Revenue			
Donations	102,580	93,242	89,652
Other Income	-	-	59,350
State Funding	6,875,372	5,320,851	3,737,624
Uniform Income	73,160	56,360	-
Total Revenues	7,837,511	6,206,748	4,250,641
Expenses:			
Instruction	4,019,959	3,470,980	2,549,137
Support Services	440,764	321,470	107,433
Administration	987,044	763,347	605,629
Facilities	1,433,128	1,160,521	858,624
Un-allocated Depreciation	76,888	73,189	67,608
Total Expenses	6,957,783	5,789,507	4,188,431
Increase (Decrease) in Net Assets	\$ 879,728	\$ 417,241	\$ 62,210

Revenue and expenses for the School increased due to increased enrollment. Prior year the school opened two new campuses creating additional facilities costs.

Financial Analysis of Coral Academy of Science Las Vegas’s Funds

As noted earlier, Coral Academy of Science Las Vegas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Coral Academy of Science Las Vegas’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Coral Academy of Science Las Vegas’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of Coral Academy of Science Las Vegas’s net resources available for spending at the end of the fiscal year.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

The financial performance of Coral Academy of Science Las Vegas as a whole is reflected in its governmental funds. As Coral Academy of Science Las Vegas completed the year, its governmental funds reported a General fund balance of \$1,021,345, an increase of \$848,770 from the prior year. The Grant Fund balance was \$0 due to spending all available grant monies.

Budgetary Highlights

There are a few variances from the budget to the actual results. Actual state funding exceeded the budgeted amount and donations/fundraising proved successful to the School. In terms of expenditures, instructional and facilities were less than budgeted.

A schedule showing the original and final budget amounts compared to Coral Academy of Science Las Vegas's actual financial activity is provided in this report as required supplementary information.

Capital Assets and Debt Administration

As of June 30, 2012, Coral Academy of Science Las Vegas had total capital assets (net of accumulated depreciation) of \$282,424 which included classroom equipment, computers, tenant improvements, vehicles, and furniture. This amount represents an increase (net of related depreciation) of \$7,040. Total depreciation expense was \$76,888. Additional information on capital assets can be found in the notes to financial statements starting on page 18.

On the governmental financial statements capital assets are expensed in the period they are purchased as they are not considered financial resources.

Economic Factors and Next Year's Budget and Rates

Coral Academy of Science Las Vegas's major source of revenue is the per-pupil funding from the State of Nevada. The School estimates enrollment based on applications received and a projected late signup before the start of the school year. The amount of the per-pupil funding becomes fixed as of the official count day in September.

For expenses Coral Academy of Science Las Vegas typically assumes an increase of 5% to 10% over the prior year for non-contract items. The majority of Coral Academy of Science Las Vegas's expenses are teacher salaries.

CORAL ACADEMY OF SCIENCE LAS VEGAS

Statement of Net Assets

June 30, 2012

Assets	
Current Assets	
Cash	\$ 1,150,736
Inventory	56,546
Prepaid	28,373
Deposits	520,549
Employee Advances	318
Total Current Assets	<u>1,756,522</u>
Non-Current Assets	
Capital Assets	
Computers/Technological Equip	196,995
Furniture & Fixtures	174,128
Tenant Improvements	137,757
Vehicles	3,000
Less Accumulated Depreciation	<u>(282,423)</u>
Total Capital Assets, Net	<u>229,457</u>
Total Assets	<u><u>\$ 1,985,979</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 17,087
Deferred Income	133,548
Wages and Benefits Payable	472,339
Deposits	51,985
PERS Payable	60,218
Current Portion of Long Term Debt	6,188
Total Current Liabilities	<u>741,365</u>
Total Liabilities	<u><u>\$ 741,365</u></u>
Net Assets	
Invested in Capital Assets, net of related debt	\$ 226,771
Unrestricted	<u>1,017,843</u>
Total Net Assets	<u><u>\$ 1,244,614</u></u>

The accompanying notes are an integral part of these financial statements

CORAL ACADEMY OF SCIENCE LAS VEGAS
Statement of Activities
For the Year Ended June 30, 2012

Function/Program	Expenses	Program Revenues		Net Revenues (Expenses) and Change in Net Assets	
		Charges For Service	Operating Grants	Government Activities	Total
Governmental Activities					
Instruction					
Regular	\$ 3,972,975	\$ 739,415	\$ -	\$ (3,233,560)	\$ (3,233,560)
Special	46,984	-	46,984	-	-
Total Instruction	<u>4,019,959</u>	<u>739,415</u>	<u>46,984</u>	<u>(3,233,560)</u>	<u>(3,233,560)</u>
Support					
Facilities	1,433,128	-	-	(1,433,128)	(1,433,128)
General Administration	987,044	-	-	(987,044)	(987,044)
Support Services	440,764	-	-	(440,764)	(440,764)
Depreciation	76,888	-	-	(76,888)	(76,888)
Total Support	<u>2,937,824</u>	<u>-</u>	<u>-</u>	<u>(2,937,824)</u>	<u>(2,937,824)</u>
Total Governmental Activities	<u>6,957,783</u>	<u>739,415</u>	<u>46,984</u>	<u>(6,171,384)</u>	<u>(6,171,384)</u>
Total	<u>\$ 6,957,783</u>	<u>\$ 739,415</u>	<u>\$ 46,984</u>	<u>(6,171,384)</u>	<u>(6,171,384)</u>
General Revenues:					
State Funding				6,875,372	6,875,372
Donations/Fundraising				102,580	102,580
Other				73,160	73,160
Total General Revenues				<u>7,051,112</u>	<u>7,051,112</u>
Changes in Net Assets				879,728	879,728
Net Assets - Beginning				364,886	364,886
Net Assets - Ending				<u>\$ 1,244,614</u>	<u>\$ 1,244,614</u>

CORAL ACADEMY OF SCIENCE LAS VEGAS
 Balance Sheet - Governmental Funds
 June 30, 2012

	General
ASSETS	
Cash	\$ 1,150,736
Inventory	56,546
Prepaid	28,373
Deposits	520,549
Employee Advances	318
Total Assets	\$ 1,756,522
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 17,087
Deferred Income	133,548
Payroll Liabilities	532,557
Deposits	51,985
Total Liabilities	735,177
 FUND BALANCE	
Unassigned	1,021,345
Total Liabilities and Fund Balance	\$ 1,756,522

CORAL ACADEMY OF SCIENCE LAS VEGAS
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Assets
 June 30, 2012

Total Fund Balance - Total Governmental Funds		\$ 1,021,345
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds

Long Term Debt		(6,188)
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

Cost of Capital Assets	511,881		
Accumulated Depreciation	<u>(282,424)</u>		229,457

Net Assets of Governmental Activities		<u><u>\$ 1,244,614</u></u>
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CORAL ACADEMY OF SCIENCE LAS VEGAS
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2012

	General	Grant Funds	Memorandum Only Total
REVENUES			
State Sources	\$ 6,875,372	\$ 46,984	\$ 6,922,356
Donations/Fundraising	102,580	-	102,580
Other	812,575	-	812,575
Total Revenues	<u>7,790,527</u>	<u>46,984</u>	<u>7,837,511</u>
EXPENDITURES			
Instruction			
Regular Instruction	4,064,319	-	4,064,319
Special Instruction	-	46,984	46,984
Total Instruction	<u>4,064,319</u>	<u>46,984</u>	<u>4,111,303</u>
Support Services			
Administration	988,844	-	988,844
Facilities	1,447,830	-	1,447,830
Support Services	440,764	-	440,764
Total Support Service	<u>2,877,438</u>	<u>-</u>	<u>2,877,438</u>
Total Expenditures	<u>6,941,757</u>	<u>46,984</u>	<u>6,988,741</u>
Net Change in Fund Balance	848,770	-	848,770
FUND BALANCE, beginning of year	<u>172,575</u>	<u>-</u>	<u>172,575</u>
FUND BALANCE, end of year	<u>\$ 1,021,345</u>	<u>\$ -</u>	<u>\$ 1,021,345</u>

The accompanying notes are an integral part of these financial statements

CORAL ACADEMY OF SCIENCE LAS VEGAS
 Reconciliation of Statement of Revenues,
 Expenditures and Changes in Fund Balance
 to the Statement of Activities
 June 30, 2012

Net Changes in Fund Balance - Total Governmental Funds	\$	848,770
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Amounts reported for *governmental activities* in the statement of activities are different because:

Repayment of long-term debt and capital leases are reported in the governmental funds as expenditures but is reported as a reduction in long-term liabilities in the Statement of Activities.

Repayment of debt		23,918
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Capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, those costs are allocated over their useful lives and reported as depreciation expense.

Capital Outlays		83,928
Depreciation Expense		(76,888)

Changes in Net Assets of Governmental Activities	\$	879,728
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CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies:

The financial statements of Coral Academy of Science Las Vegas (the "School") have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Coral Academy of Science Las Vegas was organized to operate a public charter school in Las Vegas, Nevada, under Nevada Revised Statutes 386.500 to 386.610. Currently, Coral Academy of Science Las Vegas operates at grades K through 12 levels.

Coral Academy of Science Las Vegas receives funding from state, federal and local government sources and must comply with the requirements of these funding source entities. However, Coral Academy of Science Las Vegas is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Directors has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about Coral Academy of Science Las Vegas as a whole. The reported information includes all the activities of Coral Academy of Science Las Vegas.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include grants, per pupil funding from the State of Nevada, donations, and various fundraising activities.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, compensated absences are recorded only when the payment is due.

Coral Academy of Science Las Vegas maintains its accounts and prepares its financial statements on the modified accrual basis of accounting as required by Nevada Revised Statutes (NRS) 218.825. The budget of Coral Academy of Science Las Vegas is also prepared on the modified accrual basis of accounting.

The accounts of Coral Academy of Science Las Vegas are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Coral Academy of Science Las Vegas has the following fund types:

Governmental funds are used to account for Coral Academy of Science Las Vegas's general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when it is "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Coral Academy of Science Las Vegas considers all revenue available if it is collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest is subject to accrual. Other receipts become measurable and available when cash is received by Coral Academy of Science Las Vegas and are recognized as revenue at that time.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Governmental funds include the following fund types:

The *general fund* is Coral Academy of Science Las Vegas's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Grant funds* account for revenue sources that are legally restricted to expenditure for special purposes.

Private-sector standards of accounting and financial reported issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Accounting for Uncertainty in Income Taxes

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No.48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109, Accounting for Income Taxes ("FIN48")*. FIN 48 (now referred to as FASB ASC 740-10), requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur and jeopardize the tax-exempt status.

The school has not recognized any benefits from uncertain tax positions and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2012.

Cash

Cash includes demand deposits held at the bank.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds."

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets which include land and improvements, buildings and improvements, furniture, equipment are reported in the government-wide financial statements. Such assets are recorded at historical cost, or estimated historical cost if purchase or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Computer and Technological Equipment	3-5 years
Furniture and Equipment	7-10 years
Tenant Improvements	7-15 years
Vehicles	3-5 years

Net Assets/Fund Balances

Net Assets:

Net assets in the government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balance:

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid items, or (b) legally or contractually required to be maintained intact.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of School’s governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance – Portion of fund balance that the School intends to use for specific purposes.

Unassigned fund balance – Portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – Cash

At June 30, 2012, the school had one account held at one institution where it is insured by the Federal Deposit Insurance Corporation up to \$250,000. Amounts exceeding the FDIC limit are insured under the State Treasurer's Pooled Collateral Program. The program established pursuant to NRS 356.350 requires each depository to maintain as collateral acceptable securities having a fair market value that is at least 102 percent of the amount of the uninsured balances of the public money held by the depository.

NOTE 3 – Accounts Receivable

At June 30, 2012 there weren’t any additional funds due from the State of Nevada.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 4 – Capital Assets

Capital asset balances and activities for the year ended June 30, 2012 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Computer Equipment	\$ 158,131	\$ 38,865	\$ -	\$ 196,996
Vehicles	3,000	-		3,000
Furniture & Fixture	143,767	30,361		174,128
Leasehold Improvements	123,055	14,702		137,757
Total at historical cost	427,953	83,928	-	511,881
Less Accumulated Deprecation	205,536	76,888	-	282,424
Governmental Activities - Capital Assets, net	<u>\$ 222,417</u>	<u>\$ 7,040</u>	<u>\$ -</u>	<u>\$ 229,457</u>

NOTE 5 – Inventory

At June 30, 2012 the schools inventory balance was \$56,546, which consists of uniforms available for sale to students.

NOTE 6 – Capital Leases

The School leases a copier that is classified as a capital lease. For financial reporting purposes, minimum lease payments relating to the copier have been capitalized. The monthly lease payments are \$361 and the lease term expires March 2013.

The future minimum lease payments are as follows:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$ 2,686</u>	<u>\$ 563</u>	<u>\$ 3,249</u>

NOTE 7 – Operating Leases

Coral Academy of Science Las Vegas conducts its operations from three facilities which are leased from different lessors with various terms and payments. The Tamarus campus lease commenced September 2008 with a base rent of \$21,630 and increasing yearly at a rate of 3% through June 2018.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 7 – Operating Leases (Continued)

The Windmill and Sandy Ridge campus lease began September 2010 and expires May 2013 with monthly payments of \$25,000 and \$40,000, respectively. Rent expense for all three locations for the year ending June 30, 2012 was \$1,059,251.

The following is a schedule of future minimum lease payments related to the campuses:

<u>June 30</u>	<u>Amount</u>
2013	\$ 1,070,719
2014	299,440
2015	308,424
2016	317,676
2017 and thereafter	<u>327,207</u>
	<u><u>\$ 2,323,416</u></u>

The School also has multiple copier leases which are not capitalized. Equipment rent expense for the year ended June 30, 2012 was \$24,704. The following is a schedule of future minimum lease payments:

<u>June 30</u>	<u>Amount</u>
2013	\$ 24,836
2014	24,836
2015	16,084
2016	5,490
2017 and thereafter	<u>-</u>
	<u><u>\$ 71,246</u></u>

NOTE 8 – Public Employees Retirement System

Plan Description

Coral Academy of Science Las Vegas contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employers, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 8 – Public Employees Retirement System (Continued)

Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy

Plan members are funded under the following two methods: Under the employer pay contribution plan, Coral Academy of Science Las Vegas is required to contribute all amounts due under the plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan, while Coral Academy of Science Las Vegas is required to match that contribution. The contribution requirements of plan members and Coral Academy of Science Las Vegas are established by NRS 296. The funding mechanism may only be amended through legislation. Coral Academy of Science Las Vegas's contribution rates and amount contributed for the year are as follows:

<u>Fiscal Year</u>	<u>Contribution Rate</u>		
	<u>Employer Funded</u>	<u>Employee Funded</u>	<u>Total Contribution</u>
2011-2012	23.75%	12.25 %	\$ 474,366

NOTE 9 – Contributions

Donated assets are reflected as contributions in the accompanying statements at their estimated value at date of receipt. No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the organization.

NOTE 10 – Note Payable

The School has a loan with US Bank that matures August 2012 and has monthly payments of \$1,922 including 10.0% interest. The note is collateralized with furniture purchased with the note funds.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 10 – Note Payable (Continued)

Maturities of note payable are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	<u>\$ 3,502</u>

NOTE 11 – Revolving Line of Credit

The School maintains a \$200,000 revolving line-of-credit with Wells Fargo Bank with an interest rate at 5.25%. The balance as of June 30, 2012 was \$0.

NOTE 12 – Budgetary Information

The School is required by the State of Nevada Department of Education to adopt a final budget for the subsequent year by May 1 of each year but is not required to augment the budget during the year. Further, no other provisions of the Nevada Revised Statutes neither require nor prohibit augmentation of the annual budget. The School did not augment its budget. The original and final budget is presented in the supplementary information in the Budgetary Comparison Schedule.

NOTE 13 – Compliance with Nevada Revised Statutes and Nevada Administrative Code

Coral Academy of Science Las Vegas conformed to all significant statutory constraints on the financial administration during the fiscal year.

SUPPLEMENTARY INFORMATION

CORAL ACADEMY OF SCIENCE LAS VEGAS
Schedule of Federal Awards
For the Year Ended June 30, 2012

<u>Contract/Grant</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Passed through Clark County School District		
Special Education Plan B	84.027	\$ 41,984
Special Education DIG	84.027	<u> 5,000</u>
Total		<u>\$ 46,984</u>

CORAL ACADEMY OF SCIENCE LAS VEGAS
 Budgetary Comparison for the General Fund
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
State Sources	\$ 6,805,943	\$ 6,805,943	\$ 6,875,372	\$ 69,429
Donations/Fundraising	77,000.00	77,000.00	102,580	25,580
Other	836,476	836,476	812,575	(23,901)
Total Revenues	7,719,419.40	7,719,419.40	7,790,527	71,108
Expenditures				
Instruction				
Regular	4,440,670	4,440,670	4,064,319	(376,351)
Total Instruction	4,440,670	4,440,670	4,064,319	(376,351)
Support Services				
Administration	960,881	960,881	988,844	27,963
Facilities	1,721,227	1,721,227	1,447,830	(273,397)
Support Services	409,522	409,522	440,764	31,242
Total Support Service	3,091,630	3,091,630	2,877,438	(214,192)
Total Expenditures	7,532,300	7,532,300	6,941,757	(590,543)
Excess (Deficiency) of Revenue over Expenditures	187,119	187,119	848,770	661,651
Net Change in Fund Balance	187,119	187,119	848,770	661,651
Fund Balance - Beginning	172,575	172,575	172,575	-
Fund Balance - Ending	\$ 359,694	\$ 359,694	\$ 1,021,345	\$ 661,651

The accompanying are an integral part of these financial statements.

REPORT ON COMPLIANCE AND INTERNAL CONTROL

COULSON & ASSOCIATES, LTD.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS

To the Board of Coral Academy of Science Las Vegas

We have audited the financial statements of Coral Academy of Science Las Vegas, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Coral Academy of Science Las Vegas's general purpose financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

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 that are required to be reported under Generally Accepted Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Coral Academy of Science Las Vegas's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coral Academy of Science Las Vegas's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coral Academy of Science Las Vegas's internal controls over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Coulson & Associates, Ltd.

Reno, Nevada
October 25, 2012

**CORAL ACADEMY OF SCIENCE
LAS VEGAS
FINANCIAL STATEMENTS
JUNE 30, 2013**

CORAL ACADEMY OF SCIENCE LAS VEGAS
JUNE 30, 2013

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Independent Auditor's Report

To the Board of Coral Academy of Science Las Vegas

We have audited the accompanying financial statements of the governmental activities and each major fund of Coral Academy of Science Las Vegas as of and for the year ended June 30, 2013, which collectively comprise of Coral Academy of Science Las Vegas' basic financial statements as listed in the table of contents. These financial statements are the responsibility of Coral Academy of Science Las Vegas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Coral Academy of Science Las Vegas as of June 30, 2013, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Coral Academy of Science Las Vegas. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by the Nevada Department of Education, and is not a required part of the financial statements of Coral Academy of Science Las Vegas. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. This schedule has not been audited in accordance with requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Coulson & Associates, Ltd.

Reno, Nevada
October 18, 2013

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

This section of Coral Academy of Science Las Vegas' annual financial report presents our discussion and analysis of Coral Academy of Science Las Vegas' financial performance during the fiscal year that ended June 30, 2013. Please read it in conjunction with Coral Academy of Science Las Vegas' financial statements, which immediately follow this section.

Financial Highlights

- Coral Academy of Science Las Vegas completed the year with net assets of \$1,253,003, an increase of \$130,037 from prior year.
- Overall revenues were \$8,524,608, an increase from prior year revenues of \$7,837,511.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to Coral Academy of Science Las Vegas' basic financial statements. Coral Academy of Science Las Vegas' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad over-view of Coral Academy of Science Las Vegas' finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Coral Academy of Science Las Vegas' assets and liabilities, with the difference between the two reported as net assets. Over time, increase or decreases in net assets may serve as a useful indicator of whether the financial position of Coral Academy of Science Las Vegas is improving or deteriorating.

The statement of activities presents information showing how Coral Academy of Science Las Vegas' net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of Coral Academy of Science Las Vegas that are principally supported by the State of Nevada per pupil funding. The governmental activities of Coral Academy of Science Las Vegas include instruction, support services, operation and maintenance of facilities. The government-wide financial statements can be found on pages 8 and 9 of this report.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Coral Academy of Science Las Vegas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Coral Academy of Science Las Vegas uses only governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as government activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Coral Academy of Science Las Vegas' near-term financing requirements.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Coral Academy of Science Las Vegas' near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 11 and 13, respectively.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditure, and changes in fund balance for the General and Special Grant Funds, both of which are considered to be major funds. The basic governmental fund financial statements can be found on pages 10 and 12 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also present certain required supplementary information concerning Coral Academy of Science Las Vegas' budget process. Coral Academy of Science Las Vegas adopts an annual budget and a budgetary comparison in the supplementary information section of this report.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of Coral Academy of Science Las Vegas, assets exceeded liabilities by \$1,253,003 as of June 30, 2013.

The following presents a summary of Coral Academy of Science Las Vegas's net assets for the following fiscal years.

	As of June 30, 2013	As of June 30, 2012	As of June 30, 2011
Current Assets	\$ 1,797,368	\$ 1,756,522	\$ 886,243
Capital Assets	252,483	229,457	222,417
Total Assets	<u>2,049,851</u>	<u>1,985,979</u>	<u>1,108,660</u>
Current Liabilities	796,848	863,013	737,494
Long-Term Liabilities	-	-	6,280
Total Liabilities	<u>796,848</u>	<u>863,013</u>	<u>743,774</u>
Net Assets:			
Invested in Capital Assets, net of related debt	252,483	226,771	222,417
Unrestricted	1,000,520	896,195	142,469
Total Net Assets	<u>\$ 1,253,003</u>	<u>\$ 1,122,966</u>	<u>\$ 364,886</u>

Assets remained consistent compared to June 30, 2012. Cash increased by \$514,507 while deposits decreased by \$442,495. The decrease was due to the expired lease/purchase option on the Sandy Ridge campus.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Changes in Net Assets. Coral Academy of Science Las Vegas' total revenues for the fiscal year ended June 30, 2013 were 8,524,608. The total costs of all programs and services were \$8,394,571. The following is a summary of the changes for the following fiscal years.

	Fiscal year ended June 30, 2013	Fiscal year ended June 30, 2012	Fiscal year ended June 30, 2011
Revenues:			
Program Revenue			
Charges for Service	\$ 887,659	\$ 739,415	\$ 695,898
Government Grants	59,723	46,984	40,397
General Revenue			
Donations	135,518	102,580	93,242
Other Income	-	-	-
State Funding	7,366,790	6,875,372	5,320,851
Uniform Income	74,918	73,160	56,360
Total Revenues	<u>8,524,608</u>	<u>7,837,511</u>	<u>6,206,748</u>
Expenses:			
Instruction	4,566,799	4,141,607	3,470,980
Support Services	414,077	440,764	321,470
Administration	1,137,219	987,044	763,347
Facilities	2,164,859	1,433,128	1,160,521
Un-allocated Depreciation	111,617	76,888	73,189
Total Expenses	<u>8,394,571</u>	<u>7,079,431</u>	<u>5,789,507</u>
Increase in Net Assets	<u>\$ 130,037</u>	<u>\$ 758,080</u>	<u>\$ 417,241</u>

Revenue and expenses for the School increased due to increased enrollment. The two new campuses create additional revenue and facilities costs. Facility cost increased due to the expired lease/purchase option.

Financial Analysis of Coral Academy of Science Las Vegas' Funds

As noted earlier, Coral Academy of Science Las Vegas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Coral Academy of Science Las Vegas' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

information is useful in assessing Coral Academy of Science Las Vegas' financing requirements. In particular, unreserved fund balance may serve as a useful measure of Coral Academy of Science Las Vegas' net resources available for spending at the end of the fiscal year.

The financial performance of Coral Academy of Science Las Vegas as a whole is reflected in its governmental funds. As Coral Academy of Science Las Vegas completed the year, its governmental funds reported a General fund balance of \$1,000,520, an increase of \$104,325 from the prior year. The Grant Fund balance was \$0 due to spending all available grant monies.

Budgetary Highlights

There are a few variances from the budget to the actual results. Actual state funding exceeded the budgeted amount and donations/fundraising proved successful to the School. In terms of expenditures, instructional and facilities were less than budgeted.

A schedule showing the original and final budget amounts compared to Coral Academy of Science Las Vegas' actual financial activity is provided in this report as required supplementary information.

Capital Assets and Debt Administration

As of June 30, 2013, Coral Academy of Science Las Vegas had total capital assets (net of accumulated depreciation) of \$252,483 which included classroom equipment, computers, tenant improvements, vehicles, and furniture. This amount represents an increase (net of related depreciation) of \$23,026. Total depreciation expense was \$111,617. Additional information on capital assets can be found in the notes to financial statements starting on page 18.

On the governmental financial statements capital assets are expensed in the period they are purchased as they are not considered financial resources.

Purchase of Sandy Ridge Campus

During the FYE 2013 the purchase of the Sandy Ridge Campus by Coral Education Corporation, a nonprofit entity, was not completed. Coral Academy of Science Las Vegas has prepaid rent in anticipation of this purchase. The financial statements reflect the write-off of these deposits since the transaction was not finalized. It is the understanding of the Coral Academy of Science Las Vegas that Coral Education Corporation will attempt to purchase the location again and the prepaid rent will be honored in the future.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

Coral Academy of Science Las Vegas' major source of revenue is the per-pupil funding from the State of Nevada. The School estimates enrollment based on applications received and a projected late signup before the start of the school year. The amount of the per-pupil funding becomes fixed as of the official count day in September.

For expenses Coral Academy of Science Las Vegas typically assumes an increase of 5% to 10% over the prior year for non-contract items. The majority of Coral Academy of Science Las Vegas' expenses are teacher salaries.

CORAL ACADEMY OF SCIENCE LAS VEGAS

Statement of Net Assets

June 30, 2013

Assets	
Current Assets	
Cash	\$ 1,595,319
Receivables	42,742
Inventory	52,885
Prepaid	32,213
Deposits	74,209
Total Current Assets	<u>1,797,368</u>
Non-Current Assets	
Capital Assets	
Computers/Technological Equip	291,416
Furniture & Fixtures	171,361
Tenant Improvements	166,164
Vehicles	3,000
Less Accumulated Depreciation	<u>(379,458)</u>
Total Capital Assets, Net	<u>252,483</u>
Total Assets	<u>\$ 2,049,851</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 45,310
Credit Cards Payable	9,039
Deferred Income	131,823
Wages and Benefits Payable	544,032
Book Deposits	66,644
Current Portion of Long Term Debt	-
Total Current Liabilities	<u>796,848</u>
Total Liabilities	<u>\$ 796,848</u>
Net Assets	
Invested in Capital Assets, net of related debt	\$ 252,483
Unrestricted	<u>1,000,520</u>
Total Net Assets	<u>\$ 1,253,003</u>

The accompanying notes are an integral part of these financial statements

CORAL ACADEMY OF SCIENCE LAS VEGAS

Statement of Activities

For the Year Ended June 30, 2013

Function/Program	Expenses	Program Revenues		Net Revenues (Expenses) and Change in Net Assets	
		Charges For Service	Operating Grants	Government Activities	Total
Governmental Activities					
Instruction					
Regular	\$ 4,484,226	\$ 887,659	\$ -	\$ (3,596,567)	\$ (3,596,567)
Special	82,573	-	59,723	(22,850)	(22,850)
Total Instruction	<u>4,566,799</u>	<u>887,659</u>	<u>59,723</u>	<u>(3,619,417)</u>	<u>(3,619,417)</u>
Support					
Facilities	2,164,859	-	-	(2,164,859)	(2,164,859)
General Administration	1,137,219	-	-	(1,137,219)	(1,137,219)
Support Services	414,077	-	-	(414,077)	(414,077)
Depreciation	111,617	-	-	(111,617)	(111,617)
Total Support	<u>3,827,772</u>	<u>-</u>	<u>-</u>	<u>(3,827,772)</u>	<u>(3,827,772)</u>
Total Governmental Activities	<u>8,394,571</u>	<u>887,659</u>	<u>59,723</u>	<u>(7,447,189)</u>	<u>(7,447,189)</u>
Total	<u>\$ 8,394,571</u>	<u>\$ 887,659</u>	<u>\$ 59,723</u>	<u>(7,447,189)</u>	<u>(7,447,189)</u>
General Revenues:					
State Funding				7,366,790	7,366,790
Donations/Fundraising				135,518	135,518
Other				74,918	74,918
Total General Revenues				<u>7,577,226</u>	<u>7,577,226</u>
Changes in Net Assets				130,037	130,037
Net Assets - Beginning				1,244,614	1,244,614
Prior Period Adjustment				<u>(121,648)</u>	<u>(121,648)</u>
Net Assets - Ending				<u>\$ 1,253,003</u>	<u>\$ 1,253,003</u>

The accompanying notes are an integral part of these financial statements

CORAL ACADEMY OF SCIENCE LAS VEGAS
Balance Sheet - Governmental Funds
June 30, 2013

	General	Grant Funds	Total
ASSETS			
Cash	\$ 1,595,319	\$ -	\$ 1,595,319
Receivables	42,742	-	42,742
Inventory	52,885	-	52,885
Prepaid	32,213	-	32,213
Deposits	74,209	-	74,209
Total Assets	\$ 1,797,368	\$ -	\$ 1,797,368
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 45,310	\$ -	\$ 45,310
Credit Cards Payable	9,039	-	9,039
Deferred Income	131,823	-	131,823
Wages and Benefits Payable	544,032	-	544,032
Book Deposits	66,644	-	66,644
Total Liabilities	796,848	-	796,848
 FUND BALANCE			
Unassigned	1,000,520	-	1,000,520
Total Liabilities and Fund Balance	\$ 1,797,368	\$ -	\$ 1,797,368

CORAL ACADEMY OF SCIENCE LAS VEGAS
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Assets
 June 30, 2013

Total Fund Balance - Total Governmental Funds		\$ 1,000,520
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

Cost of Capital Assets	631,942	
Accumulated Depreciation	<u>(379,459)</u>	252,483

Net Assets of Governmental Activities		<u><u>\$ 1,253,003</u></u>
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CORAL ACADEMY OF SCIENCE LAS VEGAS
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2013

	General	Grant Funds	Total
REVENUES			
State Sources	\$ 7,366,790	\$ 59,723	\$ 7,426,513
Donations/Fundraising	135,518	-	135,518
Other	962,577	-	962,577
Total Revenues	<u>8,464,885</u>	<u>59,723</u>	<u>8,524,608</u>
EXPENDITURES			
Instruction			
Regular Instruction	4,596,650	-	4,596,650
Special Instruction	22,850	59,723	82,573
Total Instruction	<u>4,619,500</u>	<u>59,723</u>	<u>4,679,223</u>
Support Services			
Administration	1,137,219	-	1,137,219
Facilities	2,193,266	-	2,193,266
Support Services	414,077	-	414,077
Total Support Service	<u>3,744,562</u>	<u>-</u>	<u>3,744,562</u>
Total Expenditures	<u>8,364,062</u>	<u>59,723</u>	<u>8,423,785</u>
Net Change in Fund Balance	100,823	-	100,823
FUND BALANCE, beginning of year	1,021,345	-	1,021,345
Prior Period Adjustment	<u>(121,648)</u>	<u>-</u>	<u>(121,648)</u>
FUND BALANCE, end of year	<u>\$ 1,000,520</u>	<u>\$ -</u>	<u>\$ 1,000,520</u>

CORAL ACADEMY OF SCIENCE LAS VEGAS
 Reconciliation of Statement of Revenues,
 Expenditures and Changes in Fund Balance
 to the Statement of Activities
 June 30, 2013

Net Changes in Fund Balance - Total Governmental Funds	\$	100,823
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Amounts reported for *governmental activities* in the statement of activities are different because:

Repayment of long-term debt and capital leases are reported in the governmental funds as expenditures but is reported as a reduction in long-term liabilities in the Statement of Activities.

Repayment of debt		6,188
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Capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, those costs are allocated over their useful lives and reported as depreciation expense.

Capital Outlays		146,780
Disposal of Assets		(12,137)
Depreciation Expense		(111,617)

Changes in Net Assets of Governmental Activities	\$	130,037
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CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies:

The financial statements of Coral Academy of Science Las Vegas have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Coral Academy of Science Las Vegas was organized to operate a public charter school sponsored by the Clark County School District in Las Vegas, Nevada, under Nevada Revised Statutes 386.500 to 386.610. Currently, Coral Academy of Science Las Vegas operates at grades K through 12 levels.

Coral Academy of Science Las Vegas receives funding from state, federal and local government sources and must comply with the requirements of these funding source entities. However, Coral Academy of Science Las Vegas is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Directors has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about Coral Academy of Science Las Vegas as a whole. The reported information includes all the activities of Coral Academy of Science Las Vegas.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include grants, per pupil funding from the State of Nevada, donations, and various fundraising activities.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, compensated absences are recorded only when the payment is due.

Coral Academy of Science Las Vegas maintains its accounts and prepares its financial statements on the modified accrual basis of accounting as required by Nevada Revised Statutes (NRS) 218.825. The budget of Coral Academy of Science Las Vegas is also prepared on the modified accrual basis of accounting.

The accounts of Coral Academy of Science Las Vegas are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Coral Academy of Science Las Vegas has the following fund types:

Governmental funds are used to account for Coral Academy of Science Las Vegas' general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when it is "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Coral Academy of Science Las Vegas considers all revenue available if it is collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest is subject to accrual. Other receipts become measurable and available when cash is received by Coral Academy of Science Las Vegas and are recognized as revenue at that time.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include “non-spendable” which are not expected to be converted to cash, such as inventory or prepaid items, “restricted” by conditions of law, regulation, grants or contracts with external parties, “committed” which arise from majority votes of the School’s Board, “assigned” which reflect an intent by the Principal or a person assigned by the Board, or “unassigned” which is the residual amount.

When both restricted and unrestricted fund balances are available for expenditures, it is the School’s policy to use restricted fund balances first, then unrestricted as needed. Expenditures incurred in the unrestricted fund balances shall be reduced first from committed fund balance, then from the assigned fund balance and lastly from the unassigned fund balance.

Governmental funds include the following fund types:

The *general fund* is Coral Academy of Science Las Vegas’ primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Grant funds* account for revenue sources that are legally restricted to expenditure for special purposes.

Private-sector standards of accounting and financial reported issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Accounting for Uncertainty in Income Taxes

In June 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No.48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109, Accounting for Income Taxes (“FIN48”)*. FIN 48 (now referred to as FASB ASC 740-10), requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur and jeopardize the tax-exempt status.

The school has not recognized any benefits from uncertain tax positions and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2013.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Cash

Cash includes demand deposits held at the bank.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds.”

Inventory

Inventory is carried at original purchase cost.

Capital Assets

Capital assets which include land and improvements, buildings and improvements, furniture, equipment are reported in the government-wide financial statements. Such assets are recorded at historical cost, or estimated historical cost if purchase or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Computer and Technological Equipment	3-5 years
Furniture and Equipment	7-10 years
Tenant Improvements	7-15 years
Vehicles	3-5 years

Net Assets/Fund Balances

Net Assets:

Net assets in the government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors,

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balance:

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid items, or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance – Portion of fund balance that the School intends to use for specific purposes.

Unassigned fund balance – Portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 2 – Cash

At June 30, 2013, the school had one account held at one institution where it is insured by the Federal Deposit Insurance Corporation up to \$250,000. Amounts exceeding the FDIC limit are insured under the State Treasurer's Pooled Collateral Program. The program established pursuant to NRS 356.350 requires each depository to maintain as collateral acceptable securities having a fair market value that is at least 102 percent of the amount of the uninsured balances of the public money held by the depository.

NOTE 3 – Accounts Receivable

At June 30, 2013, \$42,742 was additional funds due from the State of Nevada's Department of Education.

NOTE 4 – Inventory

At June 30, 2013, the schools inventory balance was \$52,885, which consists of uniforms available for sale to students.

NOTE 5 – Prepaid

At June 30, 2013, the prepaid balance was \$32,213, which consists of \$18,788 of inventory purchased by not yet received by June 30, 2013 and health insurance of \$13,425 with is due the month in advance.

NOTE 6 – Deposits

At June 30, 2013, the deposit balance was \$74,209, which consists of security deposits in the amount of \$47,236 for the Tamarus campus and \$26,973 for the Windmill campus. Amounts will be applied to the last month rent.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 7 – Capital Assets

Capital asset balances and activities for the year ended June 30, 2013 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Computer Equipment	\$ 196,996	\$ 94,421	\$ -	\$ 291,417
Vehicles	3,000	-	-	3,000
Furniture & Fixture	174,128	23,952	26,720	171,360
Leasehold Improvements	<u>137,757</u>	<u>28,407</u>	<u>-</u>	<u>166,164</u>
Total at historical cost	511,881	146,780	26,720	631,941
Less Accumulated Depreciation	<u>282,424</u>	<u>111,617</u>	<u>14,583</u>	<u>379,458</u>
Governmental Activities - Capital Assets, net	<u>\$ 229,457</u>	<u>\$ 35,163</u>	<u>\$ 12,137</u>	<u>\$ 252,483</u>

NOTE 8 – Operating Leases

Coral Academy of Science Las Vegas conducts its operations from three facilities which are leased from different lessors with various terms and payments. 1) The Tamarus campus lease commenced September 2008 with a base rent of \$21,630 and increasing yearly at a rate of 3% through June 2018. For the year ending June 30, 2013 the rate was \$24,345. 2) The Windmill campus lease commenced June 2013 with a base rent of \$26,973 and increasing yearly at rate of 2% through June 2020. 3) The Sandy Ridge campus lease was extended June 2013 with monthly payments of \$58,000 for the first year and \$60,000 for the second year. Rent expense for all three locations for the year ending June 30, 2013 was \$1,264,217.

The following is a schedule of future minimum lease payments related to the campuses:

<u>June 30</u>	<u>Amount</u>
2014	\$ 1,283,656
2015	1,359,130
2016	654,993
2017	671,268
2018 and thereafter	<u>1,452,360</u>
	<u>\$ 5,421,407</u>

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

The School also has multiple copier leases which are not capitalized. Equipment rent expense for the year ended June 30, 2012 was \$24,836. The following is a schedule of future minimum lease payments:

<u>June 30</u>	<u>Amount</u>
2014	\$ 24,836
2015	16,084
2016	5,490
2017	-
2018 and thereafter	<u>-</u>
	<u>\$ 46,410</u>

NOTE 9 – Public Employees Retirement System

Plan Description

Coral Academy of Science Las Vegas contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employers, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy

Plan members are funded under the following two methods: Under the employer pay contribution plan, Coral Academy of Science Las Vegas is required to contribute all amounts due under the plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan, while Coral Academy of Science Las Vegas is required to match that contribution. The contribution requirements of plan members and Coral Academy of Science Las Vegas are established by NRS 296. The funding mechanism may only be amended through legislation. Effective July 1, 2013 the funding

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

rate will increase for both Employer Funded and Employee Funded contributions to 25.75% and 13.25% respectively. Coral Academy of Science Las Vegas' contribution rates and amount contributed for the year are as follows:

<u>Fiscal Year</u>	<u>Contribution Rate</u>		
	<u>Employer Funded</u>	<u>Employee Funded</u>	<u>Total Contribution</u>
2012-2013	23.75%	12.25 %	\$ 607,928

NOTE 10 – Donated Assets and Services

Donated assets are reflected as contributions in the accompanying statements at their estimated value at date of receipt. No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the organization.

NOTE 11 – Revolving Line of Credit

The School maintains a \$400,000 revolving line-of-credit with Wells Fargo Bank with an interest rate at 3.5%. The balance as of June 30, 2013 was \$0.

NOTE 12 – Budgetary Information

The School is required by the State of Nevada Department of Education to adopt a final budget for the subsequent year by May 1 of each year but is not required to augment the budget during the year. Further, no other provisions of the Nevada Revised Statutes neither require nor prohibit augmentation of the annual budget. The School did not augment its budget. The original and final budget is presented in the supplementary information in the Budgetary Comparison Schedule.

NOTE 13 – Prior Period Adjustment

The net assets of the governmental activities and fund balance of the general fund at the beginning of the year has been adjusted reflect the proper employee benefits at June 30, 2012. Had the expenses been accrued, the net assets and fund balance for the previous year would have decreased by \$121,648.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 14 – Compliance with Nevada Revised Statutes and Nevada Administrative Code

Coral Academy of Science Las Vegas conformed to all significant statutory constraints on the financial administration during the fiscal year.

SUPPLEMENTARY INFORMATION

CORAL ACADEMY OF SCIENCE LAS VEGAS
 Budgetary Comparison for the General Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
State Sources	\$ 7,324,298	\$ 7,324,298	\$ 7,366,790	\$ 42,492
Donations/Fundraising	100,000	100,000	135,518	35,518
Other	856,477	856,477	962,577	106,100
Total Revenues	8,280,775	8,280,775	8,464,885	184,110
Expenditures				
Instruction				
Regular	4,686,862	4,686,862	4,596,650	90,212
Total Instruction	4,686,862	4,686,862	4,596,650	90,212
Support Services				
Administration	1,212,305	1,212,305	1,137,219	75,086
Facilities	1,750,924	1,750,924	2,193,266	(442,342)
Support Services	554,900	554,900	414,077	140,823
Total Support Service	3,518,129	3,518,129	3,744,562	(226,433)
Total Expenditures	8,204,991	8,204,991	8,341,212	(136,221)
Excess (Deficiency) of Revenue over Expenditures	75,784	75,784	123,673	\$ 47,889
Net Change in Fund Balance	75,784	75,784	123,673	
Fund Balance - Beginning	359,694	359,694	1,021,345	
Prior Period Adjustment	-	-	(121,648)	
Fund Balance - Ending	\$ 435,478	\$ 435,478	\$ 1,023,370	

CORAL ACADEMY OF SCIENCE LAS VEGAS
 Schedule of Federal Awards
 For the Year Ended June 30, 2013

<u>Contract/Grant</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Passed through Clark County School District		
Early Childhood Grant	84.027	\$ 1,923
Special Education Plan B	84.027	52,800
Special Education DIG	84.027	<u>5,000</u>
Total		<u>\$ 59,723</u>

REPORT ON COMPLIANCE AND INTERNAL CONTROL

REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS

To the Board of Coral Academy of Science Las Vegas

We have audited the financial statements of Coral Academy of Science Las Vegas, as of and for the year ended June 30, 2013, and have issued our report thereon dated October 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Coral Academy of Science Las Vegas' general purpose financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under Generally Accepted Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Coral Academy of Science Las Vegas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coral Academy of Science Las Vegas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coral Academy of Science Las Vegas's internal controls over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Coulson & Associates, Ltd.

Reno, Nevada
October 18, 2013

**CORAL ACADEMY OF SCIENCE
LAS VEGAS
FINANCIAL STATEMENTS
JUNE 30, 2014**

**CORAL ACADEMY OF SCIENCE LAS VEGAS
JUNE 30, 2014**

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Independent Auditor's Report

To the Board of Coral Academy of Science Las Vegas

We have audited the accompanying financial statements of the governmental activities and each major fund of Coral Academy of Science Las Vegas as of and for the year ended June 30, 2014, which collectively comprise of Coral Academy of Science Las Vegas' basic financial statements as listed in the table of contents. These financial statements are the responsibility of Coral Academy of Science Las Vegas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Coral Academy of Science Las Vegas as of June 30, 2014, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Coral Academy of Science Las Vegas. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by the Nevada Department of Education, and is not a required part of the financial statements of Coral Academy of Science Las Vegas. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. This schedule has not been audited in accordance with requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Coulson & Associates, Ltd.

Reno, Nevada
October 10, 2014

CORAL ACADEMY OF SCIENCE LAS VEGAS

Management Discussion and Analysis

This section of Coral Academy of Science Las Vegas' annual financial report presents our discussion and analysis of Coral Academy of Science Las Vegas' financial performance during the fiscal year that ended June 30, 2014. Please read it in conjunction with Coral Academy of Science Las Vegas' financial statements, which immediately follow this section.

Financial Highlights

- Coral Academy of Science Las Vegas completed the year with a net position of \$2,281,399, an increase of \$1,028,396 from prior year.
- Overall revenues were \$10,162,719, an increase from prior year revenues of \$1,638,111.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to Coral Academy of Science Las Vegas' basic financial statements. Coral Academy of Science Las Vegas' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad over-view of Coral Academy of Science Las Vegas' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Coral Academy of Science Las Vegas' assets and liabilities, with the difference between the two reported as net position. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of Coral Academy of Science Las Vegas is improving or deteriorating.

The statement of activities presents information showing how Coral Academy of Science Las Vegas' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of Coral Academy of Science Las Vegas that are principally supported by the State of Nevada per pupil funding. The governmental activities of Coral Academy of Science Las Vegas include instruction, support services, operation and maintenance of facilities. The government-wide financial statements can be found on pages 9 and 10 of this report.

CORAL ACADEMY OF SCIENCE LAS VEGAS

Management Discussion and Analysis

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Coral Academy of Science Las Vegas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Coral Academy of Science Las Vegas uses only governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as government activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Coral Academy of Science Las Vegas' near-term financing requirements.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Coral Academy of Science Las Vegas' near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 12 and 14, respectively.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditure, and changes in fund balance for the General and Special Grant Funds, both of which are considered to be major funds. The basic governmental fund financial statements can be found on pages 11 and 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 15 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also present certain required supplementary information concerning Coral Academy of Science Las Vegas' budget process. Coral Academy of Science Las Vegas adopts an annual budget and a budgetary comparison in the supplementary information section of this report.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of Coral Academy of Science Las Vegas, assets exceeded liabilities by \$2,281,398 as of June 30, 2014.

The following presents a summary of Coral Academy of Science Las Vegas' net position for the following fiscal years.

	<u>As of June 30, 2014</u>	<u>As of June 30, 2013</u>	<u>As of June 30, 2012</u>
Current Assets	\$ 4,042,949	\$ 1,797,368	\$ 1,756,522
Capital Assets	8,393,118	252,483	229,457
Total Assets	<u>12,436,067</u>	<u>2,049,851</u>	<u>1,985,979</u>
Current Liabilities	950,053	796,848	863,013
Long-Term Liabilities	9,204,615	-	-
Total Liabilities	<u>10,154,668</u>	<u>796,848</u>	<u>863,013</u>
Net Position			
Invested in Capital Assets and Related Reserve Accounts, net of related debt	79,667	252,483	226,771
Unrestricted	2,201,732	1,000,520	896,195
Total Net Position	<u>\$ 2,281,399</u>	<u>\$ 1,253,003</u>	<u>\$ 1,122,966</u>

Assets increased compared to June 30, 2013. Cash increased by \$2,092,496, Capital Assets increased by \$8,140,634, while long-term debt increased by \$9,204,615. The increases were due to the bond issuance and related purchase of the Sandy Ridge campus.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Changes in Net Position

Coral Academy of Science Las Vegas' total revenues for the fiscal year ended June 30, 2014 were \$10,162,719. The total costs of all programs and services were \$9,134,323. The following is a summary of the changes for the following fiscal years.

	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2013	Fiscal year ended June 30, 2012
Revenues:			
Program Revenue			
Charges for Service	\$ 1,028,994	\$ 887,659	\$ 739,415
Government Grants	73,232	59,723	46,984
General Revenue			
Donations	118,597	135,518	102,580
Other Income	-	-	-
State Funding	8,782,696	7,366,790	6,875,372
Uniform/Other Income	159,200	74,918	73,160
Total Revenues	<u>10,162,719</u>	<u>8,524,608</u>	<u>7,837,511</u>
Expenses:			
Instruction	5,155,638	4,566,799	4,141,607
Support Services	480,889	414,077	440,764
Administration	1,272,271	1,137,219	987,044
Facilities	1,840,047	2,164,859	1,433,128
Un-allocated Depreciation	385,478	111,617	76,888
Total Expenses	<u>9,134,323</u>	<u>8,394,571</u>	<u>7,079,431</u>
Increase in Net Position	<u>\$ 1,028,396</u>	<u>\$ 130,037</u>	<u>\$ 758,080</u>

Revenue and expenses for the School increased due to increased enrollment and increased State funding per student. Facility cost decreased due to the purchase of the Sandy Ridge Campus on May 14, 2014 and the utilization of prepaid rent in the prior year.

FINANCIAL ANALYSIS OF CORAL ACADEMY OF SCIENCE LAS VEGAS' FUNDS

As noted earlier, Coral Academy of Science Las Vegas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CORAL ACADEMY OF SCIENCE LAS VEGAS

Management Discussion and Analysis

Governmental Funds

The focus of Coral Academy of Science Las Vegas' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Coral Academy of Science Las Vegas' financing requirements. In particular, unreserved fund balance may serve as a useful measure of Coral Academy of Science Las Vegas' net resources available for spending at the end of the fiscal year.

The financial performance of Coral Academy of Science Las Vegas as a whole is reflected in its governmental funds. As Coral Academy of Science Las Vegas completed the year, its governmental funds reported a General fund balance of \$3,148,282, an increase of \$2,147,762 from the prior year. The Grant Fund balance was \$0 due to spending all available grant monies.

Budgetary Highlights

There are a few variances from the budget to the actual results. Actual state funding exceeded the budgeted amount and donations/fundraising proved successful to the School. In terms of expenditures, instructional and facilities were less than budgeted.

A schedule showing the original and final budget amounts compared to Coral Academy of Science Las Vegas' actual financial activity is provided in this report as required supplementary information.

Capital Assets and Debt Administration

As of June 30, 2014, Coral Academy of Science Las Vegas had total capital assets (net of accumulated depreciation) of \$8,393,118 which included classroom equipment, computers, tenant improvements, vehicles, furniture and buildings. This amount represents an increase (net of related depreciation) of \$8,140,635. Total depreciation expense was \$385,478. Additional information on capital assets can be found in the notes to financial statements starting on page 18.

On the governmental financial statements capital assets are expensed in the period they are purchased as they are not considered financial resources.

Purchase of Sandy Ridge Campus

During the FYE 2014 the purchase of the Sandy Ridge Campus by Coral Academy of Science Las Vegas, a Nevada public charter school, was completed. The purchase was financed through the issuance of \$9,260,000 par amount bonds, less bond issuance costs of \$212,840 of which \$7,982,500 was for the building and \$1,064,660 allocated to required reserve accounts.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Management Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

Coral Academy of Science Las Vegas' major source of revenue is the per-pupil funding from the State of Nevada. The School estimates enrollment based on applications received and a projected late signup before the start of the school year. The amount of the per-pupil funding becomes fixed as of the official count day in September.

For expenses Coral Academy of Science Las Vegas typically assumes an increase of 5% to 10% over the prior year for non-contract items. The majority of Coral Academy of Science Las Vegas' expenses are teacher salaries.

CORAL ACADEMY OF SCIENCE LAS VEGAS
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 2,796,651
Cash - Restricted	891,164
Receivables	166,278
Inventory	45,050
Prepaid	73,065
Deposits	70,741
Total Current Assets	4,042,949
Non-Current Assets	
Capital Assets	
Building	7,982,500
Bond Issue Costs	469,380
Computers/Technological Equipment	334,435
Furniture & Fixtures	171,361
Tenant Improvements	192,097
Vehicles	3,000
Less Accumulated Depreciation	(759,655)
Total Capital Assets, Net	8,393,118
Total Assets	\$ 12,436,067
Liabilities	
Current Liabilities	
Accounts Payable	\$ 69,928
Credit Cards Payable	4,394
Deferred Income	187,537
Wages and Benefits Payable	550,215
Book Deposits	82,594
Current Portion of Long Term Debt	55,385
Total Current Liabilities	950,053
Non-Current Liabilities	
Long Term Debt	9,204,615
Total Non-Current Liabilities	9,204,615
Total Liabilities	\$ 10,154,668
Net Position	
Invested in Capital Assets and Related Reserve Accounts, net of related debt	\$ 79,667
Unrestricted	2,201,732
Total Net Position	\$ 2,281,399

The accompanying notes are an integral part of these financial statements

CORAL ACADEMY OF SCIENCE LAS VEGAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Function/Program	Program Revenues			Net (Expenses) Revenues and Change in Net Position	
	Expenses	Charges For Service	Operating Grants	Government Activities	Total
Governmental Activities					
Instruction					
Regular	\$ 5,064,953	\$ 1,028,994	\$ -	\$ (4,035,959)	\$ (4,035,959)
Special	90,685	-	73,232	(17,453)	(17,453)
Total Instruction	5,155,638	1,028,994	73,232	(4,053,412)	(4,053,412)
Support					
Facilities	1,840,047	-	-	(1,840,047)	(1,840,047)
General Administration	1,272,271	-	-	(1,272,271)	(1,272,271)
Support Services	480,889	-	-	(480,889)	(480,889)
Depreciation	385,478	-	-	(385,478)	(385,478)
Total Support	3,978,685	-	-	(3,978,685)	(3,978,685)
Total Governmental Activities	9,134,323	1,028,994	73,232	(8,032,097)	(8,032,097)
 Total	 \$ 9,134,323	 \$ 1,028,994	 \$ 73,232	 (8,032,097)	 (8,032,097)
 General Revenues:					
State Funding				8,782,696	8,782,696
Donations/Fundraising				118,597	118,597
Other				159,200	159,200
Total General Revenues				9,060,493	9,060,493
Changes in Net Position				1,028,396	1,028,396
Net Position - Beginning				1,253,003	1,253,003
Net Position - Ending				\$ 2,281,399	\$ 2,281,399

The accompanying notes are an integral part of these financial statements

**CORAL ACADEMY OF SCIENCE LAS VEGAS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014**

	<u>General</u>	<u>Bond Building Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 2,796,651	\$ 891,164	\$ 3,687,815
Receivables	166,278	-	166,278
Inventory	45,050	-	45,050
Prepaid	73,065	-	73,065
Deposits	70,741	-	70,741
Total Assets	<u>\$ 3,151,785</u>	<u>\$ 891,164</u>	<u>\$ 4,042,949</u>
LIABILITIES			
Accounts Payable	\$ 69,928	\$ -	\$ 69,928
Credit Cards Payable	4,394	-	4,394
Deferred Income	187,537	-	187,537
Wages and Benefits Payable	550,214	-	550,214
Book Deposits	82,594	-	82,594
Total Liabilities	<u>894,667</u>	<u>-</u>	<u>894,667</u>
FUND BALANCE			
Restricted	-	891,164	891,164
Unassigned	2,257,118	-	2,257,118
Total Fund Balance	<u>2,257,118</u>	<u>891,164</u>	<u>3,148,282</u>
Total Liabilities and Fund Balance	<u>\$ 3,151,785</u>	<u>\$ 891,164</u>	<u>\$ 4,042,949</u>

The accompanying notes are an integral part of these financial statements

CORAL ACADEMY OF SCIENCE LAS VEGAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2014

Total Fund Balance - Total Governmental Funds		\$ 3,148,282
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p> <p>All debt related to capital assets used in governmental activities are not reported as liabilities in governmental funds</p>		
Debt Related to Capital Assets		(9,260,000)
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds</p>		
Cost of Capital Assets	9,152,772	
Accumulated Depreciation	<u>(759,655)</u>	8,393,117
Net Position of Governmental Activities		<u><u>\$ 2,281,399</u></u>

The accompanying notes are an integral part of these financial statements

CORAL ACADEMY OF SCIENCE LAS VEGAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	<u>General</u>	<u>Bond Building Fund</u>	<u>Total</u>
REVENUES			
State Sources	\$ 8,855,928	\$ -	\$ 8,855,928
Donations/Fundraising	118,597	-	118,597
Other	1,188,194	-	1,188,194
Bond Issuance	-	9,260,000	9,260,000
Total Revenues	<u>10,162,719</u>	<u>9,260,000</u>	<u>19,422,719</u>
EXPENDITURES			
Instruction			
Regular Instruction	5,113,253	-	5,113,253
Special Instruction	90,685	-	90,685
Total Instruction	<u>5,203,938</u>	<u>-</u>	<u>5,203,938</u>
Support Services			
Administration	1,272,271	-	1,272,271
Facilities	1,865,980	-	1,865,980
Support Services	480,889	-	480,889
Capital Outlay	-	8,451,880	8,451,880
Total Support Service	<u>3,619,140</u>	<u>8,451,880</u>	<u>12,071,020</u>
Total Expenditures	<u>8,823,078</u>	<u>8,451,880</u>	<u>17,274,958</u>
Net Change in Fund Balance	1,339,641	808,120	2,147,761
FUND BALANCE, beginning of year	<u>1,000,520</u>	<u>-</u>	<u>1,000,520</u>
FUND BALANCE, end of year	<u>\$ 2,340,161</u>	<u>\$ 808,120</u>	<u>\$ 3,148,281</u>

The accompanying notes are an integral part of these financial statements

**CORAL ACADEMY OF SCIENCE LAS VEGAS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
June 30, 2014**

Net Changes in Fund Balance - Total Governmental Funds \$ 2,147,761

Amounts reported for *governmental activities* in the statement of activities are different because:

Repayment of long-term debt and capital leases are reported in the governmental funds as expenditures but is reported as a reduction in long-term liabilities in the Statement of Activities.

Debt Related to Capital Assets	(9,260,000)
Repayment of debt	-

Capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, those costs are allocated over their useful lives and reported as depreciation expense.

Capital Outlays	8,526,113
Disposal of Assets	-
Depreciation Expense	(385,478)

Changes in Net Position of Governmental Activities	\$ 1,028,396
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CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies:

The financial statements of Coral Academy of Science Las Vegas have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Coral Academy of Science Las Vegas was organized to operate a public charter school sponsored by the State Public Charter School Authority in Las Vegas, Nevada, under Nevada Revised Statutes 386.500 to 386.610. Currently, Coral Academy of Science Las Vegas operates at grades K through 12 levels.

Coral Academy of Science Las Vegas receives funding from state, federal and local government sources and must comply with the requirements of these funding source entities. However, Coral Academy of Science Las Vegas is not included in any other governmental “reporting entity” as defined in GASB pronouncements, since its Board of Directors has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about Coral Academy of Science Las Vegas as a whole. The reported information includes all the activities of Coral Academy of Science Las Vegas.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include grants, per pupil funding from the State of Nevada, donations, and various fundraising activities.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, compensated absences are recorded only when the payment is due.

Coral Academy of Science Las Vegas maintains its accounts and prepares its financial statements on the modified accrual basis of accounting as required by Nevada Revised Statutes (NRS) 218.825. The budget of Coral Academy of Science Las Vegas is also prepared on the modified accrual basis of accounting.

The accounts of Coral Academy of Science Las Vegas are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Coral Academy of Science Las Vegas has the following fund types:

Governmental funds are used to account for Coral Academy of Science Las Vegas' general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when it is "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Coral Academy of Science Las Vegas considers all revenue available if it is collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest is subject to accrual. Other receipts become measurable and available when cash is received by Coral Academy of Science Las Vegas and are recognized as revenue at that time.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include “non-spendable” which are not expected to be converted to cash, such as inventory or prepaid items, “restricted” by conditions of law, regulation, grants or contracts with external parties, “committed” which arise from majority votes of the School’s Board, “assigned” which reflect an intent by the Principal or a person assigned by the Board, or “unassigned” which is the residual amount.

When both restricted and unrestricted fund balances are available for expenditures, it is the School’s policy to use restricted fund balances first, then unrestricted as needed. Expenditures incurred in the unrestricted fund balances shall be reduced first from committed fund balance, then from the assigned fund balance and lastly from the unassigned fund balance.

Governmental funds include the following fund types:

The *general fund* is Coral Academy of Science Las Vegas’ primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Grant funds* account for revenue sources that are legally restricted to expenditure for special purposes.

Private-sector standards of accounting and financial reported issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Accounting for Uncertainty in Income Taxes

In June 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No.48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109, Accounting for Income Taxes (“FIN48”)*. FIN 48 (now referred to as FASB ASC 740-10), requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur and jeopardize the tax-exempt status.

The school has not recognized any benefits from uncertain tax positions and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2014.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Cash

Cash includes demand deposits held at the bank.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds.”

Inventory

Inventory is carried at original purchase cost.

Capital Assets

Capital assets which include land and improvements, buildings and improvements, furniture, equipment are reported in the government-wide financial statements. Such assets are recorded at historical cost, or estimated historical cost if purchase or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Technological Equipment	3-7 years
Furniture and Fixtures	7-10 years
Buildings and Leasehold Improvements	7-31 years
Vehicles	3-5 years

Net Position/Fund Balances

Net Position:

Net position in the government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors,

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 1 - Summary of Significant Accounting Policies (Continued)

contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balance:

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent

because they are either (a) not in spendable form, such as inventory or prepaid items, or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance – Portion of fund balance that the School intends to use for specific purposes.

Unassigned fund balance – Portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 2 – Cash

At June 30, 2014, the school had eight accounts held at two institutions where they are insured by the Federal Deposit Insurance Corporation up to \$250,000. Amounts exceeding the FDIC limit are insured under the State Treasurer's Pooled Collateral Program. The program established pursuant to NRS 356.350 requires each depository to maintain as collateral acceptable securities having a fair market value that is at least 102 percent of the amount of the uninsured balances of the public money held by the depository.

NOTE 3 – Accounts Receivable

At June 30, 2014, \$166,278 was additional funds due from the State of Nevada's Department of Education.

NOTE 4 – Inventory

At June 30, 2014, the schools inventory balance was \$45,050, which consists of uniforms available for sale to students.

NOTE 5 – Prepaid

At June 30, 2014, the prepaid balance was \$73,065, which consists of \$27,090 of inventory purchased but not yet received by June 30, 2014, rent for the Windmill campus of \$27,513 and health insurance of \$16,162 which is due the month in advance.

NOTE 6 – Deposits

At June 30, 2014, the deposit balance was \$70,741, which consists of security deposits in the amount of \$43,468 for the Tamarus campus and \$26,973 for the Windmill campus. Amounts will be applied to the last month rent.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 7 – Capital Assets

Capital asset balances and activities for the year ended June 30, 2014 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Computer Equipment	\$ 291,417	\$ 48,300	\$ 5,281	\$ 334,436
Vehicles	3,000	-	-	3,000
Furniture & Fixture	171,360	-	-	171,360
Leasehold Improvements	166,164	25,933	-	192,097
Building	-	7,982,500	-	7,982,500
Bond Issue Costs	-	469,380	-	469,380
Total at historical cost	631,941	8,526,113	5,281	9,152,773
Less Accumulated Depreciation	379,458	385,478	5,281	759,655
Governmental Activities - Capital Assets, net	<u>\$ 252,483</u>	<u>\$ 8,140,635</u>	<u>\$ -</u>	<u>\$ 8,393,118</u>

NOTE 8 – Long-Term Obligations

On May 14, 2014, Coral Academy of Science Las Vegas, through RBC Capital Markets, LLC (the “Underwriter”), issued \$8,945,000 in Public Finance Authority Education Revenue Bonds Series 2014A and \$315,000 Public Finance Authority Education Revenue Bonds Series 2014B (Taxable). The net proceeds of \$9,047,160 were used to purchase the Sandy Ridge campus for \$7,982,000 with related reserve amounts of \$1,064,660.

Long-term debt consists of the following at June 30, 2014:

<u>Series</u>	<u>Date Issued</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount Issued</u>	<u>Balance June 30, 2014</u>
2014A	5/14/2014	7/1/2044	5-5.625%	\$ 8,945,000	\$ 8,945,000
2014B	5/14/2014	7/1/2018	5.5%	315,000	315,000
				<u>\$ 9,260,000</u>	<u>\$ 9,260,000</u>

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

Summary of long-term debt service requirements to maturity:

<u>Year(s) Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 55,385	\$ 526,917	\$ 582,302
2016	130,000	503,119	633,119
2017	140,000	495,969	635,969
2018	145,000	488,669	633,669
2019	155,000	481,094	636,094
2020-2024	885,000	2,282,469	3,167,469
2025-2029	1,145,000	2,029,100	3,174,100
2030-2034	1,480,000	1,687,249	3,167,249
2035-2039	1,935,000	1,234,406	3,169,406
2040-2044	3,185,000	624,938	3,809,938
Total	9,255,385 *	10,353,930	\$ 19,609,315
less current portion	(55,385)		
add amount held in restricted cash	4,615	45,617	
Long term portion	<u>\$ 9,204,615</u>	<u>\$ 10,399,547</u>	

*Principal amounts shown exclude bond issue costs of \$212,840, annual trustee fees of \$43,500 and S&P annual surveillance fees of \$130,500.

Additional Covenants and Agreements

Days Cash on Hand Requirement:

Coral Academy of Science Las Vegas has agreed to maintain 60 days cash on hand as of June 30 in each fiscal year commencing on June 30, 2014, and annually thereafter so long as any bonds are outstanding. As of June 30, 2014, Coral Academy of Science Las Vegas had 133 days cash on hand using government-wide financial statements and 116 days cash on hand using governmental fund financial statements.

Debt Service Coverage Ratio:

Coral Academy of Science Las Vegas has agreed to budget for and maintain a debt service coverage ratio for each fiscal year of not less than 1.10:1.00, commencing with the fiscal year ending June 30, 2015. As of June 30, 2014, Coral Academy of Science Las Vegas had a debt service coverage ratio of 2.43:1.00 using government-wide financial statements and 2.30:1.00 using governmental fund financial statements.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 9 – Operating Leases

Coral Academy of Science Las Vegas conducts its operations from three facilities which are leased from different lessors with various terms and payments. 1) The Tamarus campus lease commenced September 2008 with a base rent of \$21,630 and increasing yearly at a rate of 3% through June 2018. For the year ending June 30, 2014, the rate was \$25,075. 2) The Windmill campus lease commenced June 2013 with a base rent of \$26,973 and increasing yearly at rate of 2% through June 2020. For the year ending June 30, 2014, the rate was \$27,513. 3) The Sandy Ridge campus lease was extended June 2013 with monthly payments of \$58,000 for the first year and \$60,000 for the second year through May 2014 when the Sandy Ridge campus was purchased. Rent expense for all three locations for the year ending June 30, 2014 was \$1,380,808.

The following is a schedule of future minimum lease payments related to the campuses:

<u>June 30</u>	<u>Amount</u>
2015	\$ 680,746
2016	696,609
2017	712,884
2018	770,900
2019 and thereafter	<u>730,012</u>
	<u>\$ 3,591,151</u>

The School also has multiple copier leases which are not capitalized. Equipment rent expense for the year ended June 30, 2014 was \$41,089. The following is a schedule of future minimum lease payments:

<u>June 30</u>	<u>Amount</u>
2015	\$ 74,244
2016	74,244
2017	74,244
2018	74,244
2019 and thereafter	<u>53,170</u>
	<u>\$ 350,146</u>

NOTE 10 – Public Employees Retirement System

Plan Description

Coral Academy of Science Las Vegas contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employers, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 10 – Public Employees Retirement System (Continued)

Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy

Plan members are funded under the following two methods: Under the employer pay contribution plan, Coral Academy of Science Las Vegas is required to contribute all amounts due under the plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan, while Coral Academy of Science Las Vegas is required to match that contribution. The contribution requirements of plan members and Coral Academy of Science Las Vegas are established by NRS 296. The funding mechanism may only be amended through legislation. Effective July 1, 2013 the funding rate increased for both Employer Funded and Employee Funded contributions to 25.75% and 13.25% respectively. Coral Academy of Science Las Vegas' contribution rates and amount contributed for the year are as follows:

<u>Contribution Rate</u>			
<u>Fiscal Year</u>	<u>Employer Funded</u>	<u>Employee Funded</u>	<u>Total Contribution</u>
2013-2014	25.75%	13.25 %	\$ 743,793

NOTE 11 – Donated Assets and Services

Donated assets are reflected as contributions in the accompanying statements at their estimated value at date of receipt. No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the organization.

NOTE 12 – Revolving Line of Credit

The School maintains a \$500,000 revolving line-of-credit with Wells Fargo Bank with an interest rate at 3.25%. The balance as of June 30, 2014 was \$0.

CORAL ACADEMY OF SCIENCE LAS VEGAS
Notes to Financial Statements

NOTE 13 – Budgetary Information

The School is required by the State of Nevada Department of Education to adopt a final budget for the subsequent year by May 1 of each year but is not required to augment the budget during the year. Further, no other provisions of the Nevada Revised Statutes neither require nor prohibit augmentation of the annual budget. The School did not augment its budget. The original and final budget is presented in the supplementary information in the Budgetary Comparison Schedule.

NOTE 14 – Compliance with Nevada Revised Statutes and Nevada Administrative Code

Coral Academy of Science Las Vegas conformed to all significant statutory constraints on the financial administration during the fiscal year.

CORAL ACADEMY OF SCIENCE LAS VEGAS
BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative) Final to Actual
Revenues				
State Sources	\$ 8,688,017	\$ 8,688,017	\$ 8,855,928	\$ 167,911
Donations/Fundraising	90,000	90,000	118,597	28,597
Other	943,360	943,360	1,188,194	244,834
Total Revenues	<u>9,721,377</u>	<u>9,721,377</u>	<u>10,162,719</u>	<u>441,342</u>
Expenditures				
Instruction				
Regular	5,250,892	5,250,892	5,113,253	137,639
Special	62,441	62,441	90,685	(28,244)
Total Instruction	<u>5,313,333</u>	<u>5,313,333</u>	<u>5,203,938</u>	<u>109,395</u>
Support Services				
Administration	1,414,089	1,414,089	1,272,271	141,818
Facilities	2,049,825	2,049,825	1,865,980	183,845
Support Services	615,206	615,206	480,889	134,317
Total Support Service	<u>4,079,120</u>	<u>4,079,120</u>	<u>3,619,140</u>	<u>459,980</u>
Total Expenditures	<u>9,392,453</u>	<u>9,392,453</u>	<u>8,823,078</u>	<u>569,375</u>
Excess (Deficiency) of Revenue over Expenditures	<u>328,924</u>	<u>328,924</u>	<u>1,339,641</u>	<u>\$ 1,010,717</u>
Net Change in Fund Balance	328,924	328,924	1,339,641	
Fund Balance - Beginning	<u>435,478</u>	<u>435,478</u>	<u>1,000,520</u>	
Fund Balance - Ending	<u>\$ 764,402</u>	<u>\$ 764,402</u>	<u>\$ 2,340,161</u>	

The accompanying are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

**CORAL ACADEMY OF SCIENCE LAS VEGAS
SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

<u>Contract/Grant</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Passed through Nevada Department of Education Special Education Plan B	84.027	\$ 73,232
Total		<u>\$ 73,232</u>

REPORT ON COMPLIANCE AND INTERNAL CONTROL

**REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS**

To the Board of Coral Academy of Science Las Vegas

We have audited the financial statements of Coral Academy of Science Las Vegas, as of and for the year ended June 30, 2014, and have issued our report thereon dated October 10, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Coral Academy of Science Las Vegas' general purpose financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under Generally Accepted Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Coral Academy of Science Las Vegas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coral Academy of Science Las Vegas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coral Academy of Science Las Vegas's internal controls over financial reporting.

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.

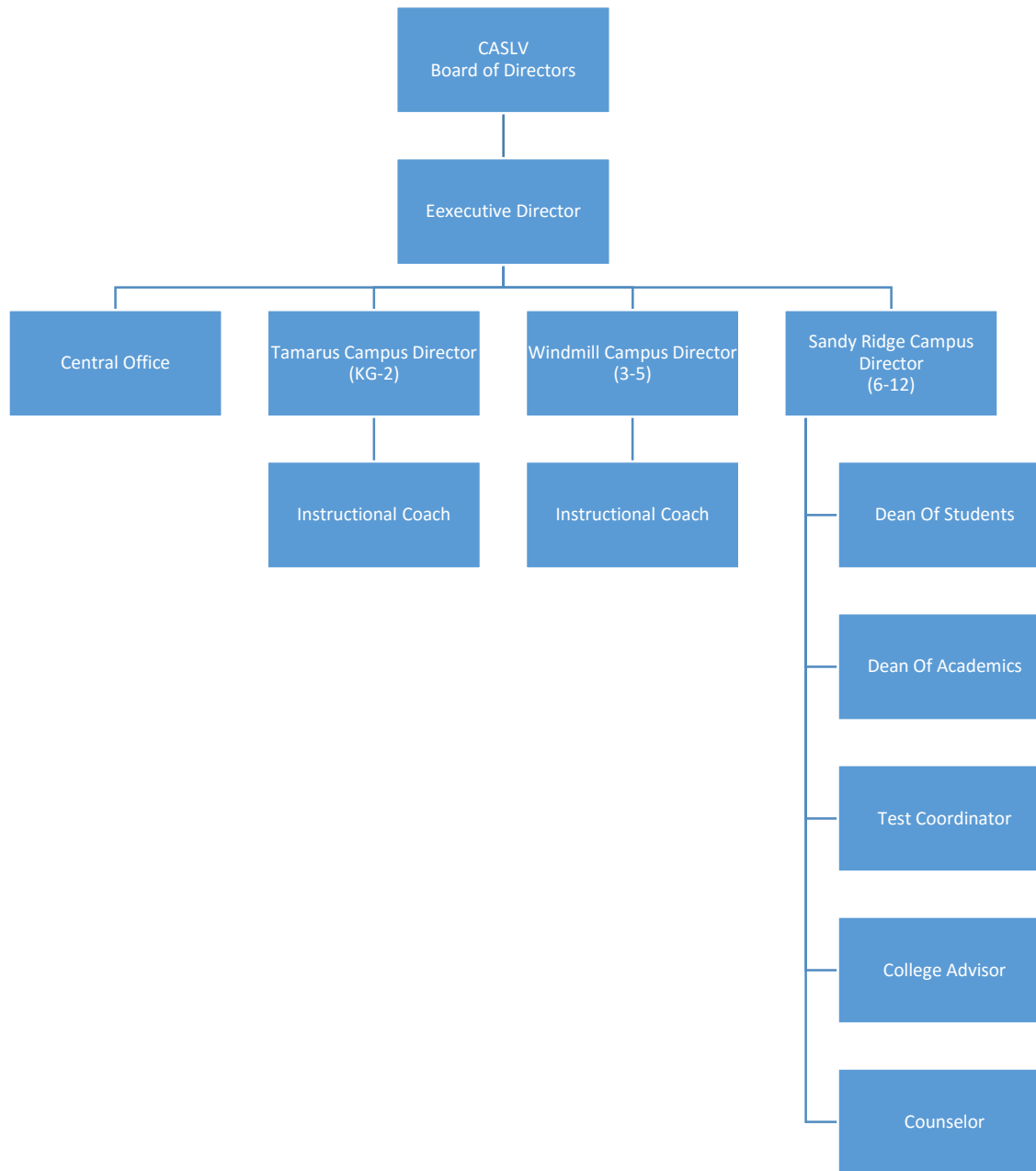
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

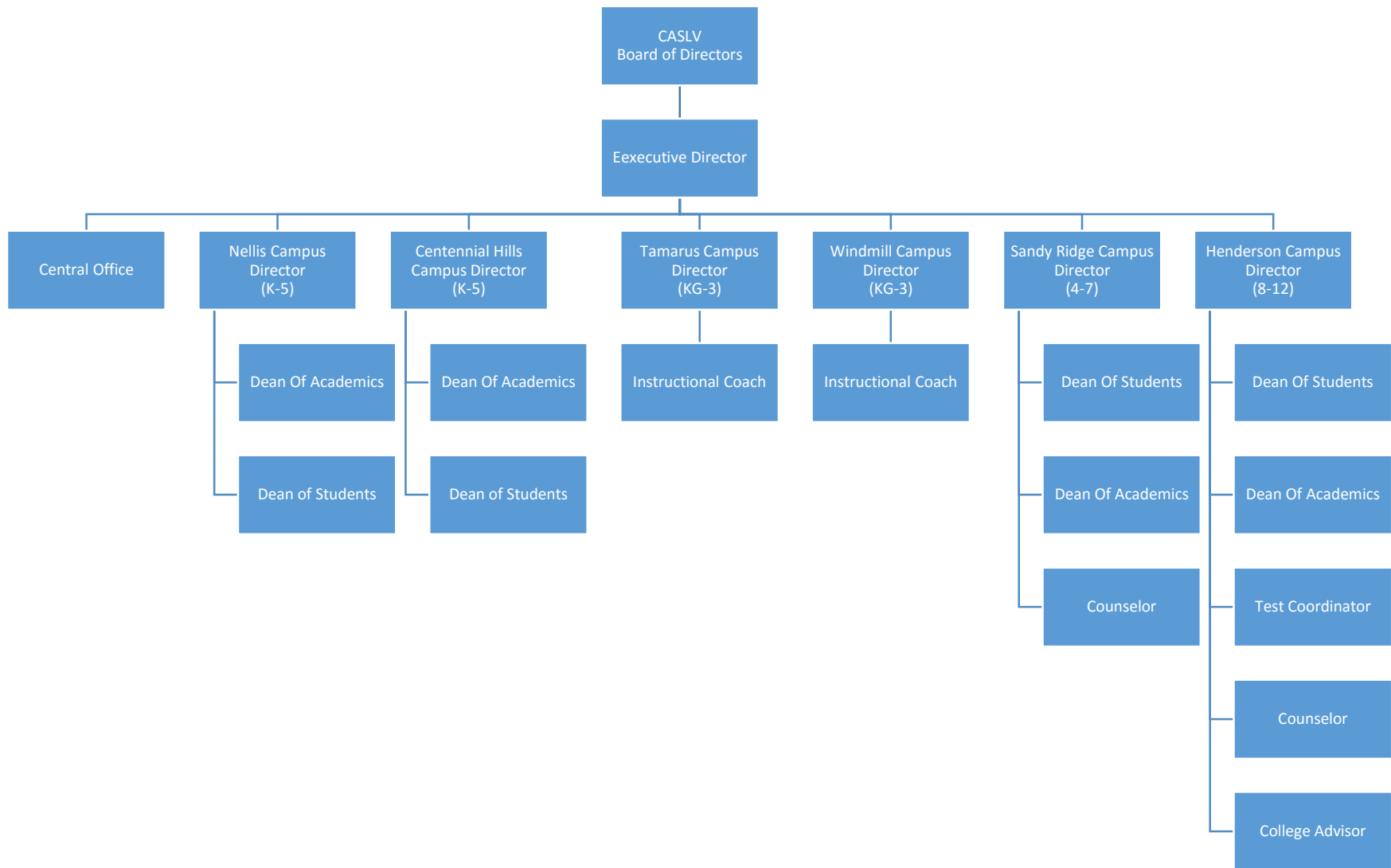
Coulson & Associates, Ltd.

Reno, Nevada
October 10, 2014

Organizational Chart of CASLV with Current Campuses



Organizational Chart of CASLV with additional Nellis AFB, Centennial Hills and New Henderson Campus



Number of Applications for Henderson Campuses for 2016-2017 School Year (As of February 28, 2016)

Grade Level	K	1	2	3	4	5	6	7	8	9	10	11	12
Sections	3	6	6	6	6	6	6	5	6	4	4	3	3
Size	20	20	22	22	22	22	26	26	26	26	26	26	26
Capacity	60	120	132	132	132	132	156	130	156	104	104	78	78
Returning	0	103	132	137	133	131	132	129	177	147	94	71	60
Openings	62	17	1	0	0	1	24	0	0	0	0	0	2
Total Applications	650	297	195	140	121	85	208	80	47	70	24	20	2

Total 1939 New Applications for 107 Open Seats

CORAL ACADEMY OF SCIENCE LAS VEGAS – CHARTER SCHOOL

Adopted

December 2006

Revised and Proposed to be Amended

February 26, 2016

~~Removals are struck through and red~~

Additions are italicized and bold faced



Hasan Deniz, Ph. D.

President of the Governing Body

Central Office

3039 W. Horizon Ridge Pkwy. Suite 120
Henderson, NV 89052
702-776-6529 | 702-776-6569 (Fax)

Tamarus Campus

8185 Tamarus St.
Las Vegas, NV 89183
702-269-8512 | 702-269-3258 (Fax)

**Windmill Campus**

2150 Windmill Pkwy.
Henderson, NV 89052
702-485-3410 | 702-722-2718 (Fax)

Sandy Ridge Campus

1051 Sandy Ridge Ave.
Henderson, NV 89052
702-776-8800 | 702-776-8803 (Fax)

CORAL ACADEMY OF SCIENCE LAS VEGAS

March 1, 2016

BY EMAIL (pgavin@spcsa.nv.gov) AND FAX (775-687-9113)

Patrick J. Gavin
Director
Nevada State Public Charter School Authority
1749 N. Stewart Street, Suite 40
Carson City, NV 89706

Re: Proposed Amendment to the Charter of
Coral Academy of Science Las Vegas

Dear Mr. Gavin:

The Governing Board of Coral Academy of Science Las Vegas ("Coral Academy") is writing to request the approval of the State Public Charter School Authority (the "Authority") to an amendment to Coral Academy's Charter.

The proposed amendment will add one more Henderson, NV site to our existing campuses. Detailed documentation is attached. Pursuant to NRS 386.527(10), and under Section 12.7.1 of the Charter School Contract between Coral Academy and the Authority, the school is seeking the approval of the school's sponsor, meaning the Authority. Coral Academy's Governing Board approved this amendment at a public meeting on February 26, 2015, under a properly-noticed agenda item.

Please consider this amendment and let me know whether the Authority will also approve it. If you have any questions or comments, please contact me or the school's Executive Director, Mr. Ercan Aydogdu.

Thank you for your time and attention.

Sincerely,



Hasan Deniz, Ph.D.
President of the Governing Board
Coral Academy of Science Las Vegas

Coral Academy of Science Las Vegas

ACCOUNTING MANUAL

Approved by: _____ Date: _____
Ercan Aydogdu - Executive Director

This manual is intended for the sole use of Coral Academy of Science Las Vegas and is for informational purposes only.

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Accounting Manual

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Cash

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Fixed Assets

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Revenue

- 38. REV101 Sales Receipt Processing
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1.0 PURPOSE

The purpose of this Accounting manual is to document the principles and policies governing our organization's accounting practices.

The principles and policies provide:

- A foundation for a system of internal controls
- Guidance in current financial activities
- Criteria for decisions on appropriate accounting treatment.
- Accounting officers with direction and guidance in connection with those accounting transactions, procedures, and reports that should be uniform throughout the Organization.

When consistently applied throughout the organization, these principles and policies assure that the various financial statements issued by the organization accurately reflect the results of the organization's operations.

Internal controls provide a system of checks and balances intended to identify irregularities, prevent waste, fraud and abuse from occurring, and assist in resolving discrepancies that are accidentally introduced in the operations of the business.

All additional departmental or functional policies and procedures written should conform to and parallel the policies in this manual. All changes to policies and procedures are required to be reviewed to ensure that there are no conflicts with the policies stated in this Accounting Manual.

CASLV Staff Bound by these Policies and Procedures

All Coral Academy of Science Las Vegas staff ("CASLV"), (also referred to throughout this manual as the, "Organization") staff members are bound by the policies herein and any deviation from established policy is prohibited. Violation of these policies and procedures is subject to disciplinary action as established and approved by the Board of Directors. The CASLV Human Resources Policies and Procedures shall take precedence over any conflict existing between this manual and the personnel policies.

Official Approval of Accounting Manual

The contents of this manual were approved as official policy of CASLV by the CASLV Board of Directors. All revisions/amendments are approved by the CASLV Board of Directors and the date of the Board's approval is listed on the cover page of this manual and entitled "Revisions/Amendments". However, exhibits to this manual may be revised without Board approval as they are identified as "technical changes"; i.e., chart of account additions or deletions, revisions to internal office procedures, etc.

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2.0 SCOPE

The Accounting Manual is an official directive of the Executive Director. It is published and maintained by the Director of Finance as part of the general responsibility for organization accounting policy assigned to the office of the Director of Finance.

2.1 RESPONSIBILITY

The policies stated in this manual apply to all operations and activities at our organization. It is the responsibility of all department managers to help implement and maintain the procedures required by this manual and to ensure all processes conform to these requirements.

It is the responsibility of all employees to follow procedures that implement these policies and to help strive for continuous improvement in all activities and processes of our organization.

The goal is to make the Manual as clear and useful as possible. All users are encouraged to contact the Organization's Director of Finance with any suggestions for revising or improving the Manual.

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MANAGEMENT RESPONSIBILITY

The accounting department is headed by the Director of Finance (DF).

3.0 ACCOUNTING ORGANIZATION

The accounting department is organized into two main responsibilities: Accounting and Finance.

3.1.1 Accounting Department Organization Chart

The organization's organizational framework provides the foundation for coordinating and administering the accounting management system. A description of the roles and responsibilities applicable to the accounting and operations staff are maintained by management.

3.1.2 Director of Finance Responsibilities

Director of Finance responsibilities are focused on overseeing the Finance function, monitoring internal controls, refinancing debt, raising capital, debt and or equity appropriations, cash management, Treasury investments, fund balances, and management activities.

The Director of Finance is responsible to the Executive Director for all long-range financial matters for both Coral Academy of Science Las Vegas and its Charter Schools and to establish organization-wide financial and administrative objectives, policies, programs, and practices, which insure the organization of a continuously sound financial structure.

The Director of Finance controls the flow of cash through the organization and maintains the integrity of funds, assets and other valuable documents.

Major Duties and Responsibilities:

- Develops and implements accounting policies, coordinates systems and procedures, and prepares operating data and special reports as required, including interim and year-end financial statements. Maintains the organization's system of accounts and keeps books and records on all organization transactions and assets.
- Establishes, coordinates and administers, as an integral part of management, an adequate plan for the control of operations including, revenue planning, programs for financing, fundraising forecasts, expense budgets and cost standards, together with necessary controls and procedures to effectuate the plan.
- In conjunction with the Executive Director and Director of Finance, coordinates, reviews, and endorses budget proposals, discusses proposed changes and significant changes.
- Compares performance with operating plans and standards, and reports and interprets the results of operations to all levels of management.

- Provides for the control and editing of all organization orders, to insure conformity to established policies and procedures, and to facilitate data control and retrieval of records generated by these orders.
- Establishes and administers non-profit tax policies and procedures.
- Supervises or coordinates the preparation of reports to Federal, State, and Local government agencies.
- Provides Site Directors and their schools with information required by them to carry out their assigned responsibilities.
- Assures protection for the assets of the business through internal control, internal auditing and assuring proper insurance coverage.
- Provides advice on all matters to the Director of Finance and the Executive Director.

3.1.3 Accounting Staff Responsibilities

Accounting staff responsibilities are focused on accurately documenting the Organization's operations, collecting all money owed to the organization, and responsibly disbursing money owed to vendors.

The accounting staff consists of the following:

- Designated Accountants. Responsible for performing a variety of administrative, office and clerical functions. Prepares accounting and financial reports and ensures accurate accounting systems and record keeping. Reports directly to the Director of Finance. Assists in recording of Accounts Payable, Accounts Receivable, Purchasing, Collections, and Coordinating activities with all schools.
- Purchasing/Payroll Manager. The Purchase/Payroll Manager is responsible for Purchases and Payroll transmission to the payroll processing company.

3.2 MANAGEMENT COMMITMENT

Senior Management at our organization shows its commitment to the accounting management system through the development and implementation of this accounting manual.

3.3 MANAGEMENT ACCOUNTING POLICY

Our organization has established an Accounting Manual that we feel is appropriate to our organization and meets the practices set forth in GAAP. This policy is communicated throughout the organization. Department managers and supervisors are responsible for ensuring all employees understand the policy. To ensure our policy remains appropriate, it is reviewed at least annually at one of our Management Review meetings.

The Organization Accounting Policy:

- ❖ It is the policy of our organization to design and produce financial statements in keeping with Generally Accepted Accounting Principles (GAAP), Financial Accounting Standards Board (FASB) Statements, Generally Accepted

Governmental Accounting Principles, (GAGAS) of Financial Accounting Concepts and comply with all statutory and regulatory requirements. We accomplish this by adhering to our Accounting Management System and use operational methods as documented in our Accounting Manual.

- ❖ We strive to continually improve the effectiveness of our Accounting Management System by monitoring our performance against our established objectives and through leadership that promotes employee involvement. This concept represents our organization's commitment to quality accounting and the increasing need to better serve our students, stakeholders, and employees.

3.4 PLANNING

3.4.1 Accounting Objectives

Our organization shall establish objectives as considered necessary. These objectives shall be measurable and consistent with the Accounting Policy, and reviewed at least at Management Review meetings.

3.4.2 Accounting System Planning

As part of annual strategic planning meetings, our organization establishes strategic objectives and goals for revenue and expenses. These objectives are supported by specific measures that track performance against those objectives using the budgeting process.

As situations arise that demand changes to the accounting management system, either to meet objectives or because of changing business conditions, all changes will be reviewed by the management team to ensure the integrity of the accounting system is maintained.

3.5 RESPONSIBILITY, AUTHORITY, AND COMMUNICATION

3.5.1 Responsibility and Authority

Responsibilities and authorities at our organization are defined in each Job Description.

3.5.2 Management Representative

The Executive Director has appointed the Director of Finance as the Management Representative with the responsibility and authority to:

- a) Ensure that processes needed for the Accounting Management System are established, implemented and maintained.
- b) Report to top management on the performance of the Accounting Management System and any need for improvement.
- c) Ensure the promotion of awareness of accounting requirements throughout the organization.
- d) Serve as the liaison with external parties on matters relating to the Accounting Management System.

3.5.3 Internal communication

In line with our organization's policy of leadership through employee involvement, our organization's personnel policies have established open communication throughout the organization.

The effectiveness of our Accounting Management System is evident through Internal Audit results, Management Reports, and the departmental performance measures. Other than confidential information, organization and departmental performance measures are posted on bulletin boards throughout our organization. Internal Audit results are shared at departmental meetings as appropriate.

3.5.4 Referenced Procedures:

G&A104 Management Reports

3.6 MANAGEMENT REPORTING

3.6.1 General

The Executive Director and management team shall review the organization's Accounting Management System as considered necessary to ensure its continuing suitability, adequacy and effectiveness. This review shall include assessing opportunities for improvement and the need for changes to the Accounting Management System, including the accounting policy and objectives.

The Director of Finance is responsible for maintaining records from management reviews.

3.6.2 Review Input

The Director of Finance and department managers provide the following information for Management Review meetings:

- a) Results of audits
- b) Employee feedback
- c) Process performance

- d) Follow-up actions from previous management reviews
- e) Changes that could affect the Accounting Management System
- f) Recommendations for improvement

3.6.3 Review Output

Records shall include the output from the management review and shall include any decisions and actions related to:

- a) Improvement of the effectiveness of the Accounting Management System and its processes
- b) Improvement of processes related to accounting requirements
- c) Resource needs

3.6.4 Referenced Procedures:

G&A104 Management Reports

3.7 BUSINESS CONDUCT

Unethical business conduct, actions or even the appearance of unethical behavior is unacceptable under any conditions. The reputation of the organization depends on each employee applying common sense in situations where specific rules of conduct are insufficient to provide clear direction. A strong sense of personal ethics, which should extend beyond compliance with applicable laws, is necessary to guide the behavior of all employees.

All employees should comply with the ethical standards of the organization as set forth in this manual. If a situation feels awkward, then the employees should ask themselves:

- Is my action legal and ethical?
- Does my action comply with corporate policy?
- Is my action appropriate in the situation?
- Would my action be an embarrassment to the organization, if known?
- Does my action agree with my personal ethics or behavior?

An employee should be able to answer “yes” to all of these questions before taking action or compromising themselves in the situation.

All Managers are responsible for the ethical business conduct and behavior of their employees. Managers should consider the appropriate courses of action in terms of both ethical and economic factors. Each decision should be based on the guidelines provided in this Accounting Manual as well as their own personal beliefs of what’s right and wrong.

A. Conflicts of Interest

No employee, officer, or agent of CASLV shall participate in the selection, award, or administration of a contract involving CASLV if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, or any member of her or his immediate family, his or her partner, or a CASLV employee that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected.

See the CASLV Procurement Policies and Procedures section of this manual for further information regarding Conflicts of Interest and the penalties for violation. The CASLV Human Resources Policies and Procedures should also be reviewed for violation of and penalties associated with the CASLV Conflict of Interest policy.

B. Compliance With Laws, Regulations and CASLV Policies

CASLV does not tolerate the willful violation or circumvention of any Federal, state, local, or foreign law by an employee during the course of that person's employment; nor does CASLV tolerate the disregard or circumvention of CASLV policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

Implementation of the provisions of this policy is one of the standards by which the performance of all levels of employees will be measured.

C. Disciplinary Action

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to CASLV or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.

3. Against any Director, Manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

3.8 FRAUD AND SUSPECTED MISCONDUCT POLICY

A. Scope

This policy applies to any fraud or suspected fraud involving employees, officers or directors, or parents as well as vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with CASLV. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with CASLV.

B. Policy

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the immediate supervisor, the Executive Director or alternatively, to the Chair of the CASLV Finance and Audit Committee, who coordinates all investigations.

C. Actions Constituting Fraud

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act
2. Forgery or alteration of any document or account belonging to CASLV
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of CASLV
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential and proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to CASLV. Exception: gifts less than a nominal \$10.00 in value.

8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
9. Any similar or related irregularity

D. Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the departmental management and the Human Resources Department.

E. Investigation Responsibilities

The Finance and Audit Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Finance and Audit Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Finance and Audit Committee will issue reports to appropriate designated personnel and, if appropriate, to the CASLV Board of Directors and/or the Executive Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final dispositions of the case.

If suspected fraud or other wrongdoing involves programs funded in whole or in part with federal funds, additional responsibilities, such as special reporting and disclosure to the school district or other awarding agency, may apply to CASLV. It is the policy of CASLV to fully comply with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud as described in award documents and contracts.

F. Confidentiality

The Finance and Audit Committee, the Executive Director and the Director of Finance, treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify their immediate supervisor, Executive Director, or the Chairperson of the Finance and Audit Committee immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. See "Reporting Procedures" below.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order

to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect CASLV from potential civil liability.

G. Authority for Investigation of Suspected Fraud

Members of the CASLV Finance and Audit Committee will have:

1. Free and unrestricted access to all CASLV records and premises, whether owned or rented; and
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of their investigations.

H. Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the immediate supervisor, unless the complaint is about the immediate supervisor in which case the employee would contact the Executive Director. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Finance and Audit Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the CASLV legal counsel or the Finance and Audit Committee.

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4.0 ACCOUNTING MANAGEMENT SYSTEM

4.1 OBJECTIVES

Through this manual and associated procedures and documents, our organization has established, documented, and implemented an Accounting Management System. The system is designed to result in improving the effectiveness of our accounting operations and in our ability to satisfy auditor requirements.

4.2 REQUIREMENTS

Maintenance of the Accounting Management System is the responsibility of the Director of Finance in conjunction with the Accounting Department.

4.2.1 Overview

The Director of Finance maintains all documents that identify the sequence of accounting processes and, in conjunction with the Accounting Department, and defines the interactions of the processes within the procedures defining these processes.

Processes for management activities, provision of resources, and measurement reporting are included. Procedures shall include the methods needed to ensure that the accountability and control of processes are effective.

The Director of Finance will monitor, measure, and analyze processes and implement any actions necessary to achieve intended results and continual improvement of the processes.

Any processes that are outsourced that may affect our organization's conformity to requirements shall be controlled. The Director of Finance is responsible for defining the methods to control outsourced processes and procedures.

4.2.2 Internal Controls

Internal controls, procedures, and practices will be utilized to ensure that:

- Obligations and costs comply with applicable laws.
- All assets are safeguarded against waste, fraud, loss, unauthorized use, and misappropriation.
- Revenues and expenditures applicable to organization operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained.
- Programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

4.2.3 Audit Findings

The Director of Finance will promptly evaluate findings and recommendations reported by auditors and then determine proper actions in response to audit findings and recommendations (e.g., develop corrective actions). Audits can be

but are not limited to the annual independent audit or program/contract audits performed by Federal, State, and Local auditors. The Director of Finance or designee should complete, within established time frames, all actions that correct or otherwise resolve the matters brought to management's attention.

4.3 TRANSACTIONS

All transactions recorded or posted into the Accounting Management System should be properly authorized and accurately represent the activity being documented. Both the timing and amount of the transaction should be in accordance with organization accounting policies defined in this manual.

4.3.1 Authorization

Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority. It is the principal means of assuring that only valid transactions and other events are entered into.

Modification or adjustment to previously recorded transactions requires authorization.

4.3.2 Timing

All transaction dates recorded in the organization accounting system should accurately reflect the date the transaction occurred. Revenues should be recognized when earned and expenses when incurred. Processing, cutoff and period-end closing schedules and procedures should be documented. Cash sales should be recorded at the time of sale and deposited.

4.3.3 Amounts

Prior or related transactions should be checked for conformity with the transaction being recorded (e.g., match invoice to purchase order). Amount of posted transactions should be checked against source documents. Balances with third parties should be verified as appropriate (i.e. debtors, creditors, or landlord deposits, etc.). Transactions should be recorded in conformity with documented policies in this manual.

4.3.4 Accuracy

Transactions should be recorded in the accounting system accurately. An approved set of general ledger and subsidiary accounts are maintained for assets, liabilities, revenues, expenses, budgetary accounts, programs, departments, and other accounts.

All transactions should be supported by documentary evidence, which becomes part of the accounting records. Error transactions should be reviewed, resolved, and cleared in a timely fashion. Manually determined control totals should be reconciled with recorded results.

The Accounting Management System utilizes standard forms and provides control and accountability over these forms. Supervisors should review posted accounting transactions with source documents and processing documents.

4.3.5 Referenced Procedures:

G&A101 Chart of Accounts
G&A104 Management Reports
G&A105 Period-End Review & Closing
G&A121 School Site Accounting
CSH101 Cash Boxes
CSH102 Cash Receipts And Deposits
REV102 Invoicing and Accounts Receivable
REV106 Gifts-In-Kind
REV107 Restricted Funds
CSH107 Bank Account Reconciliations
PUR106 Accounts Payable And Cash Disbursements
PUR107 Meals, Refreshments, and Gifts

4.4 DOCUMENTATION

This Accounting Manual and the associated procedures are intended to satisfy the documentation requirements for an Accounting Management System. The Director of Finance is responsible for identifying any additional documents needed to ensure the effective planning, operation and control of processes.

Procedures may vary in detail based on the size of the department or organization involved and the type of activity performed. Procedure developers shall consider this as well as the complexity of the processes and interactions, and the competence of the personnel involved.

Documents may be any medium including: software programs, electronic text files, or hardcopy documents for example.

4.4.1 Accounting Manual

This Accounting Manual provides the top-level organizational document for the Accounting Management System. The Accounting Manual defines the scope, policies and processes of our organization's Accounting Management system as well as Management's responsibility for the system.

4.4.2 Control of Documents

All Documents required by the Accounting Management System shall be controlled. The Document Control Procedure defines the controls needed to:

- a) Approve documents for adequacy prior to issue.
- b) Review and update as necessary and re-approve documents.
- c) Ensure that changes and the current revision status of documents are identified.
- d) Ensure that relevant versions of applicable documents are available at points of use.
- e) Ensure that documents remain legible and readily identifiable.

- f) Ensure that documents of external origin are identified and their distribution controlled.
- g) Prevent the unintended use of obsolete documents, and apply suitable identification to them if they are retained for any purpose.

4.4.3 Control of Records

Procedures define appropriate records to be maintained for the effective operation of the Accounting Management System, including evidence of conformity to requirements. Records shall remain legible, readily identifiable and retrievable. The Files and Records Management Procedure defines the controls needed for the identification, storage, protection, retrieval, retention time and disposition of records.

4.4.4 Accounting Transactions

All transactions and other significant events should be clearly documented, properly classified and readily available for examination.

This standard applies to:

- o The entire process or life cycle of a transaction or event and includes the initiation and authorization
- o All aspects of the transaction while in process
- o Its final classification in summary records.

4.4.5 Referenced Procedures:

G&A102 Files and Records Management
G&A110 Document Control

4.5 SECURITY

Access to resources and records should be limited to authorized personnel only. Accountability for the custody and use of resources should be assigned and maintained as well. Periodic comparisons should be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability of the asset. Restrictions of access to resources shall also depend upon the vulnerability of the resource as well as the perceived risk of loss, both of which shall be periodically assessed.

4.5.1 Physical Security

Physical security measures should be adopted to protect the assets and employees of the Organization from abuse, fraud, theft, or damage. Security procedures for the protection of assets and employees are addressed within the organization's Security Manual.

4.5.2 Disaster Security

Disaster security measures should be adopted to enable the organization to continue the operations of the Accounting Management System with limited

interruption. Disaster procedures for operations recovery are addressed within the organization's Disaster Manual.

4.5.3 Information Security

Information security measures should be adopted to protect the organization's information assets from unauthorized access, abuse, tampering, theft, or use.

4.5.4 Electronic Accounting Information Backup (See Section 5.1.13)

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

4.6 PROGRAM/GRANT ACCOUNTING

Program/Grant Accounting based on costs is the financial measure of resources consumed or acquired in accomplishing the specified purpose of the Federal, State, or Local program, grant, or contract, such as carrying out a project, contract, or program regardless of when the resources were ordered, received, or paid for. Program cost can be defined in a variety of ways depending on the objectives or information desired.

Program/Grant accounting is defined as a technique or method for determining and accounting for the cost or expenditures of a program. This cost is determined by direct measurement, specific assignment, or systematic and rational allocation. Central to program accounting is the process for tracing various input costs to the services of the organization.

This section presents cost classifications based on such characteristics as time incurred, reaction to changes in activity levels, program compliance requirements, and influence on decision making.

4.6.1 Program Costing Purposes

The Designated Accountant should accumulate, distribute, monitor, and evaluate cost information during each accounting period, when appropriate. Management will use cost information for purposes such as:

- Making decisions and planning future operations with the knowledge of the costs of contracts, programs, and other activities
- Assisting in establishing standards of performance based at least partially on past cost history
- Determining the efficient and effective distribution and use of resources
- Supporting performance evaluation based on actual costs versus budgeted costs
- Recovering program costs for products and services provided to governmental and contract entities
- Preparing reimbursable work and cooperative agreements

- Supporting budget formulation through responses to requests for information
- Reviews to evaluate the cost/benefit of program cost information for specific programs are based on consistent criteria
- Only the highest level of aggregated information required for management decisions

The Designated Accountant is responsible for ensuring that any cost information maintained to meet agency service requirements is minimized and that recovery of the cost to provide information to agencies is maximized.

4.6.2 Program Cost - Time Incurred

Program Costs may be measured in relationship to the time the cost is incurred. In many cases, the measurement time for cost is specified in authorizing documents or contracts for a program. In other cases, the Designated Accountant is responsible for determining which cost will be used for specific purposes, and for assuring that similar activities are treated consistently within the organization.

The three most common measurements are historical costs, current actual costs, and budgeted costs.

- Historical Cost is the cash equivalent price of goods and services at the date of acquisition. This cost does not change over time. Program purchases and some overhead cost allocations are based on the historical costs of running a program based on the organizations experience with the program.
- Current Actual Cost (also referred to as reimbursement cost) is the current value of an asset. Many of the organizations Federal, State, and Local contracts and programs are based on reimbursing the organization for the actual costs incurred in operating the program. This method is the primary measurement for Federal, State, and Local programs and contracts.
- Budgeted Cost (also referred to as standard cost) is the cost that should be incurred to produce a product or provide a programs service based on past experience producing or providing like-items. Thus, comparison of actual costs with the predetermined benchmark alerts program managers to those areas in which the actual costs appear excessive.

4.6.3 Program Cost - Influence on Decision Making

The Director of Finance and the Designated Accountant are responsible for working together and classifying costs as either direct or indirect and ensuring that costs are consistently classified as either direct or indirect in similar situations. The Designated Accountant is responsible for ensuring that all program costs are in accordance with the program grant or contract guidelines.

Direct costs are all costs that can be specifically or readily identified with producing a specific product or providing a specific service. Direct costs include direct labor, equipment purchased for use on a program, and other direct costs.

Direct labor is the portion of base wages and salaries, which can be identified with and charged to a particular activity or program. This includes:

- Fringe Benefits are those allowances and services provided to employees as compensation in addition to wages and salaries, including retirement, health insurance, and life insurance. Fringe benefits are allocated as a rate applied to direct labor costs. The Purchasing/Payroll Manager are responsible for determining the fringe rate based on all labor and fringe costs, regardless of where an employee works. A single fringe rate must be applied to all employees in all programs, unless the Purchasing/Payroll Manager has developed separate cost pools that reflect a significantly different fringe cost among groups of employees. The grant or contract should be checked for any specific Direct or Indirect allocation rates pre-defined by the contract.
- Overtime and Premium Pay are charged in the same manner as the regular wage portion of an employee's earnings for hours identified with a specific activity.
- Other Personnel Costs are charged in the same manner as the related base labor charge, e.g., allowances for offsite pay, location allowances, hardship pay, hazardous duty pay, and uniform allowances.

Equipment used in an activity for which costs are accumulated can be charged in either of two manners: a) charging for the full acquisition cost, or b) recovery of a portion of depreciation. The Director of Finance and/or Designated Accountant is responsible for determining whether equipment can be charged in full to a project, and if not, for determining the rate and basis for charging equipment usage to projects. The Director of Finance and/or Designated Accountant should confirm in the grant or contract language for any specific requirements pre-defined by the contract.

Other direct cost items that are incurred or consumed exclusively for the completion of a specific activity include the following examples:

- Miscellaneous supplies and materials
- Equipment rentals
- Travel
- Purchased services (i.e., printing, payroll services, and photographic reproduction)
- Contractual services

Indirect costs are those costs, which cannot be specifically identified with producing a specific product, or providing a specific service but which can be shown to bear some relationship to, result from, or be in support of, the product or service.

Indirect costs must be accumulated in indirect cost pools. The Director of Finance is responsible for clearly defining identifiable cost pools. Indirect cost or

overhead rates are typically defined in Federal, State, and Local grants and contracts and should be applied according to the terms of the contract. Indirect costs may include the following examples, if the item is not directly attributable to a specific activity:

- Space rental
- Utilities, including telephone expenses
- Postage
- Unemployment compensation benefit costs
- Data processing, management, and control
- Equipment rentals
- Miscellaneous supplies and materials
- Equipment costs (excluding those recovered as a direct costs)
- Training, employee development, and personnel transfers, including costs of travel and time in-transit
- Budget development and program planning
- Research and development activities
- Administrative support such as procurement, contracting, office services, property management, payroll, voucher processing, personnel services, records management, and document control
- Reports, including report preparation and distribution
- Safety management, including inspection and training
- EEO and other affirmative action programs

The indirect cost pool will generally include costs that benefit both cost recoverable and non-cost recoverable work. Although indirect costs are not required to be allocated to non-cost recoverable work, an allocation basis must be used that would, if applied to all projects or activities, fairly distribute the cost pool over the benefited activities. Cost recovery projects must not be unduly burdened with indirect costs.

The Director of Finance is responsible for developing and documenting the allocation method, using a generally acceptable and consistently applied overhead rate based on direct costs, identifiable cost pools, and the cost elements that are charges to those pools.

4.7 BASIS OF ACCOUNTING

There are two fundamental methodologies of accounting, each with assumptions, constraints and theories, which guide all financial recording, reporting, and measurement activities: Cash and Accrual.

- Cash basis accounting records financial events only when cash actually changes hands in an arms-length transaction.

- Accrual basis accounting records revenues when earned and expenses the costs associated with the revenue earned when incurred.

The organization requires the use of the accrual basis of accounting for financial transactions.

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5.0 PROCESSES AND CONTROLS

The organization has planned and developed the processes needed to properly document, track and control transactions for revenues, expenses, assets, liabilities, and equities. The results of this planning are the processes and procedures defined in our Accounting Management System documentation.

These processes and procedures include the accounting objectives and requirements for our organization, the required verification, validation, and inspection activities specific to our organization and the criteria for order acceptance verification. The records needed to provide evidence that these processes meet Generally Accepted Accounting Practices (GAAP) are defined in the procedures.

Consideration is given for the need to establish processes, documents, and obtain resources specific to new orders as they are developed or during contract or order review.

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5.1 GENERAL & ADMINISTRATIVE

The General and Administrative procedures encompass a wide range of miscellaneous activities from defining the chart of accounts, maintaining files and records, to Period-End Review & Closing, Taxes & Insurance, and producing Management Reports. The following General and Administrative Procedures should be utilized to control the organization's miscellaneous accounting activities.

5.1.1 Chart of Accounts

To facilitate the record keeping process for accounting, all ledger accounts should be assigned a descriptive account title and account number, also known as a Chart of Accounts. The Chart of Accounts provides the organization or method for assignment and maintenance of the organization's ledger accounts, in order to produce meaningful financial data for the organization.

5.1.2 Files and Records Management

The organization will retain records in an orderly fashion for time periods that comply with legal and governmental requirements and as needed for general business requirements. To accomplish this policy, the organization should outline the methods for filing, retaining and disposing of all business documentation generated by the organization. However, this does not necessarily cover internal or certain day-to-day business correspondence.

5.1.3 Travel and Entertainment

The organization should provide guidelines for travel and entertainment expenses, account for all advances promptly and accurately and to communicate the procedures for reimbursement. This applies to all departments and individuals who travel or entertain for the organization.

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

All reservations required for business travel and entertainment should be made such that the expense is not lavish and pre-approval should be obtained when necessary prior to engaging in travel. Expenses are to be within established organization guidelines and will be reimbursed with proper documentation. Employees are expected to spend the organization's money as carefully and judiciously as they would their own.

5.1.4 Management Reports

The organization should provide the format and content requirements for preparation of the Financial Reports. The Designated Accountants will prepare summary reports of vital operating statistics for the organization, including revenues, current debt, operating cash, accounts receivable, budgets, and projected cash flows. These reports are to be prepared in brevity and are to supplement detailed monthly and quarterly financial reports and are to be used for timely "hands-on" management.

5.1.5 Period-End Review & Closing

An orderly, timely and comprehensive review of all general ledger accounts should be performed or directed by the Director of Finance to ensure an accurate

representation of the organization's financial statements. These practices are aimed at proving that the financial accounts are accurate, and if not, are properly adjusted to make them accurate, prior to closing.

The organization should provide a general overview of the process to be completed for reviewing the accounting records at year-end or any particular month-end prior to closing. These practices apply to all accounts. Typically, all financial accounts are reviewed and then closed out as of the organization's year-end. The organizations fiscal year end is June 30th.

5.1.6 Controlling Legal Costs

All individuals with the responsibility for contracting legal services and/or approving agreements, contracts, grants, or any other legally associated transactions should employ various methods to manage and, whenever possible, minimize legal expenses.

5.1.7 Taxes, Insurance and Retirement

To ensure compliance with all Federal, state, local, and other regulatory taxation requirements, the organization should outline the general areas of taxation to be used as a checklist or guide in complying with tax requirements related to each specific location and organizational structure. This statement applies to all the business activities of the organization. The organization is a Not-For-Profit organization; however, there may be from time to time revenue earned that is taxable as if the organization were a For-Profit entity and those profits would be considered Unrelated Business Income and subject to tax.

5.1.8 Property Tax Assessments

All property tax assessments will be reviewed for accuracy and proper assessed valuations to ensure minimum property tax costs to the organization. The organization should outline the areas for review in assessments and methods for appealing overstated assessments. This statement applies to the property tax assessments for all sites owned by the organization. A Non-Profit property tax exemption is the preferred method to minimize property taxes.

5.1.9 Confidential Information Release

The release of financial, statistical or other information that may be of a confidential nature to the organization should be controlled. Individual requests should be referred to the Director of Finance, or appropriate manager for disposition.

The organization should provide a means for the control of information to banks, media, credit bureaus, or other agencies and organizations. All requests by an outsider to an employee regarding financial, donations, revenue, customers, personnel, vendors, or other organization information is considered confidential information. If in doubt, verify with the Director of Finance.

5.1.10 Document Control

All documents used to provide work direction or set policy should be reviewed, approved, distributed and controlled by the office of the Director of Finance. The organization should define the methods and responsibilities for controlling documents used to provide work direction or set policy, and to define methods for document revision, approval, and distribution. This applies to all documents required by the Accounting Management System. Documents of internal or external origin are included.

5.1.11 Fax and E-mail Signatures Accepted

The organization elects to accept E-mail and Facsimile Signatures as authentic signatures as long as the signature is in “blue” ink.

5.1.12 Maintenance Requests

The organization should define the methods and procedure for submitting maintenance requests. All individuals with the responsibility for submitting maintenance requests should evaluate the maintenance issue and carefully describe the services needed in order to minimize expenses.

5.1.13 Electronic Backup of Accounting Information

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

5.1.14 Political Intervention

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

The purpose of this policy is to provide a clear explanation of what non-profit organization may and may not be involved in with regards to politics.

5.1.15 Accrued Liabilities

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

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

5.1.16 Notes Payable

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

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

5.1.17 Financial and Tax Reporting

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

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

5.1.18 Budgeting

The organization shall prepare an annual budget on the accrual basis of accounting and the budget shall be adopted by the Board of Directors. The budget may be revised as needed. It is the policy of the organization to adopt a final annual operating budget at least 30 days before the beginning of CASLV's fiscal year.

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

5.1.19 Insurance

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

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

5.1.20 Supplies

The organization shall maintain safeguards over supplies to prevent theft, overstocking, under stocking, spoilage, and obsolescence.

5.1.21 Campus, Fundraising, and Student Activity School Site Accounting

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

5.1.22 Fraud Reporting & Whistleblower

The organization shall maintain a policy regarding procedures to follow for individuals who wish to report concerns of fraud or abuse.

5.1.23 Professional Development

Professional development and continuous learning are necessary to maintain the quality of the Organization's staff and their ability to contribute effectively to the mission and goals of the Organization.

5.1.24 Referenced Procedures:

- G&A101 Chart of Accounts
- G&A102 Files and Records Management
- G&A103 Travel and Entertainment
- G&A104 Management Reports
- G&A105 Period-End Review & Closing
- G&A106 Controlling Legal Costs
- G&A107 Taxes, Insurance and Retirement
- G&A108 Property Tax Assessments
- G&A109 Confidential Information Release
- G&A110 Document Control
- G&A111 Fax and E-mail Signatures Accepted
- G&A112 Maintenance Requests
- G&A113 Electronic Backup of Accounting Data
- G&A114 Political Intervention
- G&A115 Accrued Liabilities
- G&A116 Notes Payable
- G&A117 Financial and Tax Reporting
- G&A118 Budgeting
- G&A119 Insurance
- G&A120 Supplies
- G&A121 Campus, Fundraising, and Student Activity School Site Accounting
- G&A122 Fraud Reporting & Whistleblower
- G&A123 Professional Development

5.2 CASH

Adequate control over all cash receipts and disbursement are a vital element of the organization's internal accounting controls. The following Cash Procedures should be utilized to control the flow of cash through the organization.

5.2.1 Cash Boxes

Proper internal control should be maintained over funds received by cashiers using cash boxes such as at fundraising events at all times. The organization should identify the practices for cash box control, including cash receipts, credit cards, special tender items, cash payouts and reconciliation with deposits.

5.2.2 Cash Receipts and Deposits

The organization should establish the methods to be followed for receiving, applying and depositing cash receipts. This applies to all cash receipts received by the organization. Accurate internal control of cash receipts and deposits should be maintained at all times. For example, Cash deposits should be made on the same day as receipt.

5.2.3 Problem Checks

The organization should describe how problem checks should be handled before depositing, in order to save time in returning and following-up on unsigned checks, or those returned by the bank. This applies to all checks received by the organization.

5.2.4 Wire Transfers

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

The organization should explain the steps necessary to ensure proper procedures are followed when processing wire transfer requests. This applies to customers who are sending or receiving wire transfers and the financial institutions, which process these requests.

5.2.5 Check Signing Authority

The organization should outline "dollar limits", the check signing authority process, and limit the number of employees authorized to sign checks, while ensuring that there should be no fewer than three individuals at all times.

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

5.2.6 Check Matters

The organization should describe the process for completing a check request form to ensure the efficient processing and record keeping of all manual check requests.

5.2.7 Bank Account Re-conciliations

The organization should outline the practices for preparation of a monthly bank reconciliation and ensure the accuracy of the organization's bank account records by proving the monthly balance shown in the bank's Account Register. This applies to all bank accounts maintained by the organization.

5.2.8 Inter-Account Bank Transfers

The organization should describe instances where bank transfers are needed and authorizations required.

5.2.9 Journal Entries and Reclassification Entries

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

5.2.10 Petty Cash Purchases

Purchases of an emergency nature costing \$50 or less shall be allowed with the use of the Petty Cash Fund which shall be maintained in the school site in the custody of the Site Manager or designee. The item or items to be purchased shall be verified as not available in the organization's stock of supplies prior to the disbursement of cash.

5.2.11 Credit Cards and Debit Cards

It is the policy of the organization to provide credit and debit cards to authorized members of the organization staff in the performance of their duties and responsibilities. The use of credit and debit cards is the same as handling cash; every precaution must be taken to account for all funds, whether Federal, State or otherwise, and the most efficient and effective purchasing procedures as well as internal controls will be implemented to safeguard these organizations funds.

5.2.12 Intercompany Receivables and Payables (Due To/Due From)

The organization distributes money to and from the schools, and this policy documents the procedures and reconciliation of amounts to ensure that year-end intercompany balances are accurate.

5.2.13 Financial Reserves

The organization should maintain a certain amount of financial reserves in order to protect itself from unforeseen revenue shortfalls or unexpected expenditures.

5.2.14 Referenced Procedures:

- CSH101 Cash Boxes
- CSH102 Cash Receipts and Deposits
- CSH103 Problem Checks
- CSH104 Wire Transfers
- CSH105 Check Signing Authority
- CSH106 Check Matters

CSH107 Bank Account Reconciliations
CSH108 Inter-Account Bank Transfers
CSH109 Journal Entries and Reclassification Entries
CSH110 Petty Cash Purchases
CSH111 Credit Cards and Debit Cards
CSH112 Intercompany Receivables and Payables (Due To/Due From)
CSH113 Financial Reserves

5.3 FIXED ASSETS

Accurate reporting, classification and valuation of fixed assets are critical elements of internal controls because of the general high dollar value of the capitalized assets. The following Asset Procedures should be utilized to account for and control all of the organization's various assets.

5.3.1 Fixed Asset Control and Leases

Proper control procedures will be followed for all capital asset acquisitions, transfers and dispositions in order to provide internal control of capital equipment and to assist in reporting. The organization should outline the procedures for acquiring, disposing and maintaining control of capital assets. This applies to all capital equipment with a value of \$5,000 or more and with a useful life greater than one year.

5.3.2 Fixed Asset Capitalization & Depreciation

Asset acquisitions with a useful life expectancy of greater than one year and with a minimum threshold amount as specified by the Director of Finance should be capitalized by the organization and depreciated.

The organization should delineate the capitalization and depreciation methods for various asset groups. This applies to all acquisitions of capital assets for the organization.

5.3.3 Referenced Procedures:

INV101 Fixed Asset Control and Leases

INV102 Fixed Asset Capitalization & Depreciation

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5.4 REVENUE

The proper identification and acceptance of all revenues are an important element of controls for the statement of revenues and expenses and represents the primary source of operational cash flow. The following Revenue Procedures should be utilized to account for and recognize all revenues of the organization.

5.4.1 Sales Receipt Processing

To ensure the most accurate process for billing for services, i.e. Parenting Fees, sales receipts will be properly evaluated and approved prior to entry into the accounting system.

The organization should outline the activities and responsibilities involved in processing sales receipts.

5.4.2 Invoicing and Accounts Receivable

The Business Office is responsible for the timely preparation and distribution of invoices to optimize cash flow and customer payments. The Business Office should also maintain accurate records over Accounts Receivable and abide by proper internal controls.

The organization should explain the methods for the preparation of invoices and accounts receivable records processing. This applies to all product sales and services provided by the organization.

5.4.3 Progress Billing – Grant/Contracts

Progress billings will be made to clients on a timely basis throughout the life of the project. Projects are typically considered Federal, State, and Local Grant contracts. These billings will be accurate and easily understood by both parties involved.

The purpose for creating progress billings is to obtain payment for the portion of labor and materials, i.e. “reimbursed costs” used up to a certain point in time and before the project is fully completed. This improves the cash flow typical of long-term projects or assignments. This procedure applies to all Federal, State, and Local Grants and Contracts, Service agreements or Projects provided by the organization.

5.4.4 Account Collections

All open accounts receivable with late or delinquent payment activity will be handled in a timely and effective manner to ensure maximum collections and an optimum accounts receivable turnover ratio.

The organization should provide the actions and methods for processing late or delinquent payments.

5.4.5 Revenue Recognition – Grants and Contributions

The organization receives revenue from several types of transactions. It is the policy of the organization to separate and recognize revenue from grants and contributions separately in the financial statements of the organization and to comply with all current Federal and Nevada rules regarding solicitation and collection of charitable contributions.

5.4.6 Gifts-In-Kind

This policy dictates valuation of non-monetary gifts and handled properly within IRS guidelines.

5.4.7 Restricted Funds

The organization receives funds that are to be used for a specific purpose, such as certain government programs, certain recipients, or for fundraising drives.

Restricted funds need to be properly segregated in the accounting system as to ensure its use is within the donor/grantee's wishes.

5.4.8 Referenced Procedures:

REV101 Sales Receipt Processing

REV102 Invoicing and Accounts Receivable

REV103 Progress Billing-Grant/Contract Revenue

REV104 Account Collections

REV105 Revenue Recognition – Grants and Contributions

REV106 Gifts-In-Kind

REV107 Restricted Funds

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5.5 PURCHASING – ACCOUNTS PAYABLE

Proper vendor selection and utilization assist in controlling expenses. The following Purchasing Procedures should be utilized to account for and control all purchases and acquisitions of the organization.

5.5.1 Vendor Selection

The organization ensures purchased products and services conform to specified requirements. This starts with selection of appropriate suppliers, contractors, and consultants that have the capability and systems to supply products, materials and services to the organization's specified requirements.

The organization should strive to validate the performance capabilities of all vendors and maintain the internal controls of the purchasing functions. Suppliers, contractors, and consultants are controlled to the extent necessary based on the effect of the purchased items on the quality of the organization's products and services.

The organization should provide the methods for determining, documenting and, when applicable, inspecting vendors for compliance with organization policies and contract purchasing requirements. This applies to all vendors of products, materials, and services that directly affect the quality of the organization's products and services.

5.5.2 General Purchasing

The investment in supplies and capital equipment will be facilitated through the Purchasing/Payroll Manager, maintained at the lowest effective level and supervised consistent with a common set of procedures and controls as required by all regulatory and customer contract requirements.

To outline the actions to be taken for 1) the procurement of all supplies and capital equipment, 2) the completion of related documents.

This applies to the purchase of all inventory items, supplies and capital equipment within the organization.

5.5.3 Receiving and Inspection

All parts, components, goods and materials should be received in an organized manner and inspected for conformance prior to stocking or use in order to provide an initial quality control inspection. Any items or shipments rejected will be properly quarantined from other inventory items until disposition.

The organization should outline the steps for the receiving and inspection of materials, components, or parts prior to use or the disposition of rejected items.

This procedure applies to the receipt of all purchases.

5.5.4 Accounts Payable and Cash Disbursements

Internal controls are required to ensure that only valid and authorized payables are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of general ledger accounts and appropriate timing of payments.

The organization should explain the practices for documenting, recording and issuing payments for accounts payable transactions. This applies to all purchases

including, contractor, consultant, and merchandise and non-merchandise purchases.

5.5.5 Prepaid Expenses

It is the policy of CASLV to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, prepaids are only accounted for at the end of the fiscal year and the amount that is considered to be prepaid remains at the discretion of the Director of Finance.

5.5.6 Reimbursements

Internal controls are required to ensure that only valid and authorized reimbursements are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments.

5.5.7 Meals, Refreshments, and Gifts

CASLV recognizes there may be occasions when it is appropriate to expend charter school funds in the course of conducting charter school business to provide meals or refreshments (bakery goods, snacks, fruit, punch, coffee, tea, soft drinks, etc.). The purchase of gifts may also be approved, in certain situations. Such occasions may include, but are not limited to, various charter school and building level meetings, gatherings to celebrate charter school successes or recognize individual achievements, contributions or outstanding service to the charter school and other charter school and school-sponsored activities. Such expenditures may be made with prior Board of Directors approval only, subject to the provisions of Nevada administrative regulations.

5.5.8 Employee Relocation Expenses

To provide guidance regarding the required authorizations for processing reimbursable relocation expenses and general information regarding taxability and limits to reimbursement.

5.5.9 Purchasing and Procurement Bidding Policy

To define when purchases or procurement is necessary to be obtained through a competitive sealed bidding process and what items will not be publicly bid.

5.5.10 Referenced Procedures:

- PUR101 Vendor Selection
- PUR102 General Purchasing
- PUR103 Receiving and Inspection
- PUR104 Accounts Payable and Cash Disbursements
- PUR105 Prepaid Expenses
- PUR106 Reimbursements
- PUR107 Meals, Refreshments, and Gifts
- PUR108 Employee Relocation Expenses

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6.0 RESOURCE MANAGEMENT

6.1 PROVISION OF RESOURCES

During planning and budgeting processes, and as needed throughout the year, the Executive Director and his designee determine and ensure that the appropriate resources are available to implement and maintain the Accounting Management System and continually improve its effectiveness.

6.2 HUMAN RESOURCES

6.2.1 Accounting Staff

Designated Accountants and employees are to have personal and professional integrity and are to maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and implementing good internal controls.

This requires Designated Accountants to maintain and demonstrate at all times:

- Personal and professional integrity
- A level of skill necessary to help ensure effective performance
- An understanding of internal controls sufficient to effectively discharge their responsibilities

6.2.2 Competence, Awareness, and Training

Accounting personnel shall be competent based on appropriate education, training, skills and experience. The minimum competencies required for each position at our organization are defined in each position's Job Description.

Where otherwise qualified personnel require additional training or other action to meet the minimum competency requirements, these needs are identified. The department provides task-specific training. General training or education is provided or coordinated by Human Resources. The department should evaluate the effectiveness of training or other actions taken as appropriate.

Executive officers are responsible for ensuring their employees are aware of the relevance and importance of their activities and how they contribute to the achievement of the accounting objectives.

6.2.3 Separation and Supervision of Duties

Key duties and responsibilities should be separated among individuals. Duties and responsibilities shall be assigned systematically to a number of individuals to ensure that effective checks and balances exist. Key duties include authorizing, approving, and recording transactions; issuing and receiving assets; making payments; and reviewing or auditing transactions.

Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved. This standard requires supervisors to continuously review and approve the assigned work of their staffs as well as provide the necessary guidance and training to ensure that errors, waste, and

wrongful acts are minimized and that specific management directives are followed.

6.3 INFRASTRUCTURE

Our organization provides the infrastructure necessary to achieve conformity to accounting standards and requirements. During the annual budgeting and strategic planning processes, buildings, workspace, and associated utilities are evaluated and provided. When new personnel are added, Human Resources coordinates activities to ensure appropriate process equipment including hardware and software, if required, and supporting services such as telephones etc., are available based on information provided on the Personnel Requisition.

6.4 WORK ENVIRONMENT

The Director of Finance determines and manages the work environment to ensure our organization provides a safe and desirable place to work. They ensure the environment is appropriate for achieving conformity to product requirements.

Accounting Manual - Revision History

Revision	Date	Description of changes	Requested By
0	May 13, 2013	Initial Release	

7.0 REFERENCE TO UNIFORM SYSTEM OF FINANCIAL RECORDS FOR NEVADA CHARTER SCHOOLS

<u>NV Dept. of Ed. Procedure</u>	<u>Included in Coral Policy</u>	<u>Referenced to in Coral Policy</u>
VI-B: Accounting Records	G&A101, G&A118, Main Manual	X
VI-C: Cash	CSH107, CSH110,	X
VI-D: Supplies Inventory	INV101	X
VI-E: Capital Assets	INV101, INV102, INV103	X
VI-F: Receipts	CSH series	X
VI-G: Disbursements	PUR series	PUR102
VI-H: Payroll	G&A122	X
VI-I: Travel	G&A103	X
VI-J: State and Federal Financial Assistance	REV108	X

Nevada Department of Education procedures from “Suggested Model Financial Policies for Nevada Charter Schools”, published November 2008.

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8.0 FRAUD AND EMBEZZLEMENT PREVENTION

See referenced procedure, 800 Fraud and Embezzlement Prevention

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9.0 ACCOUNTING BASICS**Table of Contents**

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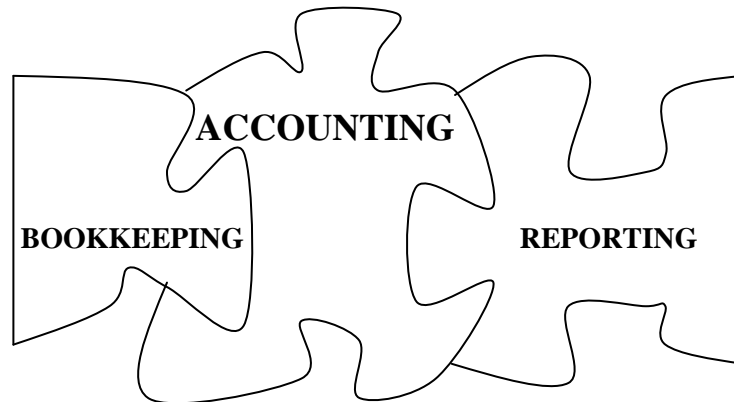
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Accounting Basics: Not-For-Profit Organization

Three important terms are easily confused. They are:

- **Bookkeeping**
- **Accounting**
- **Reporting**

What are they and how do they interrelate?



Bookkeeping

Bookkeeping and accounting share two basic goals:

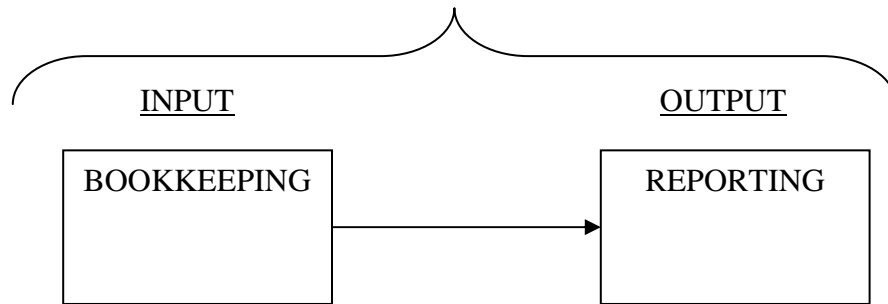
- To keep track of income and expenses, thereby improving the organization's ability to achieve profitability
- To collect the necessary financial information about the organization to file required reports and tax returns

Bookkeeping refers to the actual transactional entering and recording of data. Examples are writing checks, processing payroll, making deposits, recording disbursements and recording receipts.

Accounting

Accounting encompasses the broader responsibilities over developing and maintaining the accounting system under which bookkeeping functions are performed. Accounting is concerned with the timely and accurate recording of transactions, providing useful management information, and properly reporting such information for various user needs. Developing and maintaining an accounting system involves setting up and maintaining an appropriate chart of accounts for the particular organization. Policies and procedures are then established to provide guidance for all possible financial transactions, from source documents (checks, sales orders, etc.), to journals (payroll journal, cash disbursement journal, invoice register, etc.), to the general ledger, (based on the chart of accounts), and ultimately to a variety of reports for all internal and external needs.

ACCOUNTING



Bookkeeping and reporting can be thought of as the input and output of a complete accounting system. Accounting policies and procedures ensure:

- **Integrity** of the **input data**; and
- **Accuracy** and **validity** of the **report** (output).

Reporting

Reporting, (the output of the data generated through various bookkeeping functions), is used for both internal and external purposes.

Internal Reports are reports used within the organization, by both management and other designated personnel. Internal reporting can be further divided into financial and non-financial data.

Non-financial data

Non-financial data includes a variety of measurement and productivity data, applicable to the specific organization. These can be daily customer count, web page "hits", production activity per employee hour, units and total weight of product shipped, or even daily weather conditions.

Financial data

Examples of financial data reports include:

- Financial statements - Profit and loss reports (**Statement of Activities**), balance sheets (**Statement of Financial Position**) and cash flow statements
- Daily reports with critical balances, such as, sales, cash level, inventory, accounts receivable and accounts payable
- Segmented profit and loss reports (or P/L) on specific jobs, profit centers, departments, grants, or programs
- Register reports, listing all transactions for specific areas such as, payroll, checks, receipts, invoices, etc.
- Listings of source data files such as customer, employee, vendor and inventory lists.
- Aging reports for both Customers (accounts receivable or A/R) and Vendors (accounts payables or A/P)
- Inventory reports for costing and valuation
- Exception reports - open purchase orders.

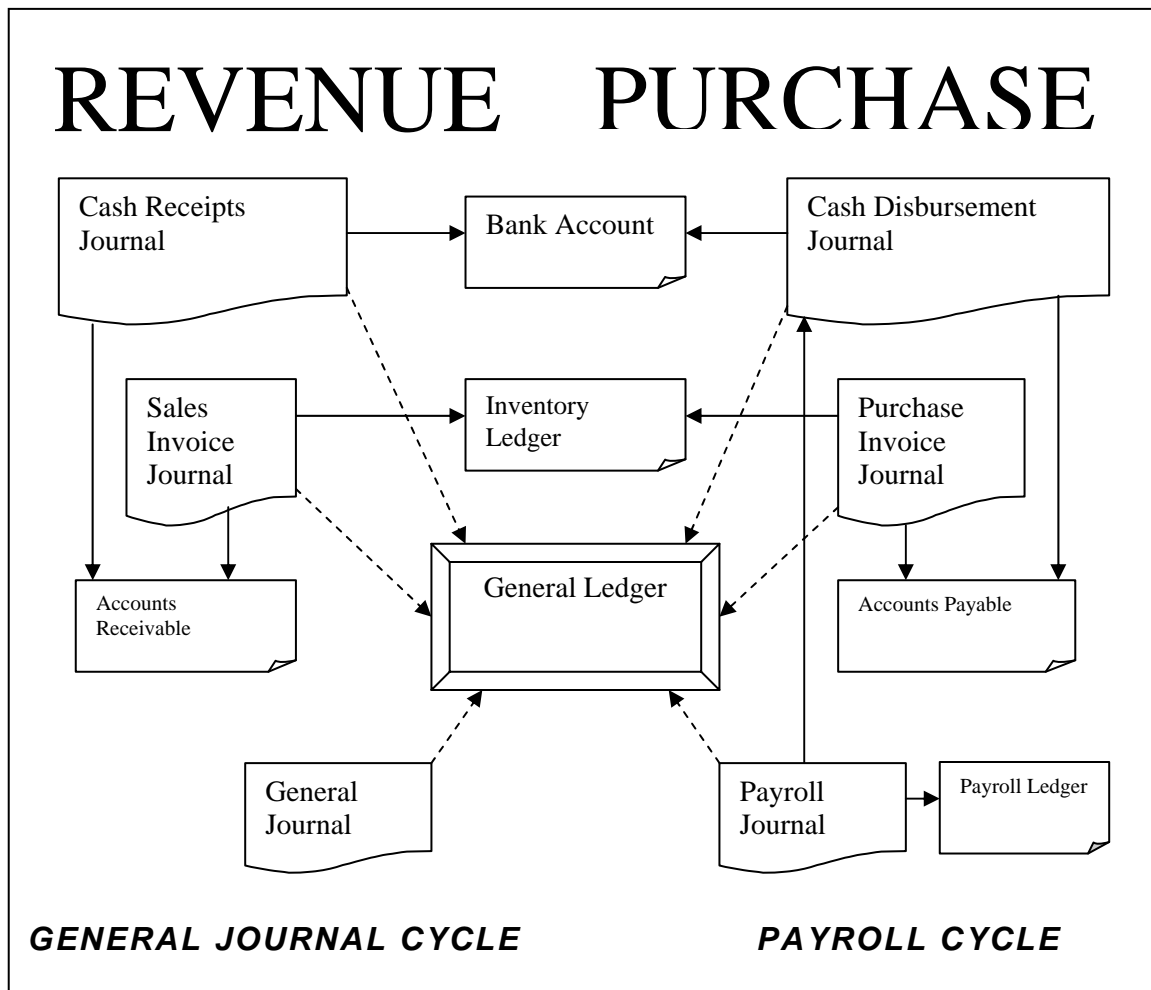
External reports generated for the use of people or organizations outside of the organization. Report data and format will vary depending on user:

- ***Banks, lending institutions.*** To observe the financial viability of a organization and to determine its ability to support additional amounts and types of debt financing
- ***Employees.*** To determine the stability of the organization of their employer - this may be useful in wage negotiations
- ***Suppliers.*** To assess the suitability of granting credit terms to a organization
- ***Existing and Potential Investors.*** To assess the potential risk of investing in a organization and to monitor the status of existing investment in a organization
- ***Public.*** To gain more insight into any organization, which is legally required to make certain financial information available

- **Government.** To fulfill the requirements of all applicable local, state and federal reporting statutes, including income, sales, insurance, property, and payroll tax returns
- **Media / Press.** To use available organization reports in specific trade and organization publications

Components of an Accounting System

The financial transactions of any accounting system can be grouped into four major transaction cycle groups: Revenue Cycle, Purchase Cycle, Payroll Cycle, and General Journal Cycle.



Transactions in the form of sales invoices, receipts, purchase invoices, checks and payroll entries are posted to the appropriate journals. Simultaneously, these postings are also recorded in the General Ledger. The General Ledger accumulates all transaction activity, organized by account classification. Various reports, including financial statements can then be prepared from the data collected in the General Ledger. Corrections or necessary

adjustments can be made to the General Ledger by creating adjusting journal entries, posted to the general journal.

The following outline on the next two pages provides more explanatory detail on these four cycles:

1. Revenue Cycle

Order Entry

Invoices entered through direct entry, through program invoicing, sales orders or through a point-of-sales system, (such as a cash register) are posted to the sales journal.

These entries also accumulate on the accounts receivable ledger, organized by customer.

If the organization maintains an inventory, the posting of sales also affects the inventory ledger.

Finally, all sales journal activity is also posted to the general ledger

Cash Receipts / Deposits

Receipts on sales and other bank deposits are posted to the cash receipts journal.

Sales receipts information also accumulates on the accounts receivable ledger, organized by customer.

These postings are also entered on the bank account ledger.

Finally, all cash receipts journal activity is also posted to the general ledger.

Accounts Receivable

Accounts Receivable is a separate journal that records both sales and cash receipt data by customer.

The data comes from the postings to the cash receipts journal and the sales invoice journal.

2. Purchase Cycle

Purchase Orders / Purchasing

Invoices entered through direct entry or through purchase orders are posted to the purchase journal

These entries also accumulate on the accounts payable ledger, organized by vendor.

If the organization maintains an inventory, the posting of purchases also affects the inventory ledger.

Finally, all purchase journal activity is also posted to the general ledger

Cash Disbursements / Checks

Payments on account or for expenses are posted to the cash disbursement journal.

Payment on account information also accumulates on the accounts payable ledger, organized by vendor.

These postings are also entered on the bank account ledger.

Finally, all cash disbursement journal activity is also posted to the general ledger.

Accounts Payable

Accounts Payable is a separate journal that records both sales and cash receipt data by vendor.

The data comes from the postings to the cash disbursement journal and the purchase journal.

3. Payroll Cycle

Payroll data by employee are entered into the payroll journal.

These postings are also entered in the cash disbursements journal and the payroll ledger.

Finally, all payroll journal activity is also posted to the general ledger.

4. General Journal Cycle

Corrections or adjustments to the above major transaction cycles can be made through adjusting journal entries, posted directly to the General Ledger.

These are compiled in a separate journal, known as the General Journal.

How does posting work?

The specific postings, as outlined in the cycles above, do not necessarily take place as separate steps, especially in computerized environments. There are only two basic methods of posting in computerized accounting systems: real-time posting and batch posting.

In real-time posting, the source transaction, (check, bill, payment, receipt, etc.), is posted to the specific journal and any related subsidiary ledgers (accounts receivable, accounts payable, inventory, bank account, etc.), and is simultaneously posted to the general ledger.

In batch posting, the journals and subsidiary ledgers are posted, but entries are not yet posted to the general ledger. Posting these journals to the general ledger is done separately. Typically, a group of transactions is entered, a full day's worth, for example. Later, after the journals are reviewed for accuracy, this entire day's group, or "batch" is posted to the general ledger.

To understand this posting process better, it would be helpful to follow specific transactions through a sample organization. First, however, we need to define various accounting terms and concepts.

Accounting Terms and Concepts

Double-Entry Accounting

We can justifiably thank the 14th century Italian merchants for developing the double-entry system of accounting that we still use today. It is widely believed that Benedetto Cotrugli was the first to document this concept of double-entry accounting. In 1458, he wrote *Delia Mercatura et del Mercante Perfetto (Of Trading and the Perfect Trader)*, which included a brief chapter describing many of the features of double entry accounting.

In 1494, Luca Pacioli, from San Sepulcro in medieval Tuscany, published *The Summa's* 36 short chapters on bookkeeping, entitled "De Computis et Scripturis" ("Of Reckonings and Writings"), so that the subjects of the Duke of Urbino could learn how to conduct organization and to provide the trader with a fast method to determine his assets and liabilities.

For centuries before, commercial transactions had been recorded and journalized, whether on paper, papyrus or clay tablets. However, these journals provided only totals of transaction groupings. It was the Italians that first recognized that it is impossible for a organization transaction to occur without affecting at least TWO accounts. There can never be only one effect from a transaction.

An Italian farmer sells wood to a shipbuilder for 400 ducats. To account for this transaction he would record: wood sale - 400 ducats. His "sales" account has been increased by 400 ducats. But, what else has happened? What other account was affected? His "cash" account also increased by 400 ducats. What if he sells his wood to the shipbuilder on credit, and he receives no cash? In this case it's his "accounts receivable" account, which increased by 400 ducats.

There are always, at least two sides to each transaction.

Later, when the shipbuilder pays his debt to the farmer, the farmer records an increase in his cash and a decrease in his accounts receivable by 400 ducats, respectively. You can see that an integral feature of this double entry system is that **the transactions must equal**. At the time, this new method was heralded as an astounding discovery, and was described as: "a magic mirror in which the adept sees both himself and others."

Today, double entry bookkeeping is used as a method of recording a transaction in two or more different places or ledger accounts. This practice simplifies finding errors since the totals of both ledger accounts should agree.

Debits = Credits

Bookkeeping entries are divided into DEBITS and CREDITS. The DEBIT side is typically on the left of the ledger page and the CREDITS are placed on the right. The

origin of the words "Debits" and "Credits" come from the simple concept: who owes you and whom do you owe.

DEBITS record transactions relating to purchases, expenses or increases in the assets of the organization. CREDITS record transactions relating to revenues or an increase in the equity and liabilities of the organization. Recording a transaction requires both a DEBIT and a CREDIT entry. If the entries have been correctly recorded, then the totals from both sides of the ledger should agree.

This method of "double-entry" bookkeeping, listing debits in one column and credits in the other, requires that those two columns sum to zero. This is still the basis for tracking financial affairs today.

The following list illustrates the effect of posting either a DEBIT or CREDIT entry on each major account type:

<u>Account Type</u>	<u>Debits</u>	<u>Credits</u>
Assets	Increases	Decreases
Liabilities	Decreases	Increases
Owners Equity	Decreases	Increases
Income	Decreases	Increases
Expenses	Increases	Decreases

These account types are the general account classifications used in all accounting systems. They are also used to organize the general ledger, from which financial statements are developed.

An expansion of these account types is outlined below.

Basic Accounting Structure

Balance sheet-Statement of Financial Position

Contains accounts whose value is determined at a specific point in time

Assets - accounts with value that you own

- Cash - the amount on hand or in the bank at a specific point in time
- Accounts Receivable - how much people owe you
- Inventory - the value of organization merchandise for sale
- Fixed Assets - the value of property and equipment

Liabilities - accounts with value that you owe to others

- Accounts Payable - how much you owe others for unpaid purchases
- Debt - how much you owe others for money borrowed
- Other Liabilities - services or money owed to others

Equity-Net Assets

- Unrestricted Net Assets – money available for general operating purposes and earnings retained in the organization from net profits
- Temporarily and Permanently Restricted Net Assets – money available but restricted due to donor imposed restrictions or money awaiting certain performance standards to complete.

Income Statement – Statement of Activities

This statement contains accounts whose value is determined over a period of time (e.g., day, week).

Income: total sales and income recorded over a period time

Expenses: total purchases and other expenses recorded over a period of time

Basic Accounting Formula

All transactions are posted to one or more of these accounts. As discussed earlier, every posted transaction must balance. That is, debits must equal credits. Furthermore, the result of every posting, if done correctly, will never put the Basic Accounting Formula out of balance. Asset accounts will always equal the total of all liability and owner equity accounts. If this formula is ever out of balance, the cause will always be an incorrect transaction posting where debits did not equal credits.

Assets include those accounts, which give value to the organization: cash, accounts receivable, inventory, property, etc. Liabilities are those accounts which reduce the organization's value: accounts payable, debt, and other liabilities. If total assets are greater than liabilities, then this **net value** (that is, the total of all assets minus liabilities) represents the true value of the organization, otherwise known as its **Equity**. Hence, the Basic Accounting Formula can be expressed and equally understood in these two ways:

$$\mathbf{Assets = Liabilities + Equity}$$

or

$$\mathbf{Assets - Liabilities = Equity}$$

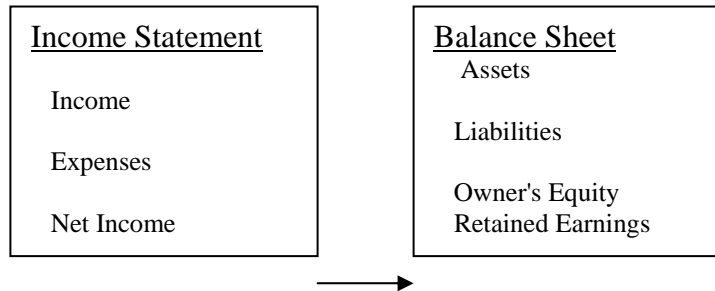
If the organization's assets are less than its liabilities, then it will necessarily show a negative equity. This makes intuitive sense to anyone following the demise of an organization in bankruptcy. When a organization owes more than it has in value, the resulting negative equity is an obvious warning sign.

The equity accounts include owner's contributions, distributions, and retained earnings. Retained earnings operate in a manner unique to all other accounts. It contains the net effect of postings to all income and expense accounts. It is truly the one account, which links the balance sheet accounts (assets, liabilities and owner's equity) with the income and expense accounts.

Understanding the importance of retained earnings, the Basic Accounting Equation could be expanded thus:

$$\text{ASSETS} = \text{LIABILITIES} + \underbrace{\left(\begin{array}{l} \text{Investor and owner contributions,} \\ \text{and distributions} \end{array} \right) + \underbrace{\left(\begin{array}{l} \text{Retained Earnings} \\ \text{INCOME - EXPENSE} \end{array} \right)}_{\text{EQUITY}}$$

The following illustrates the interrelationship of these accounts:



When a transaction, like writing a check or paying a bill, is executed in an accounting program, the software is designed to take this transaction event and create the proper and necessary debit and credit entries to record the effects of the transaction in the appropriate journals and general ledger accounts.

SUMMARY OF ACCOUNTING CYCLES & ACCOUNTING CONCEPTS

Accounting Structure - Accounting Software Programs

A final word concerning accounting structure is needed, here. While it is helpful to understand the accounting structure in terms of its four basic cycles (revenue, purchasing, payroll and general), and its implementation in terms of the double-entry, debit and credit system, most accounting programs are not organized in the same manner.

To navigate more easily in any accounting software it is important to understand the basic organizational structure that is common to all accounting software. In spite of all the ancillary menu options and all the different terms used by competing software products, there are really only three major components of any accounting software package: Input, Output, and Maintenance.

Input refers to all of the "bookkeeping" tasks of all four accounting cycles. This includes entering invoices, checks, bills, payments, payroll and adjusting entries. Each accounting software may "disguise" this input function under different names: "tasks" or "activities", or it may include specific input functions separately under each cycle area, or it may simply provide icon pictures of activities to be clicked on. Regardless of the specialized "look" of the program, the most important and most heavily used routine in any accounting software is data input.

Output refers to all of the reporting functions of the program. Once transactional data has been entered, the only usefulness in having it entered is the ability to retrieve it in a variety of report formats. Generally, these reporting options are found grouped together under one menu, not surprisingly labeled, "reports"! However, with some programs, they are scattered throughout the menus as appendages to each major cycle activity.

Maintenance can be broken down into two sub-categories: utility maintenance and data file maintenance. Utility maintenance refers to overall utility features like backup, restore, import and export data, fiscal year close, purge, or condense and repair data. These are all usually found on one menu and are generally placed under administrative password control to prevent unwanted casual use.

Data file maintenance does require data input, but the input is not transactional. This refers to the creation and maintenance of the chart of accounts (in support of the general ledger), the customer list, vendor list, inventory list and employee list. These are generally found in one area usually labeled "maintain" or "lists". In other programs they may be separated and found within each module (i.e.: customer list in the accounts receivable module or revenue cycle).

Understanding how your own accounting software works, (where its input, output and maintenance functions are and how the four accounting cycles are organized), is as important as understanding the actual double entry accounting that is occurring "behind the scenes". As you will discover throughout the Accounting Policies and Procedures Manual, you need to know how the numbers have developed and where they came from, in order to establish effective policies and procedures to insure their integrity, accuracy and completeness.

Accounting Methods

Accrual Method

The accounting method used in the Slick Switch Company example is called the accrual method, defined as the method of keeping accounts which shows expenses incurred and income earned for a given period, although such expenses and income may not have been actually paid or received in cash. Hence, the financial statements of Slick Switch Co. show revenues and expenses, even before any such revenues or expenses are paid.

The accrual method is the more acceptable and the more widely used because it correctly matches the earning process to the activity. In other words, revenue is recorded when services or goods are rendered or shipped, regardless of when paid.

Cash Method

The cash method of accounting is familiar to most individuals since personal income tax returns are filed on the cash basis. As the name implies, revenues and expenses are only recorded when the consideration paid actually changes hands. This could be months after the actual event occurred.

Many small organization owners prefer the cash basis due to its simplicity and ease of understanding. At the end of any given period, the recorded net income will agree more closely to the change in the organization's cash balance. However, when requesting financing from any bank or agency, organization owners are generally asked to furnish financial statements, prepared on the accrual basis. Clearly any "stakeholders" want to see the true effect on the financial statements of activities, as they occur, as opposed to when they are paid.

Reporting Standards

Many transactions are entered routinely through the accounting system without much concern about reporting standards. However, other transactions can be handled in different ways depending on a person's judgment over the facts and circumstances. For example, if an organization decides to lease an expensive piece of machinery, how should it record lease payments? Perhaps they should be simply charged to lease expense.

However, maybe the terms of the lease imply an obligation and the payments represent a pay-off of that obligation. In that case, a portion of the payment should be applied to the debt and the other portion charged to interest expense.

The resulting financial statements would look different in those two cases. The usefulness of financial statements would be severely limited if their presentation was based solely upon the preparer's judgment. Consequently, certain standards must be agreed upon and followed.

GAAP - Generally Accepted Accounting Principles

There was no commonly agreed upon standardization over accounting practices until after the great depression of 1933. In response to the vast sums lost by investors in the stock market crash, the Securities and Exchange Commission (SEC) was established and given authority to set accounting standards for publicly held corporations.

In an effort to stave off further government regulation, the accounting profession, organized under the American Institute of Certified Public Accountants (AICPA), issued its first auditing standards in 1939. This began its attempt at self-regulation, though the AICPA continues to work with the SEC and defers to the SEC on regulatory reporting requirements for publicly held companies.

Between then and 1959 the AICPA issued 51 authoritative pronouncements known as Accounting Research Bulletins (ARB) that formed the basis of what became known as generally accepted accounting principles (GAAP). From 1959 to 1973 the Accounting Principles Board (APB) issued 31 additional standards.

In 1973 a new full-time independent body, separate from the AICPA was created, called the Financial Accounting Standards Board (FASB). This board has issued over 147 Statements of Standards by the end of 2002. These standards, along with official interpretations, Accounting Research Bulletins (ARB), previously issued pronouncements, SEC rulings, industry guides, and other exposure drafts make up the current basket of generally accepted accounting principles.

The Matching Principle

Woven through all of the GAAP pronouncements are several universal principles. One is the concept of matching. Accrual and percentage of completion methods represent attempts to more properly match the financial statement presentation to the actual transactions that have occurred. Revenues are matched to services performed and product sold, and expenses are matched to activities that have incurred expenses. This is why accrual based reporting conforms to GAAP and cash based reporting does not. The matching principle is a keystone of generally accepted accounting practice.

Conformity

Conformity is another widely used concept in accounting. The method of implementing percentage of completion, for example, should be the same for all companies. Only by practicing conformity will there be comparability. Investors, lenders and organization owners, could not properly evaluate the success of a particular organization as compared to the rest of its industry, if all organizations used different methods for recording transactions. Conformity is another fundamental principle in GAAP.

Valuation

A common consensus in GAAP reporting is the agreement that financial statements are valued on an historical basis. This is an important concept that provides for consistent conformity. As an example, real estate is valued at its original cost, not what it might be worth on an appraised value.

Accounting board pronouncements have continued to modify this principle to make financial reports even more conservative than historical basis, by requiring a downward adjustment, if the potential selling value has fallen below the original cost.

An example is inventory, when obsolescence reduces its value below its original cost. Another example is the yearly devaluing of fixed assets through depreciation. Each year the original cost of a building or equipment is lowered by writing off a portion of its expected life and expensing it to depreciation. Other assets like accounts receivable are

reviewed and written down to their expected realizable value by charging off any amount deemed uncollectible to bad debt expense.

The overall attempt is to present financial statements on the most conservative basis possible. The objective is to ensure that the net worth recorded on a organization's financial statements is never more than the true value of a organization, based upon the lower of historical cost or the expected realized selling price of its assets minus its liabilities.

Events in the early years of the 2000's have shown how important this objective is. In spite of all the GAAP pronouncements in place, "creative accounting" techniques that push the gray areas of accounting valuation issues have resulted in significant, previously undisclosed impairments to the financial statements of companies like Tyco, Enron, and WorldCom.

Inventory Valuation

Inventory valuation is a specially treated area that deserves specific mention. Inventory is always valued at the lower or cost or market (realizable value, net of selling costs). However, cost can be determined in three different ways.

First In - First Out (FIFO) values the cost of inventory based on the principle that the first item purchased is the first item to be sold. Visually, this method mimics a store owner's method of stocking shelves by putting its most recent purchases at the back of the shelf, so that the older product is sold first. Hence, the value of the amount of inventory on hand, always represents the cost of the very latest purchases. In a true FIFO valuation, each purchase is tracked as a separate layer with its own cost. Sales are also tracked and taken from one or more specific layers.

A variant on the FIFO method is the Average Cost FIFO method, which eliminates the need to keep track of separate purchasing layers. The cost of each new purchase is added to the "pool" which changes the overall cost of the "pool". Sales are then taken from this single "pool", leaving a value of the inventory on hand that closely resembles, but not necessarily equals, the value of inventory on a true FIFO method.

A final method of valuation is based on Last In - First Out (LIFO). This is the opposite of FIFO: the last items purchased are deemed to be the first items sold. This means that the ending inventory value is comprised of the very first items purchased. This value could be lower than the FIFO value, particularly in inflationary times.

One might ask how two opposing methods of valuation could both be allowed under GAAP, particularly, when this would seem to violate the important principle of conformity. This is one of many good examples of the challenge to create a consensus of opinion when there are several options, which have equal justification and support. Accounting principles are not static laws handed down from the mountaintop, hence the term, "generally accepted".

In this case, there is current justification and support for either method. In deference to conformity, GAAP provides that financial statements valuing inventory on LIFO are to include a footnote reference, which discloses the valuation difference between LIFO and FIFO. This is one of many compromises that provide conformity over different methods of valuation.

Materiality

A final important concept in all of GAAP is materiality. Surprisingly, coming from a group of professionals known for their penchant for chasing down pennies, every pronouncement contains a materiality clause that allows for non-compliance in any area, if the effect on the financial statement presentation is clearly immaterial. In other words, if the effect is minimal or does not represent a significant change in the financial position of the account then it might be considered immaterial.

Types of Reports

The reporting standards discussed above may not really affect many small and mid-size owners, if their reporting needs are primarily internal. However, it does help to understand the rationale for those standards. These standards trigger the most basic questions that must be answered in setting up an accounting system: Cash or accrual? FIFO or LIFO?

External Reports

External reports were discussed briefly in the early part of this introduction, in terms of the "audience" or specific users for organization information. Generally, one of the more important users is the Internal Revenue Service (IRS) and various state and local taxing authorities. Required income tax returns can be prepared more easily from financial reports that are classified in a comparable manner. A tax practitioner is usually retained to prepare and file these returns. The report most commonly requested of the organization is the general ledger and related financial statements.

The second most likely external user for an organization's financial statements is a bank or other debt or equity institution. The financial institution may well dictate the report needed. Copies of tax returns and organization prepared financial statements may be all that is required. On the other hand, the financial institution may require a higher level of assurance by requesting that an independent accounting firm either **compiles, reviews, or audits** the financial statements of the organization.

In this case, the organization might want to know what is required and the difference between these types of reports. First of all, only Certified Public Accountants (CPAs) who meet a higher peer review level and other reporting standards can issue these statements. A public accountant (PA), tax practitioner, or an accountant who is not a licensed CPA cannot issue such statements. Even a fully licensed CPA must keep their license current with continuing education and documented peer review to be able to issue opinions on these reports.

Compilation

A organization owner will need to find a CPA with the necessary credentials to request a compilation, review or audit. The least expensive report, and one that should satisfy most banks for small and mid-sized organization, is a compilation. Essentially, the CPA reviews the financial statements prepared by the organization and attaches an accountant's report to it. No further investigation is performed.

Interestingly, the standard compilation report issued by a CPA is nothing more than a glorified disclaimer, stating that the CPA is providing no financial statement assurance.

The AICPA defines a compilation as "a service where the accountant presents, in the form of financial statements, information that is the representation of the organization's management and owners without undertaking to express assurance on the financial statements."

Review

A review involves essentially the same process as a compilation except that the auditor does perform certain analytical reviews: reviewing account balances for reasonableness, and questioning management about material modifications that might be made in order for the statements to be in conformity with GAAP. In a review report the CPA expresses a "limited assurance", (but not an opinion), about the reasonableness of the financial statements and their conformity to a comprehensive basis of accounting like GAAP, cash basis or income tax basis reporting.

Audit

An audit provides the highest level of financial statement assurance. An audit may take considerably more time than either a compilation or review. The audit work, itself, can fill several large binders of documentation for a small to medium size organization.

Every balance sheet account is proven, within the limits of materiality. Direct confirmations of account balances are mailed from the CPA to banks, customers, vendors, and other debt holders to validate the balances of cash, accounts receivable, accounts payable, and other assets and liabilities. If inventory is material, the CPA must observe the inventory counting as of the report date. The CPA also tests the accounting procedures and internal controls, including computer controls. All transactions are subject to audit under a statistical sampling formula.

A surprisingly large amount of time is spent in non-financial areas to determine any claims, lawsuits, contingencies or other events that could harm the organization. Incorporation and other organizational papers are reviewed, all leases, loan documents and other contracts are reviewed, and all minutes and other relevant correspondence are read. The CPA also sends letters to all attorneys asking for full disclosure on any relevant matter.

The AICPA defines an audit as an engagement where a CPA provides an opinion about the fairness of a financial statement presentation in accordance with a comprehensive basis of accounting such as: GAAP, cash basis or income tax basis. This is a fairly simple statement for what can easily involve weeks of work for even a relatively well-structured small organization.

It's important to recognize the relative costs of these three types of reports. If the cost of an audit is \$20,000, a review for the same organization might average \$12,000, and a compilation, \$7,000. Relative to an audit, a review and compilation are considerably less expensive. However, the difference in cost between a review and compilation is not nearly as great. This is important to remember if faced with a requirement from a lender or investor. If they request an audit, you might try to convince them that a review is adequate and certainly provides more assurance than a compilation. This could save you considerable expense.

Not-For Profit - Audit

For Non-Profit Organizations, an audit is the minimum level of assurance required. In addition to the audit, there are often other reporting requirements, depending on the size of the organization and if the organization has obtained any federal, state, or local grants or contracts. A full explanation of these Non-Profit reports is beyond the scope of this introduction.

Internal Reports

Internal reports were discussed earlier in this introduction. Much emphasis has been given to financial statement reports; the balance sheet, income statement, and statement of cash flows. These three are the most important reports on the overall financial condition of the organization over a given period of time. A primary objective in developing policies and procedures over the accounting function is to improve the timeliness, accuracy and completeness of these statements.

An organization's accounting or information system can provide much more than those three statements, however. Management should be encouraged to use the data available in the accounting system for other uses. Financial statements are extremely useful, however, they only provide current valuation, and transactional information from the past.

A statement of cash flow, reconciling the sources and uses of cash, can be a useful starting point for extrapolating data that projects the anticipated sources and uses of cash needed into the future. By analyzing changes in aging of accounts receivable and accounts payable, you can develop more reliable estimates and better anticipate future cash receipts and future cash payments.

The relationship between sales, inventory levels and related cost of sales can be used to determine the anticipated needs for additional inventory related to projected sales. Using the data captured by the accounting system every day, a projected cash flow report, updated daily, can be a powerful tool to alert management in enough time to properly react to anticipated additional working capital requirements.

With a powerful forward-looking cash management tool, like the described projected cash flow report, the projected activity levels in future months can be used to create budgets in the current and succeeding months.

With income statement projections, projected cash flow reports, and budgets, we have a truly interactive management information system. Data collected from the past is used to project the future, fed back into the budgets, which control the present and determine the future. This creates a continually updated management information loop. This provides an organization with the tools to act, not just react.

SOP # G&A101 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A101 CHART OF ACCOUNTS

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

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

Scope: This procedure applies to all general ledger accounts.

Responsibilities: The Director of Finance is responsible for monitoring and approving changes to the company's Chart of Accounts.

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

Procedure:

1.0 DESIGN OF ACCOUNTS

- 1.1 Accounts should have titles and numbers that indicate specific ledger accounts such as Cash in Checking, Furniture and Fixtures, Accounts Payable, etc.
- 1.2 In general, the Nevada Department of Education chart of accounts (NDE) is available; however, the Organization has developed and follows its own chart of accounts numbering and definition system and converts to the NDE format for reporting purposes.
- 1.3 QuickBooks class tracking should be used to provide additional clarification, as needed. A sub-division among the balance sheet accounts should be designated short term to long term, (i.e. current assets should precede long term assets and current debt should precede long-term debt).

Unassigned number sequences should be left open within each group of accounts to provide for additional accounts, which may be added later.
- 1.4 See Appendix A for guidance regarding NDE to QuickBooks conversion chart.

2.0 DESCRIPTION OF ACCOUNTS

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

An example of definitions follows:

ASSETS

1100 – General Operating Account

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

APPENDIX A

<i>Fund</i>	<i>Project/Grant</i>	<i>Revenue</i>	<i>Program</i>	<i>Function</i>	<i>Object</i>	Quickbooks account numbers	Quickbooks Account Class	Description
FUND 100 - REVENUES								
100	000	1920				8210	10-10	Restricted Donations
100	000	1921				8270	10-10	Full Day Kindergarten Fees
100	000	1922				8250	10-10	Semester Fees
100	000	1923				8210	90-10	Unrestricted Donations
100	000	1924				8290	10-22	Coral CARE Fees
100	000	1925				8280	10-10	Uniforms
100	201	3110				8110	10-10	State Distributive Funds
FUND 100 - TOTAL REVENUE								
FUNCTION 1000 - INSTRUCTION								
100 Salaries								
100	201		100	1000	101	1104	10-10	Teachers/Licensed Regular
100	201		100	1000	102	1104	10-10	Teachers/Unlicensed Regular
100	201		100	1000	123	1106	10-10	Substitute Teachers - temporary
Total - 100 Salaries								
200 Benefits								
100	201		100	1000	231	2101	10-10	Retirement
100	201		100	1000	221	2102	10-10	SS-OASDI
100	201		100	1000	241	2103	10-10	Medicare
100	201		100	1000	211	2104	10-10	Health Insurance
100	201		100	1000	271	2105	10-10	Workers Compensation
100	201		100	1000	261	2106	10-10	State Unemployment
Total - 200 Benefits								
300/400/500 Purchased Services								
100	201		100	1000	442	3114	10-10	Rent / Lease - Equipment
100	201		100	1000	581	3126	10-10	Travel/Per Diem/Lodging
100	201		100	1000	331	3125	10-10	Conference/Seminar/Training
100	201		100	1000	321	3127	10-10	Conference/Seminar/Training
100	201		100	1000	326	3127	10-10	Purchased Services - Instruction(Subs
Total - 300/400/500 Purchased Services								
600 Supplies								
100	201		100	1000	610	4111	10-10	General Supplies
100	201		100	1000	615	3130	90-10	Staff Development Expense
100	201		100	1000	616	3120	10-10	Student Incentives
100	201		100	1000	617	4110	10-10	Uniforms
100	201		100	1000	642	4102	10-10	Other Books & Materials
100	201		100	1000	641	4101	10-10	Textbooks
100	201		100	1000	644	4103	10-10	Library Books
100	201		100	1000	611	4104	10-10	Instructional Supplies
100	201		100	1000	651	4105	10-10	Instructional Software -powerschool, r
100	201		100	1000	651	4106	10-10	Instructional Software - online classes
100	201		100	1000	612	4107	10-10	New Equipment & Furniture < \$5,000
100	201		100	1000	650	4108	10-10	Technology Supplies
Total - 600 Supplies								
700 Property								
100	201		100	1000	733	4113	10-10	New Equip. & Furn. > \$1,000
100	201		100	1000	734	4109	10-10	Computer Hardware
Total - 700 Property								

Accounting Policies, Procedures and Forms

<i>Fund</i>	<i>Project/Grant</i>	<i>Revenue</i>	<i>Program</i>	<i>Function</i>	<i>Object</i>	Quickbooks account numbers	Quickbooks Account Class	Description
800 Other								
100	201		100	5000	831	3135	10-10	Principal Payments
100	201		100	5000	832	3133	10-10	Interest
100	201		100	1000	810	3131	10-10	Dues & Fees
100	201		100	1000	890	3132	10-10	Miscellaneous Expenses
Total - 800 Other								
TOTAL FUNCTION 1000 - INSTRUCTION								
UNDISTRIBUTED EXPENDITURES								
FUNCTION 2100 - SUPPORT SERVICES - STUDENTS								
100 Salaries								
100	201		100	2120	106	1107	10-20	Literacy Coach
100	201		100	2121	106	1108	10-20	Collage Advisor
100	201		100	2122	106	1109	10-20	Dean of Students
100	201		100	2110	107	1110	10-20	Clinic Personnel
Total - 100 Salaries								
200 Benefits								
100	201		100	2100	237	2101	10-20	Retirement
100	201		100	2100	227	2102	10-20	SS-OASDI
100	201		100	2100	247	2103	10-20	Medicare
100	201		100	2100	217	2104	10-20	Health Insurance
100	201		100	2100	277	2105	10-20	Workers Compensation
100	201		100	2100	267	2106	10-20	State Unemployment
Total - 200 Benefits								
300/400/500 Purchased Services								
100	201		100	2100	320	3127	10-20	Purchased Services-ACC
100	201		100	2100	321	3127	10-20	Purchased Services - S.Svcs-Stud.
Total - 300/400/500 Purchased Services								
600 Supplies								
100	201		100	2100	610	4111	10-20	General Supplies
100	201		100	2100	616	3120	10-20	Student Incentives
Total - 600 Supplies								
800 Other								
Total - 800 Other								
TOTAL FUNCTION 2100 - SUPPORT SERVICES - STUDENTS								
FUNCTION 2200 - SUPPORT SERVICES - INSTRUCTION								
100 Salaries								
100	201		100	2220	107	1112	10-21	Librarian
100	201		100	2240	107	1111	10-21	Dean of Academics
100	201		100	2230	107	1105	10-21	IT Manager (50%)
Total - 100 Salaries								

Accounting Policies, Procedures and Forms

<i>Fund</i>	<i>Project/Grant</i>	<i>Revenue</i>	<i>Program</i>	<i>Function</i>	<i>Object</i>	Quickbooks account numbers	Quickbooks Account Class	Description
200 Benefits								
100	201		100	2200	237	2101	10-21	Retirement
100	201		100	2200	227	2102	10-21	SS-OASDI
100	201		100	2200	247	2103	10-21	Medicare
100	201		100	2200	217	2104	10-21	Health Insurance
100	201		100	2200	277	2105	10-21	Workers Compensation
100	201		100	2200	267	2106	10-21	State Unemployment
Total - 200 Benefits								
300/400/500 Purchased Services								
100	201		100	2200	320	3127	10-21	Purchased Services-ACC
Total - 300/400/500 Purchased Services								
600 Supplies								
100	201		100	2200	610	4111	10-21	General Supplies
Total - 600 Supplies								
800 Other								
Total - 800 Other								
TOTAL FUNCTION 2200 - SUPPORT SERVICES - INSTRUCTION								
FUNCTION 2400 - ADMINISTRATION								
100 Salaries								
100	201		100	2400	104	1101	10-24	Administrators
100	201		100	2400	105	1102	10-24	Administrative Assistants
100	201		100	2400	105	1105	10-24	IT Manager (50%)
Total - 100 Salaries								
200 Benefits								
100	201		100	2400	234	2101	10-24	Retirement
100	201		100	2400	244	2103	10-24	Medicare
100	201		100	2400	214	2104	10-24	Health Insurance
100	201		100	2400	274	2105	10-24	Workers Compensation
100	201		100	2400	264	2106	10-24	State Unemployment
Total - 200 Benefits								
300/400/500 Purchased Services								
100	201		100	2400	340	3101	10-24	Professional Service
100	201		100	2400	300	3102	10-24	State Admin Services
100	201		100	2400	310	3103	10-24	Payroll Services
100	201		100	2400	340	3104	10-24	Audit Services
100	201		100	2400	523	3116	10-24	E&O Insurance
100	201		100	2400	535	3121	10-24	Internet
100	201		100	2400	533	3122	10-24	Telephone / Communications
100	201		100	2400	531	3123	10-24	Postage
100	201		100	2400	540	3124	10-24	Advertising
100	201		100	2400	583	3126	10-24	Travel/PerDiem/Lodging
100	201		100	2400	333	3125	10-24	Conference/Seminar/Training
100	201		100	2400	311	3127	10-24	Purchased Services -ACC
100	201		100	2400	313	3127	10-24	Purchased Services - City/Legal
Total - 300/400/500 Purchased Services								

Accounting Policies, Procedures and Forms

<i>Fund</i>	<i>Project/Grant</i>	<i>Revenue</i>	<i>Program</i>	<i>Function</i>	<i>Object</i>	Quickbooks account numbers	Quickbooks Account Class	Description
600 Supplies								
100	201		100	2400	610	4111	10-24	General Supplies
100	201		100	2400	642	4102	10-24	Other Books Materials
100	201		100	2400	651	4105	10-24	Instructional Software
100	201		100	2400	612	4107	10-24	New Equipment & Furniture <\$5,000
100	201		100	2400	650	4108	10-24	Technology Supplies
Total - 600 Supplies								
700 Property								
100	201		100	2400	733	4113	10-24	New Equipment & Furniture >\$5,000
100	201		100	2400	734	4109	10-24	Computer Hardware
Total - 700 Property								
800 Other								
100	201		100	2400	810	3131	10-24	Dues and Fees
100	201		100	2400	890	3132	10-24	Miscellaneous Expenses
Total - 800 Other								
TOTAL FUNCTION 2400 - GENERAL ADMINISTRATION								
FUNCTION 2600 - OPERATION/MAINTENANCE								
100 Salaries								
100	201		100	2600	105	1114	10-26	Maintenance Personnel
Total - 100 Salaries								
200 Benefits								
100	201		100	2600	235	2101	10-26	Retirement
100	201		100	2600	245	2103	10-26	Medicare
100	201		100	2600	215	2104	10-26	Health Insurance
100	201		100	2600	275	2105	10-26	Workers Compensation
100	201		100	2600	265	2106	10-26	State Unemployment
Total - 200 Benefits								
300/400/500 Purchased Services								
100	201		100	2600	411	3107	10-26	Water / Sewer
100	201		100	2600	421	3108	10-26	Waste Disposal
100	201		100	2600	490	3109	10-26	Security / Alarm System
100	201		100	2600	431	3110	10-26	Repair and Maint. Building + HVAC
100	201		100	2600	432	3111	10-26	Repair and Maint. Equipment
100	201		100	2630	435	3112	10-26	Maint - Outside Grounds
100	201		100	2600	441	3113	10-26	Rental/Lease - Buildings
100	201		100	2600	521	3115	10-26	Property/Casualty Insurance
100	201		100	2600	422	3127	10-26	Purchased Svcs - Janitorial Company
Total - 300/400/500 Purchased Services								
600 Supplies								
100	201		100	2600	610	4111	10-26	General Supplies / Janitorial
100	201		100	2610	622	3105	10-26	Electricity
100	201		100	2610	621	3106	10-26	Natural Gas
Total - 600 Supplies								
700 Property								
100	201		100	4700	450	4112	10-26	Tenant Improvements
Total - 700 Property								

Accounting Policies, Procedures and Forms

<i>Fund</i>	<i>Project/Grant</i>	<i>Revenue</i>	<i>Program</i>	<i>Function</i>	<i>Object</i>	Quickbooks account numbers	Quickbooks Account Class	Description
800 Other								
100	201		100	2600	340	3132	10-26	Miscellaneous Expenses
Total - 800 Other								
TOTAL FUNCTION 2600 - OPERATION/MAINTENANCE								
FUNCTION 2900 - SUPPORT SERVICES - OTHER								
100 Salaries								
100	000		100	2900	107	1113	10-22	Coral CARE Personnel
Total - 100 Salaries								
200 Benefits								
100	000		100	2900	237	2101	10-22	Retirement
100	000		100	2900	227	2102	10-22	SS-OASDI
100	000		100	2900	247	2103	10-22	Medicare
100	000		100	2900	217	2104	10-22	Health Insurance
100	000		100	2900	277	2105	10-22	Workers Compensation
100	000		100	2900	267	2106	10-22	State Unemployment
Total - 200 Benefits								
300/400/500 Purchased Services								
100	000		100	2900	320	3127	10-22	Purchased Svcs - Student Support
Total - 300/400/500 Purchased Services								
600 Supplies								
100	000		100	2900	616	3127	10-22	Coral CARE Expenses
Total - 600 Supplies								
800 Other								
Total - 800 Other								
TOTAL FUNCTION 2900 - SUPPORT SERVICES - OTHER								
FUND 250 - REVENUES - SPECIAL EDUCATION								
250	201	3115				8120	20-10	State Funds
FUND 250 - TOTAL REVENUE								
FUNCTION 2100 - SPECIAL EDUCATION								
100 Salaries								
250	201		200	2120	101	1104	20-10	Teacher 1
Total - 100 Salaries								

Accounting Policies, Procedures and Forms

<i>Fund</i>	<i>Project/Grant</i>	<i>Revenue</i>	<i>Program</i>	<i>Function</i>	<i>Object</i>	Quickbooks account numbers	Quickbooks Account Class	Description
200 Benefits								
250	201		200	2100	231	2101	20-10	Retirement
250	201		200	2100	221	2102	20-10	SS-OASDI
250	201		200	2100	221	2103	20-10	Medicare
250	201		200	2100	211	2104	20-10	Health Insurance
250	201		200	2100	271	2105	20-10	Workers Compensation
250	201		200	2100	261	2106	20-10	State Unemployment
Total - 200 Benefits								
300/400/500 Purchased Services								
250	201		200	2140	322	3128	20-10	Psychological Services
250	201		200	2100	323	3127	20-10	Purchased Services - Other
250	201		200	2150	324	3129	20-10	Speech Therapy Services
Total - 300/400/500 Purchased Services								
TOTAL FUNCTION 2100 - SPECIAL EDUCATION								
FUND 280 - REVENUES - FEDERAL GRANTS								
280	639	4500				8130	41-10	Local Plan B Grant 2
FUND 280 - TOTAL REVENUE								
300/400/500 Purchased Services								
280			100	1000	323	3127	41-10	Psychological Services
280			100	1000	323	3127	41-10	Purchased Services - Other
280			100	1000	322	3127	41-10	Speech Therapy Services
Total - 300/400/500 Purchased Services								
100 Salaries								
240			200	1000	101	1104	41-10	Teachers
Total - 100 Salaries								
TOTAL FUND 280 - FEDERAL GRANTS								
FUND 600 - REVENUES								
600	000	1970				8300	10-24	Business Services
FUND 900 - TOTAL REVENUE								
FUND 900 - REVENUES								
900	000	1921				8220	10-35	Fundraising
900	000	1730				8230	10-35	Student Program Fees
900	000	1790				8240	10-35	Other Activity Income
FUND 900 - TOTAL REVENUE								
FUNCTION 2900 - STUDENT ACTIVITIES								
300/400/500 Purchased Services								
900	000		000	2700	519	3117	10-35	Field Trip Transportation

Accounting Policies, Procedures and Forms

<i>Fund</i>	<i>Project/Grant</i>	<i>Revenue</i>	<i>Program</i>	<i>Function</i>	<i>Object</i>	Quickbooks account numbers	Quickbooks Account Class	Description
600 Supplies								
900	000		000	2900	901	3118b	10-35	Science Activities
900	000		000	2900	902	3118c	10-35	Robotic Activities
900	000		000	2900	903	3118d	10-35	Other Student Activities
900	000		000	2900	904	3119	10-35	Yearbook
900	000		000	2900	905	3118a	10-35	Math Activities
	000							
Total - 600 Supplies								
800 Other								
900	000		000	2900	810	3131	10-35	Dues and Fees
Total - 800 Other								
TOTAL FUNCTION 2900 - STUDENT ACTIVITIES								

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SOP # G&A102 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A102 FILES AND RECORDS MANAGEMENT

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

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

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

Responsibilities:

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

The Director of Finance is responsible for overseeing the execution of Organization policy for Record Retention, Storage and Destruction of obsolete Organization records.

Procedure:

1.0 FILING SYSTEM

- 1.1 To ensure efficient access, filing centers will be established in each department. To reduce the amount of duplicate and unnecessary record retention, individual desk files should be avoided unless they are used in daily operations. All other departmental or Organization records should be filed in the departmental central filing areas.
- 1.2 Unless necessary, records should usually only be kept by the originator or sender and not by the receiver to avoid duplicate filing systems.
- 1.3 The following filing guidelines should be adhered to optimize filing efficiency and records access:
 - All file cabinets and files should follow recognized rules of order, such as Left to Right, Top to Bottom, Front to Back and in the case of chronological records, newest to oldest.
 - File markers or label headings should always be placed at the beginning or front of a file or group of files.
 - Alphabetical files should always be filed under broad topical categories. Files should never be filed under individual employee names (except Human Resources records) to avoid confusion and re-filing in the event of turnover. Files should always be filed under the "proper" or Organization names

whenever appropriate. In the case of individuals, files should be maintained according to the persons "Last name" then First name and Middle initial.

- Extra care should be used for sensitive or private information. Organization financial data or personnel records that contain performance reviews, salary information, and any health related information should be kept in a secure area with limited access to only those that have a “need to know” such as the Designated Accountant or the Director of Finance.

2.0 RECORD RETENTION AND LONG-TERM STORAGE

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

3.0 RECORD DESTRUCTION

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

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

References:

A. HEALTH INSURANCE PORTABILITY ACCOUNTABILITY ACT (HIPAA)

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

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

B. AGE DISCRIMINATION IN EMPLOYMENT ACT (ADEA)

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

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

C. AMERICANS WITH DISABILITIES ACT (ADA)

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

D. CIVIL RIGHTS ACT OF 1964

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

E. EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA)

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

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

F. EMPLOYEE POLYGRAPH PROTECTION ACT

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

G. EQUAL PAY ACT

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

H. EXECUTIVE ORDER 11246

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

I. FAIR LABOR STANDARDS ACT (FLSA)

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

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

J. FAMILY AND MEDICAL LEAVE ACT (FMLA)

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

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

K. IMMIGRATION REFORM & CONTROL ACT (IRCA)

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

L. OCCUPATIONAL SAFETY & HEALTH ACT (OSHA)

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

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

M. REHABILITATION ACT OF 1973

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

N. RIGHT TO FINANCIAL PRIVACY ACT

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

O. GUIDE TO RECORD RETENTION REQUIREMENTS

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

P. IRS REVENUE PROCEDURE 98-25 RECORDS RETENTION

The Income Tax Regulations require that, except for farmers and wage-earners, any person subject to income tax, or any person required to file an information return with respect to income, must keep such books and records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters reported. The books or records required by must be kept available at all times for inspection by authorized internal revenue officers or

employees, and must be retained so long as the contents thereof may become material in the administration of any internal revenue law.

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

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

G&A102 Ex1 RECORDS RETENTION PERIODS

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

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

SOP # G&A103 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A103 TRAVEL AND ENTERTAINMENT

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

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

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

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

Responsibilities:

Responsible Party: The individual employee and/or the Purchasing/Payroll Manager

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

Business Office will receive and review the expense report documentation and process necessary employee reimbursement. (See PUR106, Reimbursements, for more detailed information.)

Procedure:

1.0 TRAVEL ARRANGEMENTS

- 1.1 Out-of-state travel requires prior Site Director or Executive Director approval.
- 1.2 All arrangements required for business travel are to be made individually through CoolSIS. When possible, the Purchasing/Payroll Manager can solicit better corporate discounts and rates for hotels, airlines, car rental agencies and travel agencies.

Employees benefit because they do not have to spend their own time comparing rates and making their own arrangements. If making your own arrangements, the employee must find the best possible travel pricing.

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

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

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

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

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

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

2.0 EXPENSE GUIDELINES

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

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

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

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

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

- 2.3 Meals - Employees on Organization business where an overnight stay is not required will be reimbursed for the actual cost of their lunch and dinner meals not to exceed \$25 per day and receipts are required. Any amounts spent in excess of \$25 per day will not be reimbursed. The cost of meals should be reasonably priced based on the locality.

Employees who are required to stay overnight for the Organization's business are allowed a per-diem rate of \$35 per day and receipts are not required.

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

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

- 2.4 Car Rentals – When possible, advance arrangements should be made by the Purchasing/Payroll Manager if a car is required at the destination, otherwise the employee is required to make their own car rental arrangements. Vehicle selection will be based upon the most cost-effective class that satisfies requirements for the employee(s) and any demonstration equipment. Car rental fuel purchases are reimbursed for submitted fuel receipts up to the equivalent of a calculated 26 cents per mile. Therefore, car rental Mapquest or other similar map-type printouts of the approved business trip and miles driven is required for all car rental trips in order to be reimbursed.

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

- 2.5 Personal Vehicles - An employee who uses their own automobile for business will be reimbursed at 36 cents a mile. The employee must provide on the expense report, documentation including dates, miles traveled and purpose of each trip.

The Organization assumes no responsibility for personal automobiles used for business. Further, any parking or moving violation is the sole responsibility of the employee and each employee must have valid minimum automobile liability insurance as required by state law. The employee must update verification of vehicle liability information maintained on file with the charter school annually and upon **any** change in the employee's vehicle insurance coverage.

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

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

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

Examples include:

- Airline or travel insurance
- Airline or travel lounge clubs
- Shoe shine or Dry-cleaning (except for extended travel beyond 5 days)
- Movies or personal entertainment
- Books, magazines or newspapers
- Theft or loss of personal property
- Doctor bills, prescriptions, or other medical services
- Parking tickets, traffic tickets or Car towing if illegally parked
- Health club memberships
- Baby sitter or Pet care fees
- Barbers and Hairdressers

3.0 EXPENSE REPORT PREPARATION AND REIMBURSEMENT

3.1 All business reimbursement expenditures incurred by employees of the Organization are reimbursed through CoolSIS. Reimbursement receipts must be submitted monthly and any receipt that is older than 90 days will not be reimbursed at the discretion of the Director of Finance.

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # G&A104 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A104 MANAGEMENT REPORTS

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

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

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

Responsibilities:

Designated Accountant will be responsible for assuring effective and informative internal reporting within their departments and between departments.

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

Procedure:

1.0 PREPARATION GUIDELINES

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

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

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

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

1.2 If details are not available then use control totals and note on the report any estimates. Follow up with actual results as soon as practical. The preparer should

keep in mind that the objective of the report is to provide a quick recap of the financial status of the Organization and not a time-consuming detailed financial analysis. Leave exhausting details in the books for later analysis as required.

- 1.3 Make statements easy to read. Use the following style guidelines to improve readability:
 - Use 8-1/2 x 11 paper
 - Use a lot of “white space” on the page
 - Limit columns of figures to three columns
 - Omit cents and use thousands of dollars as appropriate. Indicate on the report the units used in a legend.
 - Indicate only significant expenses and group remaining items
 - The preparer should date (month/day/year) and initial all reports.
- 1.4 The preparer should file a copy of repetitive reports in a 3-ring binder for later retrieval, auditing or trend analysis.
- 1.5 While current accounting software program may automatically provide many types of information, it is helpful to review the manual exhibits provided to understand the mechanism for generating this type of information.
- 1.6 The Director of Finance will prepare and maintain a summary of all reporting. The summary will include the following categories:
 - Department or Functional Area
 - Name of Report
 - Purpose of the Report
 - Frequency of Preparation
 - Distribution of Copies
- 1.7 Updates of the summary will be issued to all Organization officers and department managers. Managers should use the summary to determine what information is being compiled and the format and distribution of reporting. Many times duplicate or redundant information gathering, reporting and filing can be avoided by merely changing the format or distribution of existing reports.

2.0 FINANCIAL REPORTS

- 2.1 The Director of Finance should review accounting program financial reports on a regular basis.

3.0 CASH FLOW REPORT

- 3.1 The Cash Flow Report represents a summary of the cash flowing through the Organization in the near term and identifies any potential shortfall that might occur in the near future before it occurs. The Cash Flow Report should be reviewed quarterly by the Director of Finance. This report supplements the

detailed monthly and quarterly financial statement reports and provides a quick look at the cash performance of the Organization.

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

4.0 BUDGET VS. ACTUAL REPORT

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

5.0 FINANCIAL STATEMENTS

- 5.1 The Director of Finance is responsible for maintaining current Financial Statements on a quarterly basis. The Director of Finance, Executive Director, and the Board of Directors should review the Financial Statements quarterly for each board meeting. This report provides one indication of the performance of the Organization.
- 5.2 The Financial Statements typically are comprised of three main parts: The Statement of Financial Position, Statement of Activities, and the Statement of Cash Flows (Statement of Cash Flows quarterly).

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

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

The Statement of Cash Flows is the difference between the Statement of Financial Position sources and uses of cash and the Statement of Activities sources and uses

of cash. This difference assists in identifying the health of the Organization's operations. It identifies whether the Organization is producing cash or consuming cash and at what rate and from what sources.

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

References:

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB)

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

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # G&A105 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A105 PERIOD-END REVIEW & CLOSING

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

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

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

Responsibilities:

Designated Accountant is responsible for creating and reviewing all period-end activities to ensure the period-end financial statements accurately reflect the results of the Organization's activities. The Designated Accountant should be familiar with the specific software procedures for keeping the prior year open until all final closing adjustments have been made and approved by the Director of Finance.

Designated Accountant is responsible for gathering all documentation required to complete the period-end closing and completing all ledger adjustments.

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

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

The yearly closing is more rigorous since it involves re-setting all Statement of Activities accounts to zero. Once a year is "closed", some accounting systems do not allow the user to go back or open a closed period to make changes. So be careful, once the period is closed, it is official and any adjustments that are required will need to be made in the current or next open period. The prior year should be password protected once it is closed to prohibit transactions being posted in the prior year.

Background: The financial statement is the most important management tool for the Director of Finance. It is comprised of the statement of financial position and the statement of activities.

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

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

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

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

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

The Director of Finance or Designated Accountant is encouraged to understand these concepts and to take the initiative to keep the financial

statements as accurate as possible, regardless of how much an outside accounting service is utilized.

Procedure:

1.0 CLOSINGS PREPARATIONS

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

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

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

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

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

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

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

2.0 STATEMENT OF FINANCIAL POSITION: ASSETS

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

2.2 **Cash accounts** - prepare the bank reconciliations for year-end balances per the bank statement to the balance per books for each account. The year-end reconciliation is especially important for preparing the final year-end financial statements to ensure that it is completely accurate.

Show origination dates and description of each reconciling item. Prepare the necessary journal entries to adjust to the reconciliations. Prepare a summary of all petty cash and change drawer funds. Totals must agree with the general ledger. File all reconciliation reports in the year-end closing file.

2.3 **Accounts Receivable** – Print a detailed aged accounts receivable report and then reconciles it to the General Ledger. This can be prepared as soon as all accounts receivable are calculated as of year-end. Calculate possible allowances for uncollectible accounts. Adjust prior allowances to calculated amount. Write off any un-locatable differences. Retain a complete copy of the detailed accounts receivable, along with any reconciling adjustments in the year-end closing file.

2.4 **Inventory** – Supplies inventory may be small but should be evaluated periodically for cost increases.

2.5 **Capital Assets** - Update the detailed schedule of fixed assets with any additions and deletions and reconcile to the general ledger balances.

2.6 **Other Assets** - Other assets include utility or real estate deposits, prepaid insurance, advances to employees, and intangibles like store pre-opening costs. These should all be identified and documented. For example, a copy of the initial deposit with the utility company, or a list of the facility pre-opening costs with a schedule showing how much of those costs are to be amortized each year. File copies of these documents in the year-end closing file.

3.0 STATEMENT OF FINANCIAL POSITION: LIABILITIES AND NET ASSETS

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

4.0 STATEMENT OF ACTIVITIES: REVENUE & SUPPORT

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

5.0 STATEMENT OF ACTIVITIES: EXPENSES

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A106 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A106 CONTROLLING LEGAL COSTS

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

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

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

Responsibilities:

Director of Finance will resolve, negotiate, and examine all legal expenses.

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

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

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

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

Procedure:

1.0 ARBITRATION

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

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

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

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

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

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

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

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

[Describe Briefly]

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

2.0 LEGAL SERVICES

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

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

3.0 LEGAL BILLINGS

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A107 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A107 TAXES, INSURANCE AND RETIREMENT

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

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

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

Responsibilities:

Designated Accountant is responsible for determining all tax liabilities and fees, the dates due, and for ensuring the timely payment of each.

Procedure:

1.0 ORGANIZATION FEES AND TAXES

1.1 Fees and taxes will vary depending on the legal structure of the business activity. The Organization is organized as a governmental entity under Internal Revenue Code section 170(c)(1) and is therefore not subject to Federal income tax and in Nevada, not subject to paying nor collecting sales tax. In addition, the Organization under Internal Revenue Code section 115(1) may accept contributions and those contributions are tax-deductible to the contributors.

2.0 PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

2.1 The Organization is a choice agency meaning that eligible employees have a choice to select either 50% employee-paid/50% employer-paid or 100% employer-paid plans within the Nevada Public Employees Retirement System. If an employee chooses the 50% employee-paid/50% employer-paid PERS plan, the employee's pay will be increased by a percentage factor according to PERS. If an employee chooses the 100% employer-paid PERS plan, the employee's pay will be reduced by a percentage reduction according to PERS.

3.0 PAYROLL FEES AND TAXES

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

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

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

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

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

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

4.0 EXCISE TAXES

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

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

5.0 OTHER TAXES AND CREDITS

- 5.1 Many state, counties, and cities impose **real estate taxes**; however, the Organization is exempt from property taxes as a governmental entity.
- 5.2 **Sales Taxes** – The Organization is exempt from paying and collecting sales tax.

6.0 TAX PAYMENTS

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

7.0 INSURANCE

- 7.1 Insurance needs for a business can be grouped in two broad categories, those that are directed at safeguarding assets and those that are furnished as employee benefits. Employee benefit insurance such as, health insurance, disability insurance and key man life insurance, should be considered in light of its importance in the entire employee compensation mix and in light of the personal needs of the company's owner(s).
- 7.2 Insurance used for safeguarding company's assets includes: property, casualty, key-man and professional liability insurance, as well as auto insurance, errors and omissions, directors' liability or business interruption insurance. The levels and terms of these policies should be determined based upon the value of the assets at risk and creditor or state and local requirements.
- 7.3 Business with many employees should consider employment practices liability insurance covers businesses against some types of employee lawsuits including:
- Sexual harassment
 - Discrimination
 - Wrongful termination
 - Breach of employment contract
 - Negligent evaluation
 - Failure to employ or promote
 - Wrongful discipline
 - Deprivation of career opportunity
 - Wrongful infliction of emotional distress


- Mismanagement of employee benefit plans

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


Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

APPENDIX A

 **IRS** Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248367572
Sep. 30, 2013 LTR 4076C 0
20-8050294 000000 00
00016043
BODC: SB

 CORAL ACADEMY OF SCIENCE LAS VEGAS
% FARUK TABAN
1051 SANDY RIDGE AVE
HENDERSON NV 89052

010784

Federal Identification Number: 20-8050294
Person to Contact: Ms. Mueller
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This responds to your request for information about your federal tax status. Our records do not specify your federal tax status. However, the following general information about the tax treatment of state and local governments and affiliated organizations may be of interest to you.

GOVERNMENTAL UNITS

Governmental units, such as States and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a State are entities with one or more of the sovereign powers of the State such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

An entity that is not a governmental unit but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a State, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may not be tax deductible to contributors.

TAX-EXEMPT CHARITABLE ORGANIZATIONS

An organization affiliated with a State, county, or municipal government may qualify for exemption from federal income tax under section 501(c)(3) of the Code, if (1) it is not an integral part of the government, and (2) it does not have governmental powers inconsistent with exemption (such as the power to tax or to exercise enforcement or regulatory powers). Note that entities may meet the requirements of both sections 501(c)(3) and 115 under certain circumstances. See Revenue Procedure 2003-12, 2003-1 C.B. 316.

APPENDIX A (continued)

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Sep. 30, 2013 LTR 4076C 0
20-8050294 000000 00
00016044

CORAL ACADEMY OF SCIENCE LAS VEGAS
% FARUK TABAN
1051 SANDY RIDGE AVE
HENDERSON NV 89052

Most entities must file a Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, to request a determination that the organization is exempt from federal income tax under 501(c)(3) of the Code and that charitable contributions are tax deductible to contributors under section 170(c)(2). In addition, private foundations and other persons sometimes want assurance that their grants or contributions are made to a governmental unit or a public charity. Generally, grantors and contributors may rely on the status of governmental units based on State or local law. Form 1023 and Publication 4220, Applying for 501(c)(3) Tax-Exempt Status, are available online at www.irs.gov/eo.

We hope this general information will be of assistance to you. This letter, however, does not determine that you have any particular tax status. If you are unsure of your status as a governmental unit or state institution whose income is excluded under section 115(1) you may seek a private letter ruling by following the procedures specified in Revenue Procedure 2007-1, 2007-1 I.R.B. 1 (updated annually).

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,



Richard McKee, Department Manager
Accounts Management Operations

APPENDIX B



BRIAN SANDOVAL
Governor
ROBERT R. BARENGO
Chair, Nevada Tax Commission
CHRISTOPHER G. NIELSEN
Executive Director

**STATE OF NEVADA
DEPARTMENT OF TAXATION**

Web Site: <http://tax.state.nv.us>
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada, 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 6881303

HENDERSON OFFICE
2550 Paseo Verde Parkway Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

September 15, 2012

Account Number: **RCE-013-537**

Exp date: **September 30, 2018**

**CORAL ACADEMY OF SCIENCE LAS VEGAS
1051 SANDY RIDGE AVE.
HENDERSON NV 89052**

Pursuant to NRS 372.3261 and related statutes, CORAL ACADEMY OF SCIENCE LAS VEGAS has been granted sales/use tax exempt status as an educational organization. Direct purchases or sales of tangible personal property made by or to CORAL ACADEMY OF SCIENCE LAS VEGAS are exempt from sales/use tax. Fraudulent use of this exemption letter is a violation of Nevada law.

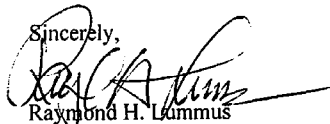
Vendors selling tangible personal property to CORAL ACADEMY OF SCIENCE LAS VEGAS are authorized to sell to them tax exempt. The vendor shall account for the exempt sale on its sales/use tax return under exemptions. For audit purposes, a vendor must have a copy of this letter in order to document the transaction was tax exempt.

This letter only applies to Nevada sales/use tax and does not provide exemption from any other tax.

This exemption applies only to the above named organization and is not extended to individuals, or contractors or lessors to or for such organizations.

Any vendor having questions concerning the use of this sales/use tax exemption letter may contact the Department at one of the district offices listed above.

If, upon further or future review by the Department, it is determined the above named organization does not meet or no longer meets the criteria outlined in NRS 372.348, this letter of exemption will be revoked.

Sincerely,

Raymond H. Lammus
Tax Manager

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SOP # G&A108 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A108 PROPERTY TAX ASSESSMENTS

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

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

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

Responsibilities:

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

Procedures:

1.0 REVIEW OF ASSESSMENTS

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

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

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

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

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

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

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

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

2.0 APPEALING OF ASSESSMENTS

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

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A109 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A109 CONFIDENTIAL INFORMATION RELEASE

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

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

Scope: All requests by an outsider to an employee regarding financial, revenue, marketing, customers, personnel, vendors, or other Organization confidential information. If in doubt, verify with the Director of Finance or Designated Accountant.

Responsibilities:

Director of Finance is responsible for safeguarding all Organization information and determining the appropriate level of detail for release.

Designated Accountant is responsible for assuring effective control of informative requests.

Designated Accountant shall oversee all responses to all reference requests.

Procedure:

1.0 FINANCIAL INFORMATION REQUESTS

1.1 Typical written requests are for additional information concerning details of the published financial statements, litigation progress, insurance coverage, names of investors, etc. If the request is by letter or other written correspondence, the material shall be forwarded to the Director of Finance who will decide what information may be released and who will be authorized to reply.

1.2 If the request is by telephone or a personal visit to our office, the requester should be referred to the Director of Finance or the Designated Accountant. If either is unavailable, the requester should be asked to provide their name, Organization, telephone number and address, if possible. Also they should be asked the reason for the request and a brief description of the information desired. This information should be written down and forwarded to the Director of Finance for follow-up.

1.3 The Director of Finance should determine the appropriate response for each request. Formal Financial Statement presentations to the Board of Directors, or other stakeholders such as banks, should be accompanied by an opinion or comment from the Organization's Certified Public Accountant (CPA) prior to any formal presentation. (If no outside CPA review is obtained then some people may

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

The CPA standards are as follows:

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

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

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

2.0 PERSONNEL INFORMATION REQUESTS

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

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

3.0 CREDIT REFERENCE INQUIRIES

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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G&A109 Ex1 NONDISCLOSURE AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

(THE ORGANIZATION).

(THE OTHER PARTY)

By:

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

SOP # G&A110 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A110 DOCUMENT CONTROL

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

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

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

Responsibilities:

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

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

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

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

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

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

Procedure:

1.0 DOCUMENT DISTRIBUTION

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

G&A110 Ex1 REQUEST FOR DOCUMENT CHANGE (RDC)

Date: _____ RDC No.: _____

Originator: _____

Document Title and Publication Date: _____

Page and Chapter, or Paragraph Number: _____

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

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

Comments: _____

Department Manager Approval: _____

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

Approved By: _____ Date: _____

PROCEDURE FOR COMPLETING FORM

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

Distribution: Original - RDC File Copy 1 - Originator

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G&A110 Ex2 DOCUMENT CHANGE CONTROL

Date: _____

DCN#: _____

RDC#: _____

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

Change Action Required

Make/order New Document: _____

Current Docs:

- Use until depleted
 Return for Credit
 Scrap
 Save for spares

Other: _____

Comments: _____

Authorization(s): Director of Finance

Authorization(s): Desig. Accountant

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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SOP # G&A111 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A111 FACSIMILE AND E-MAIL SIGNATURES

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

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

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

Responsibilities:

Director of Finance is responsible for review and approval of signatures.

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

Procedure:

1.0 FAX AND E-MAIL SIGNATURES

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

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

1.2 What should not be included in a fax or e-mail signature:
Elements that should not be included in fax or e-mail signatures include colored text, very large or complicated fonts, images, clip art or personal quotes. Faculty and staff should also refrain from using background images or stationary in their e-mail correspondence.

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A112 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A112 MAINTENANCE REQUESTS

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

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

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

Responsibilities:

Site Director or Executive Director is responsible for review and approval of maintenance requests.

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

Procedure:

1.0 MAINTENANCE REQUESTS

- 1.1 Maintenance requests will be reviewed and approved or disapproved by the Site Director or the Executive Director
- 1.2 See **PUR102 GENERAL PURCHASING** for authorization limits.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A113 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A113 ELECTRONIC BACKUP OF ACCOUNTING INFORMATION

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

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

Scope: This applies to the QuickBooks accounting program.

Responsibilities:

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

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

Procedure:

1.0 ELECTRONIC BACKUP OF ACCOUNTING INFORMATION

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A114 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A114 POLITICAL INTERVENTION

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

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

Scope: All political activities of the Organization.

Responsibilities:

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

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

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

Procedure:

1.0 PROHIBITED EXPENDITURES

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

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

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

2.0 ENDORSEMENTS OF CANDIDATES

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

3.0 PROHIBITED USE OF ASSETS AND RESOURSCES

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A115 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A115 ACCRUED LIABILITIES

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

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

Scope: This applies to potential liabilities.

Responsibilities:

Designated Accountant is responsible for ensuring that the accrued liabilities are properly accounted for.

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

Procedure:

1.0 Accrued Liabilities

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A116 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A116 NOTES PAYABLE

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

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

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

Responsibilities:

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

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

Procedure:

1.0 NOTES PAYABLE

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

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

2.0 ACCOUNTING AND CLASSIFICATION

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

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

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

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

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

3.0 NON-INTEREST-BEARING NOTES PAYABLE

- 3.1 As a charitable organization, CASLV may from time to time receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, it shall be the policy of CASLV to record contribution income for any unpaid interest.

- 3.2 For demand loans, recording of interest expense and contribution income shall be performed at the end of each accounting period, based on the outstanding principal balance of the loan during that period, multiplied by the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid by CASLV.

- 3.3 For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate the difference between a normal interest rate for that type of loan and the rate, if any, which is required to be paid by CASLV. The difference between the cash proceeds of the note and the present value shall be recorded as contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # G&A117 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A117 FINANCIAL AND TAX REPORTING

Policy: The Organization will prepare annual and monthly financial statements as management considers necessary within three months of the fiscal year close. The Organization is not required to file tax returns.

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

Scope: This applies to financial statements.

Responsibilities:

Director of Finance or his designee is responsible for ensuring Organization financial statements are accurate.

Designated Accountant is responsible for preparing all Organization financial statements.

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

Procedure:

1.0 STANDARD FINANCIAL STATEMENTS

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

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

2.0 FREQUENCY OF PREPARATION

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

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

3.0 REVIEW AND DISTRIBUTION

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

4.0 ANNUAL FINANCIAL STATEMENTS

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

5.0 FILING OF RETURNS

- 5.1 It is the policy of CASLV to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Director of Finance shall be responsible for identifying all filing requirements and assuring that CASLV is in compliance with all such requirements.
- 5.2 It is also the policy of CASLV to file complete and accurate returns with all authorities. CASLV shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.
- 5.3 Reports and returns which may be required to be filed by CASLV include, but are not limited to, the following returns:
1. **Federal Payroll Returns** - Filed on a quarterly or annual basis.
 2. **SF-SAC** (when required)– The Office of Management and Budget requires all Form SF-SAC and Single Audit submissions to be submitted on the Federal Audit Clearinghouse (FAC) Internet Data Entry System. The due date is established by OMB Circular A-133.
 3. **Form 1099's** – See **PUR101 VENDOR SELECTION**.
 4. Annual financial audits approved by the Board of Directors are due by October 31.
- 5.4 CASLV'S fiscal year-end is June 30.
- 5.5 Federal payroll tax returns are prepared by the Director of Finance, in consultation with CASLV'S independent auditor.

6.0 PUBLIC ACCESS TO INFORMATION RETURNS

- 6.1 The Organization's annual independent audit should be made available to the public upon request.
- 6.2 It is the policy of CASLV to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of CASLV during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Director of Finance shall be responsible for maintaining this copy of each form and for making it available to all requesters.
2. For all written requests for copies of forms received by CASLV, the Organization shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, CASLV will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.
3. The copying cost charged by CASLV for providing copies of requested forms shall be \$1.00 for the first page copied and \$0.20 for each subsequent page. All copies shall be shipped to requesters via Priority Mail, thus, shipping charges will be a standard \$5.00 per shipment.
4. After payment is received by CASLV, all requested copies should be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the Business Office.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits provided the request is for twenty-five (25) or less copied pages. Requests for copies in excess of 25 pages but less than 100 pages will be available the next business day. All requests in excess of 100 pages will be available to the requestor five (5) business days after the request.
5. CASLV shall accept certified checks and money orders for requests for copies made in person. CASLV shall accept certified checks and money orders or personal checks as payment for copies of forms requested in writing. Personal checks must clear the bank prior to the copies being made and delivered to the requestor.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # G&A118 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A118 BUDGETING

Policy: The Site Directors and their team are responsible for preparing, monitoring, and implementing the annual campus site budget. The Site Director must have the campus site budget presented to the Director of Finance and Executive Director by March 31st of each year. It is the Site Director's responsibility to work with the Business Office in order to acquire the necessary budgetary information to implement their program. The budget may be revised as needed.

An annual Organization-wide budget shall be prepared on the accrual basis of accounting. The Business Office must present its first budget, known as the tentative budget, to the state and the Board of Directors by April 15th. The final budget must be presented to the state and the Board of Directors by May 9th. The budget may be revised as needed.

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

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

Responsibilities:

Site Director is responsible for preparing the annual site budget and revisions.

Director of Finance is responsible for reviewing the campus site and Organization-wide budgets and budget revisions.

Designated Accountant is responsible for preparing monthly budget vs. actual comparison reports.

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

Procedure:

1.0 PREPARATION AND ADOPTION

- 1.1 The campus site budgets will be developed by the Site Directors and their team, and the Organization-wide budget will be prepared by the Designated Accountant. They will gather proposed budget information from the Site Directors and others with budgetary responsibilities and prepare the first draft of the budget. Budget forms can be accessed at www.doe.nv.gov/Charter_Schools_Resources. Budgets proposed and submitted by each department should be accompanied by a narrative explanation of the sources and uses of funds and explaining all material fluctuations in budgeted amounts from prior years.
- 1.2 After appropriate revisions and a compilation of all campus site budgets, a draft of the campus site budgets and Organization-wide budget will be presented to the Director of Finance for discussion, revision, and preliminary approval. The Executive Director is responsible for the final approval of all budgets.
- 1.3 The final budget is then submitted by the Executive Director to the Board of Directors for adoption. Site Directors shall be present at the Board of Directors budget approval meeting.
- 1.4 An annual Organization-wide budget shall be prepared on the accrual basis of accounting. The Business Office must present its first budget, known as the tentative budget, to the state and the Board of Directors by April 15th. The final budget must be presented to the state and the Board of Directors by May 9th. The budget may be revised as needed.

2.0 MONITORING PERFORMANCE

- 2.1 CASLV will monitor its financial performance by comparing and analyzing actual results with budgeted amounts. This function will be accomplished in conjunction with the monthly financial reporting process described earlier.
- 2.2 On a monthly basis, budget reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Designated Accountants and distributed to each respective Site Director by the 20th of the following month.
- 2.3 The financial reports will also be distributed, on a bi-monthly basis, to the Board of Directors. The Director of Finance and Site Director will be responsible for answering budget questions posed at the Board meetings.

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

3.0 BUDGET MODIFICATIONS/AMENDMENTS

3.1 After a budget has been approved by the Board of Directors and adopted by CASLV, budget modifications/reclassifications of budgeted expense amounts may be made by the Director of Finance, with approval from the Executive Director.

3.2 Budget modifications/reclassifications can be documented by use of G&A118 Ex1 BUDGET TRANSFER REQUEST.

3.3 Budget amendments where total revenues and total expenditures are amended or changed require approval by the Board of Directors.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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G&A118 Ex1 BUDGET TRANSFER REQUEST

DATE: _____

Fund	Function	Object	Building	Area	Decrease	Increase

Explanation of Request

Requested by: _____

Approved: _____
Building Administrator and/or Department Director

Reviewed by: _____
Designated Accountant

Approval: _____
Director of Finance

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SOP # G&A119 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A119 INSURANCE

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

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

Scope: This applies to all areas of risk management.

Responsibilities:

Director of Finance is responsible for monitoring risk management and identifying areas of insurance need.

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

Definition: Workers' Compensation and Employer's Liability

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

Fidelity Bond

For all personnel handling cash, preparing or signing checks, CASLV shall obtain insurance that provides individual fidelity bond coverage of at least \$50,000. The specific needs of CASLV will determine the dollar limit of this coverage.

Comprehensive Liability

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

Student Accident Insurance

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

Procedure:

1.0 COVERAGE GUIDELINES

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

Type of Coverage

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

1.2 The dollar limits are identified in the Insurance Booklet.

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # G&A119 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A119 INSURANCE

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

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

Scope: This applies to all areas of risk management.

Responsibilities:

Director of Finance is responsible for monitoring risk management and identifying areas of insurance need.

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

Definition: Workers' Compensation and Employer's Liability

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

Fidelity Bond

For all personnel handling cash, preparing or signing checks, CASLV shall obtain insurance that provides individual fidelity bond coverage of at least \$50,000. The specific needs of CASLV will determine the dollar limit of this coverage.

Comprehensive Liability

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

Student Accident Insurance

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

Procedure:

1.0 COVERAGE GUIDELINES

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

Type of Coverage

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

1.2 The dollar limits are identified in the Insurance Booklet.

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # G&A120 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A120 SUPPLIES

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

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

Scope: This applies to non-capitalized assets.

Responsibilities:

Site Director or designee is responsible for maintaining safeguards over cleaning and education supplies at each campus.

Procedure:

1.0 SAFEGUARDS

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

2.0 MONITORING

- 2.1 Each campus will establish optimum minimum and maximum stock levels for inventory.
- 2.2 Site Director or designee will conduct a physical inventory of the supplies listed above on an annual basis. The completed inventory will then be submitted to the Business Office so it can be reconciled to the general ledger.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A121 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

**Title: G&A121 CAMPUS, FUNDRAISING, AND STUDENT ACTIVITY
SITE ACCOUNTING**

Policy: It is the policy of CASLV to consider each campus as a component of the total Organization.

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

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

Responsibilities:

Designated Accountant is responsible for timely and accurate recording of transactions, providing useful management information, and properly reporting such information for various user needs.

Director of Finance is responsible for overseeing Designated Accountants and providing assistance where needed.

Background: Only Organization-wide accounting is performed. Campus-specific accounting is not required.

Procedure:

1.0 SEPARATE ACCOUNTING

- 1.1 Separate accounting for each campus is not required.
- 1.2 The Designated Accountant shall not commingle Parent Teacher Organization (PTO) funds with the school's accounting. PTO's should instead establish their own bank account and accounting records for PTO expenditures. The Designated Accountant is not responsible for oversight over PTO funds and expenditures.

2.0 FUNDRAISING

- 2.1 Fundraising generated from each campus may not be transferred to another campus.
- 2.2 Monthly revenue totals from fundraising will be recorded in QuickBooks using the class tracking system in order to account for total funds received from different events. Funds may be used for operating purposes unless restricted by the donor or explicitly restricted by the event.
- 2.3 The Teacher will plan the fundraising event and prepare a Fundraiser Proposal Form and Fundraiser Budget Form for approval by the Site Director. Once approved, forms will be submitted to the Designated Accountant.

- 2.4 The Designated Accountant will create an account in the School Clubs and Activities Excel spreadsheet for the Fundraising event and keeps the forms for their files.
- 2.5 After the fundraiser event(s), the Teacher will fill out the Fundraiser Post Event Financial Count Form. The amount collected need to be counted by two employees of the school, and they will sign the Fundraiser Post Event Financial Count Form certifying the amount collected. The Fundraiser Post Event Financial Count Form is then reviewed and authorized by the Site Director.
- 2.6 The teacher takes the collected amount and the authorized Fundraiser Post Event Financial Count Form to the School Secretary and receives a receipt. The School Secretary keeps the form and collected amount. Money collected must be submitted to the School Secretary on the day of the event.
- 2.7 The School Secretary transfers all the money collected to the Business Office weekly along with a list of transactions details, financial count form and matching receipt numbers. The Designated Accountant will make the entry to debit the related Fundraiser event account in the accounting system. The Business Office deposits the collected amount to School’s bank accounts.

3.0 STUDENT ACTIVITY ACCOUNTS

- 3.1 Cash receipts are collected in accordance with the policy, CSH101 CASH BOXES.
- 3.2 Designated Accountant will make the appropriate entries in the accounting records of the Student Activity Account.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # G&A122 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A122 FRAUD REPORTING &WHISTLEBLOWER

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

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

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

Responsibilities:

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

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

Procedure:

1.0 REPORTING RESPONSIBILITY

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

2.0 PROCEDURES FOR REPORTING CONCERNS

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

addressed through these channels can be made anonymously if the individual chooses.

3.0 HANDLING OF REPORTED CONCERNS

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

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # G&A123 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: G&A123 PROFESSIONAL DEVELOPMENT

Policy: To provide employees with professional development opportunities to increase the effectiveness of their performance in their present positions, and to obtain skills, knowledge, and abilities which may improve their opportunities for advancement within the Organization.

Purpose: Professional development and continuous learning are necessary to maintain the quality of the Organization's staff and their ability to contribute effectively to the mission and goals of the Organization.

Scope: All regular full-time employees who have been with the Organization for at least two years from their hire date and are in good standing are covered by the scope of this policy and its guidelines. Tuition reimbursement is limited to school principals and central office employees with regular full-time status.

Responsibilities:

Executive Director or designee is responsible for authorizing and coordinating the employee application process for professional development funds.

Director of Finance or designee is responsible for determining amount of funds that can be made available for professional development after consideration of budgeted expense and reserve amounts.

Board of Directors or a designated committee is responsible for reviewing applications received to determine which employees will qualify for reimbursement of costs incurred for professional development.

Background: The work performance of an employee is a vital key to the success of the Organization. Providing professional development opportunities to the Organization's employees is an investment in our employee's careers and the Organization's future.

Procedure:

1.0 ELIGIBILITY

1.1 Professional development is approved at the discretion of Executive Director or designee. Eligible professional development is obtained through baccalaureate and graduate level courses that must be taken for academic credit through colleges and universities accredited by regional organizations identified in Appendix A.

Courses leading to certification must be taken at a school or through an organization that is authorized by the certifying authority to provide such educational programs.

1.2 Eligible courses include:

- (1) Programs leading to professional certification must be in a specific job-related field of professional discipline, and should provide the participating employee with skills, knowledge and competencies applicable to their current position. For participation in such programs, employees may be approved for reimbursement of tuition and eligible fees up to a maximum of \$3,000 per calendar year.
- (2) Undergraduate and graduate level academic courses taken as part of a career development program should provide an employee with skills, knowledge and development plans. For undergraduate, graduate, university extension, university continuing education, and audited courses, tuition and eligible fees may be approved for reimbursement up to a maximum of \$5,000 per calendar year.
- (3) Job-related graduate level academic programs, up to and including those leading to a doctoral degree, must provide an employee with skills, knowledge, and competencies that are specifically applicable to their current position classification and enhance her or his performance in that job. For participation in such graduate level courses at an accredited university, tuition and eligible fees may be approved for reimbursement up to a maximum of \$10,000 per calendar year.

2.0 TUITION REIMBURSEMENT

- 2.1 For courses that are taken for credit as part of a degree program, tuition and eligible fees are reimbursed only for courses taken and completed with a final grade of "C" or equivalent, or higher. For courses leading to professional certification, course registration costs will be reimbursed only after the participating employees submits evidence of having successfully completed course requirements leading to professional certification.
- 2.2 Graduate tuition reimbursement is generally limited to one Master's and one Ph.D. per employee. Tuition reimbursement for any additional graduate degree requires the approval of the Human Resources.
- 2.3 Employees completing a graduate course which is not part of a Masters or Ph.D. program, and graduate students granted "special status" (e.g., completing undergraduate deficiencies due to a change in field of study), may be approved for reimbursement of tuition and eligible fees up to a maximum of \$5,000 per calendar year.

- 2.4 The maximum reimbursement for all courses of study, including certification, career development and job-related graduate study combined, will not exceed \$10,000 per calendar year.
- 2.5 Required fees eligible for tuition reimbursement subject to the limitations set forth in 2.1 through 2.4 above include the State of Nevada's equivalent to tuition fees (i.e., state education fees, state university fees, state college fees, junior and community college enrollment and registration fees for Nevada residents), continuous enrollment fees for thesis/dissertation, microfilming or binding of dissertation or thesis fees, computer fees, and laboratory fees charged to all students and that are directly applicable to the approved course(s).
- 2.6 If eligible employees are laid off, their hours are reduced, or they go on a disability leave of absence, any approved course(s) in progress will be reimbursed, provided the course is completed with a final grade of "C" or equivalent, or higher, and fulfills the other provisions of this policy.

3.0 NONREIMBURSABLE EXPENSES

- 3.1 Except for courses leading to professional certification as described above, the following do not qualify for tuition reimbursement: professional seminars and workshops, symposia, short (non-credit) courses; college/university entrance exams; review programs for entrance exams; or courses at non-accredited institutions.
- 3.2 Itemized fees not reimbursable to employees include application/pre-admission registration fees, transcript fees, test preparation fees, admission testing fees, placement fees, course waiver or challenge fees, book costs, travel costs (i.e., transportation, housing, meal, etc.), parking fees, equipment/kit purchase costs, tutoring fees, deferred tuition fees, registration fees, late registration fees, course addition, deletion or transfer fees, student activity fees, student union fees, petition fees, recreation fees, health coverage costs, dissertation or thesis typing fees, development or foundation fees, institution fees, alumni fees, and other similar fees.
- 3.3 Tuition and eligible fees are not reimbursable when the employee:
- 1) Receives duplicate or comparable fees from another institution or agency, grant, scholarship, or other financial aid; or
 - 2) Voluntarily terminate employment, or are terminated for cause, prior to course completion or within two years of course completion, or
 - 3) Have not received advance approval from the Executive Director or designee, particularly those associated with a degree program.
- 3.4 An employee normally is not reimbursed for a course the tuition of which was previously reimbursed under this policy. However, some courses involving research or extended study can be repeated with advance approval of the Executive Director or designee.

4.0 OTHER MATTERS

- 4.1 The taxability of payments to employees under the tuition reimbursement plan is in accordance with current Internal Revenue Service guidelines.
- 4.2 Unless specific approval of both the employee's supervisor and the Executive Director is obtained in advance, an employee may not take a course during scheduled working hours. When the educational program requires being away from one's job during normal work hours, the employee and her or his supervisor must agree on such a schedule in advance and make necessary arrangements to assure that expectations for ongoing work assignments are met. No legal or contractual obligations for overtime premium can be incurred as a result of employees taking a course that will be reimbursed under this policy during their scheduled working hours. Participation in the tuition reimbursement program should not in any way interfere with the employee's ability to perform his or her job.

5.0 REQUESTING FUNDS

- 5.1 During the annual budgeting process, the Director of Finance will evaluate how much of the Organization's resources may be allocated to fund the professional development budget for employees after consideration of available operating expenses and required reserve amounts in each fiscal year or portion of each fiscal year as considered necessary by the Director of Finance.
- 5.2 Upon approval of the budget by the Board of Directors(see G&A118 BUDGETING), applications from employees who wish to utilize professional development funds will be accepted in the month of May contingent on whether funds are available for the next fiscal year. Applications received after May might be considered after the applications received in the month of May are processed.
- 5.3 To apply for tuition reimbursement, an employee should complete the Application for Academic Program Approval form in Appendix B and submit it to the Executive Director or designee for certification that the proposed program and course(s) meet criteria for reimbursement. After obtaining approval, but prior to enrolling in the course of study, the employee should forward the application form, along with material describing the program and course(s), to the Human Resources. The employee's supervisor may include amplifying documentation in support of program or course approval.

The Board of Directors or designated committee will evaluate the applications received and determine the best use of allocated professional development funds.

- 5.4 Following review of the employee's application for tuition reimbursement, Human Resources will notify the employee in writing as to whether the application has been approved. Upon written confirmation or approval, the employee must submit the following items at the beginning of each term:

(1) Request for Reimbursement of Tuition (Appendix C)

(2) Copy of the course syllabus

Within 30 days of completion of the course, the employee should also submit the following documents to the Human Resources:

(1) Copy of the final grade

(2) Copy of the receipt for tuition and eligible fees

Failure to provide documentation can result in discontinuation of future tuition reimbursement.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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Appendix A – List of Regional Accrediting Agencies

- Middle States Association of Colleges and Schools
- New England Association of Schools and Colleges
- North Central Association of Colleges and Schools
- Northwest Association of Schools and Colleges
- Southern Association of Colleges and Schools
- Western Association of Schools and Colleges.

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Appendix B – Application for Academic Program Approval

Employee Information:

Name: _____ Email: _____
Date of Hire: _____ Scheduled Hrs/Wk: _____
Job Title: _____ Supervisor: _____
Description of job duties:

Academic Program Information:

School: _____ Location: _____
Work schedule (hrs/wk) while attending school: _____ Anticipated Completion/Graduation Date: _____
Educational Goal: ___ AA ___ BA ___ BS ___ Additional Training: _____
 ___ MA ___ MS ___ MBA ___ PhD ___ EdD
 ___ Other: _____
Field of Study/Major: _____ Job Related: ___ No ___ Yes

___ Certificate: _____ Accrediting Organization: _____
Is this certificate recognized in the industry? ___ No ___ Yes Job Related: ___ No ___ Yes

Will you receive any grants, scholarships or benefits to support your tuition? ___ No ___ Yes
If yes, please provide documentation.
Applicant's Signature: _____ Date: _____

Supervisor's Concurrence:

This employee meets the eligibility requirements, as stated in the Tuition Reimbursement Policy, for participation in the Tuition Reimbursement Plan and is recommended for enrollment.
Supervisor's Signature: _____ Date: _____

HR Approval:

Signature: _____ Date: _____ Annual Maximum: \$ _____

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Appendix C – Request for Tuition Reimbursement

Academic Program Approval Form must be approved before instruction begins. After registering for class(es), complete and submit this form along with a copy of the course syllabus, to the Human Resources. Within 30 days of course completion, submit the following to the Human Resources:

- Official course grade (2.0 or C, or better)
- Itemized receipt of fees paid, listing course name, units, and tuition per unit

At that time, this request will be processed for payment.

Employee Information:

Name: _____ Email: _____
Job Title: _____ Supervisor: _____

Course Information:

School: _____ Location: _____
Session Starting Date: _____ Ending date: _____

<i>Course No.</i>	<i>Course Title</i>	<i>Units</i>	<i>Grade</i>	<i>Tuition</i>

Total Tuition (this session) \$ _____ Other Reimbursable Fees \$ _____
Total Amount Requested \$ _____

The information above is correct, and I further certify that I will not receive duplicate or comparable fees for this tuition from any grant, scholarship, or benefit.

Employee Signature: _____ Date: _____

Supervisor's Concurrence:

This employee remains eligible for participation in the Tuition Reimbursement Plan.

Supervisor's Signature: _____ Date: _____

HR Approval:

Signature: _____ Date: _____ Amount to Pay: \$ _____

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SOP # CSH101 Revision: 0

Prepared by: Business Office

Effective Date: May 13, 2014

Approved by: BOD

Title: CSH101 CASH BOXES

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

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

Scope: All personnel that deal with the cash transactions.

Responsibilities:

Site Director is responsible for safeguarding / verifying and controlling all cash assets at each campus.

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

Designated Accountant is responsible for overseeing all event transactions.

Procedure:

1.0 CASH BOX/SAFE

- 1.1 Front Desk Officer collects any fees from the parents/guardians and gives a receipt in return to the parents/guardians and attaches a copy of the receipt. At the end of the day, the Front Desk Officer transfers the money and the receipts collected to the School Secretary. The School Secretary verifies the amounts and the receipts by comparing the third copies of the receipts in the receipt book to the actual receipts.
- 1.2 All cash received at the campus site will be counted, verified, and signed off by at least two people. Any documents prepared must be initialed by all witnesses and preparers.
- 1.3 The School Secretary will enter all deposits into a campus-level QuickBooks file used to track student and other fees. The cash will be kept in a locked, secure location until it is collected by the Designated Accountant on a weekly basis. The Designated Accountant will compare documentation of the cash count to the actual deposit for accuracy, and deposit the funds into the School's bank account within 24 hours of receipt.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # CSH102 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH102 CASH RECEIPTS AND DEPOSITS

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

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

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

Responsibilities:

Front Desk Officer is responsible for collecting all money at the school campus.

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

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

Site Director/Designated Accountant is responsible for all fundraising transactions.

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

Procedure:

1.0 CUSTOMER AND AGENCY DEPOSITS

1.1 Cash receipts generally arise from:

- Contracts and Grants
- Direct donor contributions
- Fundraising activities

The principal steps in the cash receipts process are:

Campus Office - Front Desk Officer collects any fees from the parents/guardians and gives a receipt in return to the parents/guardians and attaches a copy of the receipt. At the end of the day, the Front Desk Officer transfers the money and the receipts collected to the School Secretary. The School Secretary verifies the amounts and the receipts by comparing the third copies of the receipts in the receipt book to the actual receipts.

All cash received at the campus site will be counted, verified, and signed off by at least two people. Any documents prepared must be initialed by all witnesses and preparers.

The School Secretary will enter all deposits into a campus-level QuickBooks file used to track student and other fees. The cash will be kept in a locked, secure location until it is collected by the Designated Accountant on a weekly basis. The Designated Accountant will compare documentation of the cash count to the actual deposit for accuracy, and deposit the funds into the School's bank account within 24 hours of receipt.

Business Office - The Receptionist receives incoming mail and distributes the mail.

All cash received at the business office will be counted, verified, and signed off by at least two people. The cash will be kept in a locked, secure location and deposited within 24 business hours, but no longer than the last business day of the week.

2.0 APPLICATION OF ACCOUNTS RECEIVABLE

- 2.1 Inspect all incoming accounting mail for checks.
- 2.2 Designated Accountant should photocopy all checks that have not been previously copied. Any papers attached to the checks should be stapled to the check photocopy and the envelopes discarded.
- 2.3 Designated Accountant will use the photocopy of the checks and customer remittance advices to apply the cash payments to the Accounts Receivable Ledger if applicable. Unapplied payments are to be credited against the oldest open aging column on the accounts receivable ledger. A standard letter of information and/or inquiry should be sent or faxed to the payer when there is any question as to the correct application of the check.
- 2.4 Checks returned once should be deposited a second time. Already re-deposited checks should be debited back to the account.
- 2.5 Prepare all checks received for deposit.

3.0 DEPOSIT, ENDORSEMENT OF CHECKS, TIMELINES OF BANK DEPOSITS

- 3.1 The Designated Accountant will inspect all checks for proper signature or endorsement. If a check is received without a proper signature then process the check as per CSH103 PROBLEM CHECKS procedure.
- 3.2 All checks should be endorsed as follows:
 - a. With the restrictive endorsement "For Deposit Only" along with,
 - b. The Organization's designated bank deposit account number,

- c. The name, “Coral Academy of Science Las Vegas”,
 - d. The bank name.
- 3.3 No check should be withheld from deposit unless it is legally imperfect. The endorsed checks should then be returned to the Business Office. Bank deposits will be made weekly. All cash held at campuses will be kept in a locked fireproof cabinet with access limited to the Site Director and the Registrar.
- 3.4 At time of deposit, collect all cash and checks and prepare a bank deposit slip for deposit in the Organization's authorized bank. Ensure that collections are deposited into the correct bank account, and that the name of the charter school is listed on the deposit slip.
- 3.5 Place a duplicate copy of the deposit ticket and collected cash into a cash bag for transport to the bank. Deposits should be made no less frequently than daily if amount of cash exceeds \$10,000. If the deposit cannot be made immediately then the deposits should be stored in a secure area for later deposit.
- 3.6 Extreme care should be taken to protect the safety of the person making the deposit and the deposit itself. Actions to be considered are, making deposits only during daylight hours, using random deposit times and different routes to the bank, and assigning two people to make deposits.
- 3.7 The deposit amount should be entered into the accounting program.
- 3.8 No disbursements should be made from collections, nor can personal checks be cashed.

Revision History:

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0	May 13, 2014	Initial Release	

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SOP # CSH103 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH103 PROBLEM CHECKS

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

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

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

Responsibilities:

Designated Accountant is responsible for processing all check transactions for each campus.

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

Procedure:

1.0 UNSIGNED CHECKS

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

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

1.2 Continue processing the check.

2.0 PARTIAL PAYMENT CHECKS MARKED "PAYMENT IN FULL"

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

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

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

3.0 RETURNED CHECKS

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

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

4.0 REDEPOSITED CHECKS

- 4.1 In the event a re-deposited check is returned or if sufficient funds do not exist to cover the check, the Designated Accountant should contact the issuer by phone to report the problem and discuss how the matter will be resolved. Then issue a formal notice CSH103 Ex1 BAD CHECK NOTICE via certified mail with a return receipt requested to ensure the customer understands the seriousness of the issue.
- 4.2 Whenever a check is re-deposited more than once a handling fee of \$25 should be collected from the issuer.

References:

A. UNIFORM COMMERCIAL CODE (UCC)

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

B. BAD CHECK LAW

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

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

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

Revision History:

Revision	Date	Description of changes	Requested By
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CSH103 Ex1 BAD CHECK NOTICE

Date:

CUSTOMER NAME
ADDRESS
CITY, STATE, ZIP

Dear Sir:

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

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

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

Sincerely,

Designated Accountant
CORAL ACADEMY OF SCIENCE – LAS VEGAS

Certified Mail, Return Receipt Requested.

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SOP # CSH104 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH104 WIRE TRANSFERS

Policy: Wire transfers should be treated with special care and accuracy to prevent loss to the Organization or the customer.

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

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

Responsibilities:

Director of Finance is responsible for initiating all outgoing wire transfer requests.

Executive Director should approve all wire transfers regardless of amount.

Designated Accountant is responsible for processing all incoming wire transfers.

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

Procedure:

1.0 INCOMING WIRES

- 1.1 Wire transfers are processed the same as a check in accordance with the CSH102 CASH RECEIPTS AND DEPOSITS procedure.
- 1.2 Upon the banks receipt of the wire transfer the bank may create a wire transfer notification; however the Organization typically does not receive any information from the bank. Normally these are mailed but many banks may also provide notification via e-mail, phone, fax, or via an on-line banking interface. The bank notification serves as documentation the the money has been received.

2.0 OUTGOING WIRES

- 2.1 The Director of Finance will initiate wire transfers as necessary. This will take place on the secured website maintained by the Organization's bank. Executive Director must approve all wire transfers by logging into the bank's secured website and approving the transfer. Wire transfers cannot be made without this secondary authorization.
- 2.2 Wire transfers should originate from a checking account. Reference A - FRB Reg D. - establishes limits on transfers from savings or money market accounts but there are no limits on transfers from checking accounts.

- 2.3 Wire transfers can be used to transfer money to governmental entities such as school districts and state agencies. Wire transfers shall not be initiated to vendors or customers.

References:

A. FRB REG D: RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS

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

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

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

B. FRB REG E: ELECTRONIC FUND TRANSFER ACT

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

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # CSH105 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH105 CHECK SIGNING AUTHORITY

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

Purpose: To outline the check signing authority process.

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

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

Responsibilities:

Executive Director is responsible for adding and removing check signing authority.

Director of Finance is responsible for managing the check signing authority process and alerting all individuals and banks of any changes to authority.

Procedure:

1.0 AUTHORIZED CHECK SIGNERS

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

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

2.0 CHANGING CHECK SIGNERS

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

Revision History:

Revision	Date	Description of changes	Requested By
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SOP # CSH106 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH106 CHECK MATTERS

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

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

Scope: All checks.

Responsibilities:

Director of Finance or Designated Accountant is responsible for managing other check matters.

Procedure:

1.0 CHECK ORIGINATION

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

2.0 CHECK STOP PAYMENT

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

Revision History:

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0	May 13, 2014	Initial Release	

SOP # CSH107 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH107 BANK ACCOUNT RECONCILIATIONS

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

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

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

Responsibilities:

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

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

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

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

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

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

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

Procedure:

1.0 BANK STATEMENT PREPARATION

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

2.0 COMPUTERIZED FORMAT

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

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

3.0 MANUAL PREPARATION AND RECONCILING ITEMS

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

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

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

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

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

4.0 COMPUTERIZED PREPARATION AND RECONCILING ITEMS

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

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

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

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

5.0 ADJUSTMENTS AND OTHER TROUBLESHOOTING

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

Checks are generally posted and printed simultaneously so that what shows up in the accounting system will always agree to what was processed through the bank.

Deposits are another matter. The bank might group deposited checks differently than they were in the accounting system.

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

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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

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

Reconciliation of Bank Balance

Ending balance per bank statement \$10,000.00

Additions:

Deposit in transit 2,500.00

Deductions:

Outstanding Checks

1003 150.00

1232 325.00

1235 1,275.00

1,750.00

Ending balance per checking account

\$10,750.00

Reconciliation of Book Balance

Ending balance per books \$10,750.00

Additions:

Interest 100.00

Deductions:

Bank Charges 70.00

Wire transfer fees 30.00

100.00

Corrected Balance

\$10,750.00

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SOP # CSH108 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH108 INTER-ACCOUNT BANK TRANSFERS

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

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

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

Responsibilities:

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

Director of Finance is responsible for performing all inter-account bank transfers.

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

Procedure:

1.0 INTER-ACCOUNT BANK TRANSFER

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

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # CSH109 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH109 JOURNAL ENTRIES AND RECLASSIFICATION ENTRIES

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

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

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

Responsibilities:

Director of Finance is responsible for review and approval of all journal entries and reclassification entries.

Designated Accountant is responsible for performing all journal entries and reclassification entries

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

Procedure:

1.0 JOURNAL ENTRIES AND RECLASSIFICATION ENTRIES

1.1 The Director of Finance and the Designated Accountant monitor the balances in the accounting records of the Organization.

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

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

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

1. Depreciation of fixed assets

2. Amortization of prepaid expenses
3. Accruals of recurring expenses
4. Amortization of deferred revenue

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

It is the policy of CASLV that all journal entries not originating from subsidiary ledgers shall be authorized in writing by the Director of Finance initialing or signing the entries.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # CSH110 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH110 PETTY CASH PURCHASES

Policy: The Organization does not allow purchases with petty cash.

Purpose: Not applicable.

Scope: Not applicable.

Responsibilities:
Not applicable.

Background: Not applicable.

Procedure:

1.0 PETTY CASH TRANSACTIONS

1.1 The Organization does not allow purchases with petty cash.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # CSH111 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH111 CREDIT CARDS AND DEBIT CARDS

Policy: It is the policy of the Organization to provide credit and debit cards to authorized members of the Organization staff in the performance of their duties and responsibilities. The use of credit and debit cards is the same as handling cash; every precaution must be taken to account for all funds, whether Federal, State or otherwise, and the most efficient and effective purchasing procedures as well as internal controls will be implemented to safeguard Organization funds.

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

Scope: This applies to transactions at the discretion of the Site Director, Executive Director and Director of Finance.

Responsibilities:

Director of Finance is responsible for authorization of debit card transactions over \$500.

Site Director is responsible for authorization of debit card transactions under \$500.

Designated Accountant is responsible for recording the transactions in the accounting records and reconciling debit card receipts to the bank statements and credit card receipts to the credit card statements.

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

Procedure:

1.0 CREDIT CARDS

1.1 Issuance of Corporate Credit Cards

Corporate credit cards are issued to personnel who travel on Organization business or have a legitimate need to purchase goods and services, either in person or on-line or when a purchase order cannot be approved in time or a purchase order is not accepted by a vendor. These cardholders will be required to sign a statement (CSH111 Ex1 Use of Credit Cards and Debit Cards Certification) acknowledging that the card shall be used exclusively for legitimate

Organization-related business purposes and that the cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location. Upon approval from the credit card company, a card will be issued bearing the names of both the individual and the Organization.

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

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

All purchases need to be preauthorized in writing through CoolSIS over \$500. All purchases less than \$500 do not need to be preauthorized but must be submitted through CoolSIS.

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

1.2 **Cardholder Responsibilities**

Every month, each cardholder will be provided with a statement detailing the expenditures that were charged to his/her corporate credit card. The cardholders will submit all receipts for purchases of goods and services to the Business Office by the end of the first week of the following month attached to the debit/credit card monthly statement after making any purchase. All documents will be initialed by the cardholder. In any instance of a missing receipt, payment will be the responsibility of the cardholder.

Should the Designated Accountant identify any inadvertent personal or unauthorized uses of the card, the card statement as well as all backup documentation will be forwarded to the Director of Finance, for review.

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

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

Any fraudulent or other unauthorized charges shall be immediately pointed out to the Director of Finance, for further investigation with the credit card provider and

at the discretion of the Director of Finance may be required to be reimbursed by the individual cardholder who purchased the unauthorized transaction.

The Organization requires the following review and approval procedures:

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

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

1.3 **Revocation of Corporate Credit Cards**

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

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

The Organization will implement continuous on-going monitoring of the use of corporate credit cards to ensure only authorized expenditures are made with the credit cards. Credit card usage must follow the same criteria as all other purchases; i.e., allowable, reasonable, necessary, and allocable, where required.

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

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

1.5 **Employee Personal Credit Cards**

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

2.0 CARDHOLDER RESPONSIBILITIES AND VIOLATIONS

2.1 Card Holder Responsibilities

- The credit card/debit card is valuable property which requires proper treatment by the Cardholder to protect it from misuse by unauthorized parties. Therefore, credit card/debit cards shall only to be used by the person whose name appears on the card;
- To ensure that the card is used only for legitimate business purposes.
- Cardholder is accountable for the activity on the card.
- Corporate credit card/debit card holders are accountable for all transactions undertaken on the card;
- It is the responsibility of the corporate credit card/debit cardholder to ensure the safe custody of the corporate credit card/debit card and erroneous charges, returns or adjustments when needed;
- The corporate credit card/debit card must not be used for any purpose that is of a personal or private nature.
- Cash advances should not be used.
- Misuse of the corporate credit card/debit card will render the cardholder liable to disciplinary action.
- The cardholder must obtain pre-approval via CoolSIS before proceeding with purchasing items over \$500 as stated in Paragraph 1.1.
- Each credit card/debit card has a pre-set limit of \$1,000.00 unless specifically approved by the Executive Director.
- To maintain on file for audit purposes all supporting evidence documents should be (e.g. receipts, packing slips, purchase orders) orderly attached to the corporate credit card/debit card statement. Failure to submit it will result in the suspension of the card;
- Any missing receipt should be replaced by credit card/debit card holder's personal check with the same amount written to Coral Academy of Science Las Vegas.
- If the card is lost or stolen, or any suspected fraudulent activity is noticed, it is the cardholder's responsibility to report within 24 hours to the banking institution's Card Center and advice the Credit card/debit card Administrator within Coral Academy of Science Las Vegas business office;
- Keep your card(s) in an accessible, but secure location. When using the credit card/debit card for internet purchases, cardholders should ensure that the site utilizes industry recognized encryption transmission tools.
- Returning the Credit card/debit card to the Coral Academy of Science Las Vegas and privilege of its use upon leaving Coral Academy of Science Las Vegas or upon ending employment with Coral Academy of Science Las Vegas , or upon request of the business/finance department;

- When the expiration date is passed and/or after you have received a new credit card/debit card, cut the old credit card/debit card in half and dispose of it. Make sure the credit card/debit card is returned to you and verify that the returned credit card/debit card has your name on it;

2.2 **Card Holder Violations**

A credit card/debit card may be suspended or cancelled for any of the following reasons, but not limited to:

- Coral Academy of Science Las Vegas may suspend or cancel Cardholder privileges at any time for any reason;
- The position currently held by the cardholder no longer requires a corporate credit card/debit card;
- The cardholder ceases continuing, term or adjunct employment with Coral Academy of Science Las Vegas;
- Misuse/wrongful of the corporate credit card/debit card by the cardholder including unacceptable or inappropriate expenditure;
- Failure to submit credit card/debit card statement with all receipts within 10 days after the statement closing date;
- In all cases, corporate credit card/debit cards that have been cancelled should be returned to Coral Academy of Science Las Vegas;
- Exceeding bank credit line limit;

3.0 **DEBIT CARDS**

3.1 **Debit Card Policy**

The policy for debit cards is the same as credit cards. Please refer to section **1.0 CREDIT CARDS**. The Organization currently does not allow use of debit cards.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

CSH111 Ex1 USE OF CREDIT CARDS AND DEBIT CARDS CERTIFICATION

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

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

Signature of Employee

Date

Executive Director

Date

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SOP # CSH112 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

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

Policy: The Organization does not permit intercompany transactions.

Purpose: Not applicable.

Scope: Not applicable.

Responsibilities:
Not applicable.

Background: Not applicable.

Procedure:

1.0 INTERCOMPANY TRANSACTIONS

1.1 The Organization does not permit intercompany transactions.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # CSH113 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: CSH113 FINANCIAL RESERVES

Policy: To ensure each charter school maintains a fund reserve in order to protect itself from unforeseen revenue shortfalls or unexpected expenditures.

Purpose: To describe responsibilities and monitoring procedures over each charter school's fund reserve

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

Responsibilities:

Designated Accountant is responsible for day to day monitoring of charter school cash accounts and ensuring their accuracy.

Director of Finance is responsible for oversight over charter school cash accounts as to ensure that required fund reserve amounts are met.

Background: Unexpected costs arise when operating a charter school. Additionally, circumstances outside of the charter holder's control may impact the amount and timing of funding received from the State and other sources. Therefore, maintaining a cash reserve is a common best practice. Nevada guidelines suggest that 3-8% of the general fund budget is maintained.

Procedure:

1.0 FUND RESERVE BALANCES

1.1 The Designated Accountant will monitor the cash balance for each charter school to ensure its accuracy and to be able to project future amounts. This will be accomplished through timely bank reconciliations and regular budget vs. actual comparisons. This process is critical to quickly detect any potential cash shortages so expenditures can be modified or more resources can be requested.

2.0 INVESTMENT OF RESERVE ACCOUNT FUNDS

2.1 The Board of Directors may authorize the investment or reinvestment of funds which are not immediately needed for operations. Such investments will comply with state law and Nevada Administrative Code.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # INV101 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: INV101 FIXED ASSET CONTROL AND LEASES

Policy: Proper control procedures will be followed for all capital asset acquisitions, transfers and dispositions in order to provide internal control of capital equipment and to assist in reporting.

Purpose: To outline the procedures for acquiring, disposing and maintaining control of capital assets. This is particularly important for assets purchased with grant program dollars where the grantee may want the equipment returned at the end of the program.

Scope: This procedure applies to all capital equipment with a value of \$5,000 or more and with a useful life greater than one year. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$5,000. Depreciation or amortization is computed on the straight-line basis over the useful lives of the assets.

Responsibilities:

Site Directors are responsible and accountable for furniture, equipment, machinery and any other capital assets in their schools and will maintain some type of control over capital assets.

Business Office will assist and evaluate any school's capital asset control procedures.

Procedure:

1.0 ACQUISITIONS

1.1 All purchases of assets costing more than \$500 and less than \$1,000 will be approved by the Purchasing/Payroll Manager. Assets with a cost greater than \$1,000 but less than \$2,000 will also require the approval of the Director of Finance. Assets with a cost greater than \$2,000 but less than \$10,000 will also require the approval of the Executive Director. Assets with a cost greater than \$10,000 require the approval of the Board of Directors.

Proper authorization shall be obtained through the CoolSIS system for all purchases and purchase orders. Documentation of approval should be printed on all Purchase Orders or check requests submitted to The Business Office. Site Directors may source the vendor for purchase of the capital assets or can submit the request to Purchasing for procurement.

All purchases above \$5,000 require at least 3 quotes to be obtained. Quotes may be submitted by the requestor or the Purchasing/Payroll Manager can obtain the 3 quotes. The quotes are entered into CoolSIS along with evaluation and selection of the best

option by the requestor. The Director of Finance reviews the 3 quotes and forwards the recommendations to the Executive Director for final review and decision.

- 1.2 Any internally constructed or donated equipment will be reported to the Business Office if the item cost has a value of \$5,000 or more. A complete description of the property, date manufactured or received, number of items, cost or estimated value and a statement that it was internally constructed or donated will be included in the report.
- 1.3 To maintain proper segregation and control upon termination of any employees, any employee owned tools, equipment or furniture brought on the Organization premises will be reported to the Site Director. The report should include the employee's name, description of items, identification numbers, if any, and reason for using the asset.

2.0 DISPOSITIONS

- 2.1 Capital assets may be sold or traded-in on new equipment. An example INV103 Ex1 ASSET DISPOSITION form or updating of Excel workbooks is to be completed and approved by the Site Director. Any assets with an original value greater than \$1,000 will also require the Director of Finance's approval.

Upon approval, the school may advertise the property for sale or submit a list to purchasing for sale and disposition. After completion of the sale, an example INV103 Ex2 BILL OF SALE provided below will issued and the ASSET DISPOSITION form will be submitted to the Business Office. The Business Office will delete the item from the asset records and record any gain or loss on the disposition.

- 2.2 Worn-out or obsolete property with no cash value will be reported to The Business Office on the Asset Disposition form with the description, serial number and condition. The Business Office will inspect all worn-out of obsolete property before it is removed from the school and discarded. The asset will then be removed from the asset records.
- 2.3 Any asset that is missing or has been stolen will be reported in writing to the Site Director and the Business Office as soon as possible. The description, serial number, and other information about the lost item should be included in the report.

The Business Office will determine the proper course of action and will notify the company's insurance carrier and any outside authorities if deemed appropriate. If unrecovered, the asset will then be removed from the asset records.

- 2.4 Inter-campus transfers of assets will be reported to the Business Office in writing including the description, serial number and the name of the school to receive the property.

The Site Director to whom the item was assigned originally will be held accountable until the Business Office is notified of the transfer. After being notified, the Site Director acquiring the property assumes responsibility. The Business Office will then record the inter-school transfer on the asset records.

3.0 ASSET RECORDS

- 3.1 The Business Office will maintain a detailed listing of each capital asset item along with depreciation records which will include the description, date acquired, vendor, cost basis,

assigned school, depreciation method/life and accumulated depreciation and net book value.

- 3.2 On an annual basis, the Business Office will furnish each school a report showing a listing of assets assigned to that school and any acquisitions, disposals and transfers during the past year. Any discrepancies noted by the school should notify the Business Office as soon as possible. This report should be filed by the Site Director for reference and later use.
- 3.3 Each school will be responsible for locating assets that are recorded as assigned to their school whenever requested by The Business Office, a county property tax auditor or the company's external auditors.
- 3.4 Whenever a change in Site Director occurs, all items should be accounted for by the outgoing Site Director. The incoming Site Director will accept the responsibility and accountability for the school asset listing upon assuming the position. The Business Office can assist with this audit if requested.

4.0 LEASED OR OWNED VEHICLES

- 4.1 The safety and comfort of CASLV employees, parents and Board members is of utmost importance. The school campus will establish a mileage log to ensure vehicles are properly planned and replaced on schedule. Any individual that is assigned a vehicle shall be responsible for maintaining the mileage log and working with the Business Office in complying with the replacement requirements of this policy.
- 4.2 A mileage log will be retained for each vehicle and all users will note the beginning and ending mileage for all trips. This log will be provided to the designated driver upon pickup of keys for use of a vehicle. Under no circumstances may an employee retain the keys or mileage log overnight unless on an authorized, extended trip requiring overnight accommodations. All keys will be returned to the school campus upon completion of the day's authorized trips.
- 4.3 The Business Office will submit RFPs to authorized vehicle dealers and service vendors on an annual basis. All vehicles will be serviced by the same designated vendor(s) for this annual contract period. The only exception will be for vehicles, newly purchased or leased, which provide for free maintenance and service as part of its warranty period or any special arrangements made as part of the purchase or lease of the vehicle.
- 4.4 Designated drivers must report any problems or issues identified, upon completion of their daily trip(s), to the Business Office. A "Vehicle Report" must be completed and submitted to the Business Office immediately upon return from any trip whereby a problem or issue is suspected or identified.
- 4.5 If any driver is involved in an accident, whether with another vehicle or not, the driver must complete an Accident Report form and submit the report form to the Business Office immediately upon return to CASLV. A copy of the report form and instructions

for submitting the report and “what to do if involved in an accident” are included in the Exhibits section.

5.0 LEASES

5.1 Classification of Leases

It is the policy of CASLV to classify all leases in which CASLV is a lessee as either capital or operating leases. CASLV shall utilize the criteria described in Statements of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to CASLV at the end of the lease term;
2. The lease contains a bargain purchase option;
3. The lease term is equal to 75% or more of the estimated economic life of the leased property; or
4. The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of CASLV’s incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

CASLV shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

INV103 Ex1 ASSET DISPOSITION FORM

Date: _____

Requested By: _____

Campus: _____

Reasons for Disposition: _____

Description	Serial Number	Date Purchased	Original Cost	Net Book Value	Expected or Actual Proceeds	Gain or Loss

Site Director: _____ Date: _____

Director of Finance: _____ Date: _____

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INV103 Ex2 BILL OF SALE

This Bill of Sale is made on (PURCHASE DATE) between (STORE or COMPANY NAME) , a (STATE) Corporation, with its principal place of business at (COMPANY ADDRESS) ("Seller") and (BUYER'S CONTACT INFORMATION) , ("Buyer").

In exchange for the payment of (DOLLAR AMOUNT) Dollars that has been received, the Seller sells, assigns and transfers all of its right title and interest in the (ASSET SOLD) (the "Goods").

The Seller warrants that it owns the Goods and that it has the Authority to sell the Goods to the Buyer. The Seller further warrants that the Goods are free and clear of all liens, indebtedness, or liabilities. The Seller also warrants that all of the Goods are in good working condition as of the date transferred.

I have carefully reviewed this Bill of Sale and agree to and accept its terms and conditions. I am executing this Bill of Sale as of the day and year first written above.

Seller:

Buyer:

NAME
Owner
COMPANY NAME

NAME

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SOP # INV102 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: INV102 FIXED ASSET CAPITALIZATION & DEPRECIATION

Policy: Asset acquisitions with a useful life expectancy of greater than one year and with a minimum threshold amount as specified by the Director of Finance should be capitalized by the Organization and depreciated.

Purpose: The purpose of this procedure is to delineate the capitalization and depreciation methods for various asset groups.

Scope: All acquisitions of capital assets for the Organization.

Definitions: Capitalization - Capitalization is the method chosen to record the purchase of a fixed asset on the Organization's accounting books. If an asset is capitalized then it is not expensed in the same year the asset is purchased. Instead the asset is generally recorded on the balance sheet and individually on an asset schedule. Examples of capital expenditures are purchases of land, buildings, machinery, office equipment, leasehold improvements and vehicles. The asset is expensed each year as depreciation.

Depreciation - is an annual income tax deduction that allows the write-down or write-off of the cost of the asset over its estimated useful life to recover the cost or other basis of certain property over the time the property is used. It is an allowance expense for the wear and tear, age, deterioration, or obsolescence of the property.

As an asset ages and is used by the Organization, its value declines. It, in effect, becomes worth less and less over time. The declining value or usefulness of the asset over time is represented as a discount that is applied to the original purchase price. At the end of the asset's depreciation period, (and/or useful life), its value on the balance sheet will be zero, or fully-depreciated. At the same time, the individual depreciation expenses will have all been recorded on the income statement.

Note: Land is not depreciated because land does not wear out, become obsolete, or get used up. But, the building on the land is depreciated. Land is generally viewed as an appreciating asset while all other capital assets are generally viewed as depreciating over time, with use. But, unlike depreciation, an asset's appreciation is not recorded on the books until the asset is sold, which is when the assets appreciation is realized.

Cost basis – The total amount paid for the asset, in cash or kind, is considered the "cost-basis". This should include all charges relating to the purchase, such as the purchase price, freight charges and installation, if applicable. The cost basis is not the market value or list price of the asset. It is the total amount invested in the purchase or the total amount paid.

Procedure:

1.0 CAPITALIZATION

- 1.1 All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records.

In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000.

Depreciation or amortization is computed on the straight-line basis over the useful lives of the assets.

Any asset that does not meet the above criteria will be expensed such as small tools and equipment or repairs and maintenance.

- 1.2 The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price, freight charges and installation if applicable.
- 1.3 Leasehold improvements including painting are to be capitalized if they relate to the occupancy of a new office or a major renovation of an existing office or site. Expenditures incurred in connection with maintaining an existing facility in good working order should be expensed as a repair.
- 1.4 The cost of buildings should include all expenditures related directly to its acquisition or construction. This cost includes materials, labor and overhead incurred during construction, and fees, such as attorney's and architect's and building permits.
- 1.5 Maintain proper files on the details to all acquisitions, expenditures, and maintenance performed on all assets. These records are vital for proper tax preparation and are used during yearly tax reporting and planning.

2.0 DEPRECIATION

- 2.1 The depreciation methods/lives for assets must be selected at the time the asset is first placed into service in order to ensure consistent financial reporting and tax compliance.

The Organization uses the straight-line method of depreciation.

The following represents a sample of the useful lives that the Organization may use for financial reporting purposes:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor	20
Buildings		20 - 50
HVAC systems	Heating, ventilation, and air systems	10 - 20
Roofing		20
Interior construction	Leasehold improvements	20 - 25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, tanks	20
Machinery & tools	Shop & maintenance equipment,	3 - 15
Custodial equipment	Floor scrubbers, vacuums, other	7 - 15
Furniture & accessories	Classroom & other furniture	10 - 20
Business machines	Fax, duplicating & printing	3 - 10
Copiers		3 - 10
Communication equipment	Mobile, portable radios	3 - 7
Computer hardware	PCs, printers, network hardware	3 - 5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still & digital)	5 - 10
Athletic equipment	Wrestling mats, weight machines	7 - 10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	5 - 10

- 2.2 The lowest life permitted by tax regulations for asset classes should be selected to optimize depreciation deductions.
- 2.3 Regardless of the depreciation rate required an Organization can elect to use a different method for financial statement purposes. Such method should be justified based on the expected useful life of the asset.
- 2.4 Depreciation is not recorded in the accounting system; however it is reflected in the audited financial statements at the end of the fiscal year.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # REV101 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: REV101 SALES RECEIPT PROCESSING

Policy: To ensure the most accurate process for billing for services, sales receipts will be properly evaluated and approved prior to entry into the accounting system.

Purpose: This procedure outlines the activities and responsibilities involved in verifying the acceptability of all sales receipts.

Scope: These procedures are to be followed for all sales receipts.

Responsibilities:

Designated Accountant approves sales receipt documentation.

Procedure:

1.0 DOCUMENT VERIFICATION

1.1 Sales Receipts are often used for Parenting Fees and other similar fees. Verify that all of the correct documents have been used and are present to support the sales receipt transaction. The following documents are required to complete the Sales Receipt transaction:

- Document identifying what the money collected is for
- Approval or authorized signature for the course
- Customer, parent, or other correspondence or support documentation, etc

1.2 Verify that all required information is available to complete the sales receipt.

1.3 Review the customer's Accounts Receivable aging and determine that the customer is current with their payments and that the new sales receipt will not affect their balance.

2.0 RECEIPT HANDLING

2.1 Please see CSH102 CASH RECEIPTS AND DEPOSITS for specific cash handling procedures.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # REV102 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: REV102 INVOICING, ACCOUNTS RECEIVABLE, RECEIVABLE ACCRUALS

Policy: The Business Office is responsible for the timely preparation and distribution of invoices to optimize cash flow and customer payments. The Business Office will also maintain accurate records over Accounts Receivables and Accruals and abide by proper internal controls.

Purpose: To explain the methods for the preparation of invoices, accounts receivable, and receivable accruals records processing.

Scope: This procedure applies to all revenue earned and services provided by the company.

Procedure:

1.0 SALES RECEIPT REVIEW

1.1 A formal invoice is not always applicable such as when service fees are collected for items such as Parenting.

1.2 The SALES RECEIPT should contain all pertinent billing information as part of the company's sales receipt procedure. However, as part of proper internal control, Billing will verify the information contained on the customer's sales receipt documentation.

As part of this review process, the propriety and accuracy of contact information, prices, description of services, extensions and footings will be determined.

2.0 INVOICE PREPARATION AND POSTING

2.1 The next sequentially numbered Invoice (see example REV102 Ex1 INVOICE) will be prepared from the information from the Federal, State, or Local Grant or Contract Language including all reimbursable costs and will include the invoice date, service item, description of services or billing information, quantity, rate, class or program code, price and extended amounts and the customer's billing addresses.

2.2 Post the invoice by saving the transaction.

3.0 DISTRIBUTION

3.1 Send one copy of the invoice to the customer and retain a second copy of the invoice in the customer file.

4.0 ACCOUNTS RECEIVABLE

4.1 Designated Accountant will receive and process payments from customers in accordance with the CASH RECEIPTS procedure.

- 4.2 On a monthly basis, Designated Accountant will generate an aged trial balance of customers' accounts with individual invoice information and days outstanding and will forward to Chief Financial Officer for their follow up on any aged invoices.
- 4.3 Designated Accountant will generate monthly statements of outstanding customers' accounts and issue them to customers no later than 10 days after each month end.
- 4.4 Designated Accountant will issue Credit Memos to customers upon receipt of approved changes in the terms.

5.0 RECEIVABLE ACCRUALS

- 5.1 Monthly receivable accruals are at the discretion of the Chief Financial Officer and the Designated Accountant when those amounts are reasonably known and quantifiable. Fiscal year end receivable accruals are required to be quantified and recorded no later than August 15th.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

REV102 Ex1 INVOICE

INVOICE NO. _____

CUSTOMER:

Item	Description	Qty	Rate	Class	Amount
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Total

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**REV102 Ex 2 ACCOUNTS RECEIVABLE
WRITE-OFF AUTHORIZATION**

Customer: _____

Date: _____

Invoice No's:

Amount of Write-Off

TOTAL

\$ _____

JUSTIFICATION

Summary of Collection Actions To Date:

(Include brief description of collection actions taken by accounting, other Company departments and outside collection agency or legal, if applicable)

Approvals:

Credit Manager: _____

Date: _____

Controller: _____

Date: _____

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SOP # REV103 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: REV103 PROJECT(Grant/Contract) REVENUE: PROGRESS BILLING

Policy: Progress billings will be made to clients on a timely basis throughout the life of the project. Projects are typically considered Federal, State, and Local Grant contracts. These billings will be accurate and easily understood by both parties involved.

Purpose: The purpose for creating progress billings is to obtain payment for the portion of labor and materials, i.e. "reimbursed costs" used up to a certain point in time and before the project is fully completed. This improves the cash flow typical of long-term projects or assignments. This procedure applies to all Federal, State, and Local Grants and Contracts, Service agreements or Projects provided by the Organization.

Scope: This procedure applies to all service agreements or projects provided by the Organization.

Responsibilities:

Designated Accountant is responsible for the confirmation of all final program amounts and is responsible for knowing the correct procedures to be followed for each contract.

Procedure:

1.0 CONTRACT TYPES

- 1.1 Reimbursement for Services. Progress billing for Reimbursement for Services contracts requires Designated Accountants to be up to date and monitor the services being provided according to the terms of each contract. The Designated Accountant will enter into the reimbursement request the allowable costs that may be billed according to the contract. From time to time and at the end of the contract, the Designated Accountant reviews the billings of the contract and ensures that all available opportunities to recover reimbursable costs have been considered.
- 1.2 Set Contracts. Set contracts such as with the individual charter schools involve reimbursement for costs such as building rental and an allowance for the amount of apportionment attendance earned. Although the contract is set by terms of the contract, since student attendance can vary, the invoicing for these types of contracts is the same amount throughout the fiscal year and reconciled at the end of the year to account for the final attendance counts.

2.0 BREAKDOWN OF CONTRACT AMOUNT

- 2.1 The Designated Accountant is responsible for the final reconciliation of all grant and other contracts at the end of the year by reviewing final billings prepared by

the Designated Accountant and/or the Site Director. Normally, the contractual agreement will specify the procedures for payment and may also specify the form of the breakdown of contract amount that is required. Care should be taken to be sure that all costs, services, and fees are fully billed and accounted for in each contract.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

SOP # REV104 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: REV104 ACCOUNT COLLECTIONS

Policy: All open accounts receivable with late or delinquent payment activity will be handled in a timely and effective manner to ensure maximum collections and an optimum accounts receivable turnover ratio.

Purpose: To provide the actions and methods for processing late or delinquent payments.

Scope: This procedure applies to the Accounts Receivable Department involved with collection of past due accounts receivable. The Registrar and/or Designated Accountant and the Director of Finance may be involved in reference special arrangements.

Responsibilities:

The Registrar and/or Designated Accountant reviews all records for a customer to determine a possible explanation for non-payment prior to commencing the collection process.

Definition: Bad Debt consists of unpaid accounts receivable invoices that are considered to be uncollectible.

Debt collector is any person who regularly collects debts owed to others. This includes attorneys who collect debts on a regular basis.

Procedure:

1.0 COLLECTION PROCESS

1.1 No matter how careful customers are screened prior to credit approval, slow pay or delinquent accounts will occur from time to time. Once an account becomes past due by even a few days, the collection process should commence immediately. Studies have shown that the sooner the collection process starts then the more likely that the debt will be collected.

1.2 Prior to commencing the collection process, the following should be reviewed by the assigned Registrar and/or Designated Accountant:

- Verify that after the Invoice was immediately sent out for all billings to the customer and sent to the correct billing address.
- Make certain that the Organization has not received the customer's payment or applied it to the wrong account. These seem obvious, but it can avoid an uncomfortable situation in wrongly accusing the customer of delinquent payments.
- Review the customer's past payment activity. Determine if they are chronically late and what their response has been to any other overdue notices to determine payment patterns or trends.

- 1.3 Upon review of the above, the Accounts Receivable Representative should then proceed with the collection process by completing an REV104 Ex1 ACCOUNT COLLECTION CONTROL Form. This form will assist in planning and tracking the collection effort. Depending on the amount and the customer situation, the representative can choose to follow-up with collection letters, telephone calls or both.

Record all actions taken (late payment notice, telephone call, etc.) with a date on an ACCOUNT COLLECTION CONTROL Form filed in the customer folder. All customer agreements and explanations should be noted. If payment has not reached the Organization by the expected date, immediate follow-up action should be taken with another collection call or letter. The longer an overdue account is ignored, the longer the customer will ignore it, too.

- 1.4 Telephone communication will often speed up the collection process. Credit representatives, when speaking with a delinquent account, should observe a few tips or principles.

- Identify yourself and the Organization and state the reason for calling. Be direct and use a controlled, confident voice. Concentrate on listening to the customer and don't rush through the call.
- Get the Facts - The most powerful tool is knowledge. During the phone conversation, try to gain as much insight into the situation as possible. Remember, the goals and objectives are to:
 - Collect the money!
 - Identify reasons for non-payment
 - Settle on an agreement for clearing the debt, including special payment plans and exact dates when a check will be sent.
- Never argue, accuse or be condescending - Verbally fighting or talking down to the customer will only serve to produce negative feelings and may hamper the collection effort. The ultimate purpose is to secure payment, and this is best accomplished without becoming defensive or irritated.
- There are several common objections, complaints and excuses used to elude payment. Study the following examples to learn the most effective responses to the most frequently used ploys.

"I didn't get the invoice." - Respond by verifying the debtor's name and address, and then review the account information with them.

"The check is in the mail." - Extend your thanks, then ask for a check number, amount, date posted and address to which it was mailed.

"Your payment is being processed." - Ask when the payment will be ready for the mail. Determine the process that the payment undergoes after it leaves your contact's desk.

"I need proof of delivery." - Give the customer the name of the person who signed the delivery slip.

"The computer is down." - When do you expect it to be up? Can we get a manual payment?

"I'll pay you when we get paid." - Respond calmly, but make a direct request for payment, such as "When can I expect payment?"

"I have no money" - Create a payment plan. Be flexible and consider alternatives offered by the customer. Work toward making the plan acceptable to both of you.

- 1.5 Many people find it difficult to confront customers regarding delinquent payments. Just keep in mind that it is the customer, who should feel uncomfortable in this situation.
- 1.6 If customers stop paying, their phone has been disconnected, and you cannot find them, consider using these resources to locate these debtors and their assets:
- City directories
 - Post office (for a forwarding address)
 - A customer's employer
 - Department of motor vehicle license and registration records
 - "In case of emergency" contact, references or closest relatives listed on a credit application
 - Old files and correspondence
 - The Internet (i.e. <http://www.isleuth.com/peop.html>)
 - Skip-tracing services or private investigator
 - Credit bureau reports
 - Neighbors
 - Directory assistance

2.0 SERIOUSLY DELINQUENT OR UNRESPONSIVE ACCOUNTS

2.1 When an account becomes more than 60 days past due, the immediate target of securing prompt payment should take on a greater sense of urgency. The Designated Accountant should review the account with Accounts Receivable to determine if the customer's business is valued.

If their business is valued, the following strategies may be used to collect payment:

- Restrict any further credit until the past due amount is paid in full.
- Withhold services already entered into. The harsh reality of having a CASLV customer have to move from a CASLV location or find a new provider often can spur a delinquent account into action.

2.2 If all other avenues for collection of the account have been exhausted, the Designated Accountant, after consulting with the Director of Finance, may want to consider and authorize the use of an outside collection agency.

2.3 All uncollectible accounts will be reviewed by the Designated Accountant for disposition.

3.0 WORKING WITH COLLECTION AGENCIES

3.1 Collect all material records for the debt in question and send them to the collection agency. The agency will require a copy of the invoice, proof of delivery, and/or any other correspondence that may help them collect the debt.

3.2 Record the date the debt was sent to collections in the accounts receivable file.

3.3 If payments are received after the debt has been sent to collections, then notify the collection agency immediately in order to stop any further collection efforts. The agency will take their fee for any debt that has been collected once it has been registered by the agency.

3.4 If all other avenues for collection of the account have been exhausted, the Organization should consider further legal action.

4.0 WRITING OFF UNCOLLECTED DEBT

4.1 Write-off any debts remaining uncollected or that are returned from the collection agency and record as a bad debt expense and deduct from accounts receivable.

4.2 If any payments are received after being written-off from accounts receivable, then receive them in as income in the period received.

4.3 If bad debt is a recurring problem then consider setting up a reserve account or allowance for bad debt at the beginning of the year.

References:

A. FAIR DEBT COLLECTION PRACTICES ACT (FDCP)

The FDCP requires that debt collectors treat consumers fairly and prohibits certain methods of debt collection. Personal, family, and household debts are covered under the Act. This includes money owed for the purchase of an automobile, for medical care, or for charge accounts. Business debt is not included.

Debt collectors may not 1) harass, oppress, or abuse the debtor or any third parties they contact. 2) Use any false or misleading statements when collecting a debt.

For example, debt collectors may not:

- Use threats of violence or harm;
- Publish a list of consumers who refuse to pay their debts (except to a credit bureau);
- Use obscene or profane language; or
- Repeatedly use the telephone to annoy someone.
- Falsely imply that they are attorneys or government representatives;
- Falsely imply that the debtor may have committed a crime;
- Falsely represent that they operate or work for a credit bureau;
- Misrepresent the amount of the debtor's debt;
- Indicate that papers being sent to the debtor are legal forms when they are not
- Indicate that papers being sent to the debtor are not legal forms when they are.
- Give false credit information about the debtor to anyone, including a credit bureau;
- Send the debtor anything that looks like an official document from a court or government agency when it is not.
- Use a false name.
- Collect any amount greater than the debtor's debt, unless the debtor's state law permits such a charge;
- Deposit a post-dated check prematurely;
- Use deception to make the debtor accept collect calls or pay for telegrams;
- Take or threaten to take the debtor's property unless this can be done legally.
- Contact the debtor by postcard.
- Say the debtor will be arrested if they do not pay the debt;
- Say they will seize, garnish, attach, or sell the debtor's property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so.

- Say they will take actions, such as a lawsuit against the debtor, when such action legally may not be taken, or when they do not intend to take such action.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

REV104 Ex1 ACCOUNT COLLECTION CONTROL FORM

Account Name: _____ Date _____ Customer Reply or Action

Taken

Address: _____

Contact(s): _____

Telephone #'s: _____

Payment Terms: _____

Comments: _____

<u>Invoice</u>	<u>Date</u> <u>Due</u>	<u>Amount</u>	<u>Date</u> <u>Paid</u>	<u>Running</u> <u>Total</u> <u>Due</u>
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SOP # REV105 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: REV105 REVENUE RECOGNITION - GRANTS AND CONTRIBUTIONS

Policy: The Organization receives revenue from several types of transactions. It is the policy of the Organization to separate and recognize revenue from grants and contributions separately in the financial statements of the Organization and to comply with all current Federal and Nevada rules regarding solicitation and collection of charitable contributions.

Purpose: To provide a separate accounting of grant and contribution income.

Scope: This procedure applies to all grant and contribution income.

Responsibilities:

Designated Accountant and Director of Finance direct the separate accounting for grant revenue and contributions received.

Designated Accountant insures that grant and contribution revenues are separately tracked within the accounting system.

Definition:

Contribution - An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization's liabilities, in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Condition - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets.

Restriction - A donor-imposed stipulation that specifies a use for the contributed asset that is more specific than broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in the Organization's articles of incorporation and bylaws. Restrictions on the Organization's use of an asset may be temporary or permanent.

Nonreciprocal Transfer - A transaction in which an entity incurs a liability or transfers assets to the Organization without directly receiving value from the Organization in exchange.

Promise to Give - A written or oral agreement to contribute cash or other assets to the Organization.

Exchange Transaction - A reciprocal transaction in which the Organization and another entity each receive and sacrifice something of approximately equal value

Procedure:

1.0 GRANT AND CONTRIBUTION REVENUE RECOGNITION

1.1 **Grant income** – Recognized as income when received, based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards). The types of grant income typically received by the Organization are:

- (a) Education payments for CASLV Charter services.
- (b) Various Federal, State, and Local grants and contracts.
- (c) Other types of grant income may be received from time to time.

At year-end, grant income that has been incurred but not yet received are accrued to conform with generally accepted accounting principles.

1.2 **Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income).

1.3 CONTRIBUTIONS RECEIVED

A. Distinguishing Contributions from Exchange Transactions

The Organization may receive income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. The Organization shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. The Organization's intent in soliciting the asset, as stated in the accompanying materials;
2. The expressed intent of the entity providing resources to the Organization (i.e. does the resource provider state its intent is to support the Organization's programs or that it anticipates specified benefits in exchange?);
3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of the Organization (contribution);

4. Whether payment received by the Organization is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by the Organization, or the cost of those assets plus a markup (exchange transaction);
5. Whether there are provisions for penalties (due to nonperformance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution); and
6. Whether assets are to be delivered by the Organization to individuals or other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or the Organization is closely connected to the resource provider.

B. Accounting for Contributions

The Organization shall recognize contribution income in the period in which the Organization receives restricted or unrestricted assets in nonreciprocal transfers, or unconditional promises of future nonreciprocal asset transfers, from donors. Contribution income shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions. See REV107 Restricted Funds for more details.

Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) of the Organization in the period that the Organization receives evidence that a promise to support the Organization has been made. Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management. Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value. Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to the Organization at the time the Organization receives a promise from a donor.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

When it receives support in the form of volunteer labor, the Organization shall record contribution income and assets or expenses if one of the following two criteria is met:

1. The contributed service creates or enhances a nonfinancial asset (such as a building or equipment), or
2. The contributed service possesses all three of the following characteristics:
 - a. It is the type of service that would typically need to be purchased by the Organization if it had not been contributed,
 - b. It requires specialized skills (i.e. formal training in a trade or profession), and
 - c. It is provided by an individual possessing those specialized skills.

Contributed services that meet one of the two preceding criteria shall be recorded at the fair market value of the service rendered.

C. Receipts and Disclosures

The Organization and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and its underlying regulations. To comply with those rules, the Organization shall adhere to the following guidelines with respect to contributions received by the Organization.

For any separate contribution received by the Organization, it shall provide a receipt to the donor. The receipt shall be prepared by the Site Director. All receipts prepared by the Organization shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received;
2. A statement of whether the Organization provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received by the Organization from the donor, and
3. If any goods or services were provided to the donor by the Organization, a description and good faith estimate of the value of those goods or services.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # REV106 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: REV106 GIFTS-IN-KIND

Policy: CASLV may accept contributions of goods or services that can be used to advance the mission of CASLV and/or any of its schools or may be converted readily into cash. When accepting a gift-in-kind, the receiver must ask the donor to complete as an example REV106 Ex1 GIFT-IN-KIND FORM. Once the donor has completed the form, the receiver must sign the form and send it immediately to the Business Office for processing.

Purpose: To ensure that Gift-In-Kind transactions are handled in accordance with IRS guidelines and are properly recorded.

Scope: All Gift-In-Kind transactions.

Responsibilities:

Receiver is responsible for assessing the gift for usefulness to the Organization.

Site Director is responsible for handling donor documentation.

Designated Accountant is responsible for assessing value of gift and recording into the accounting system.

Definition: **Gifts-In-Kind** - Transactions categorized as a voluntary contribution of goods or services that can be used to advance the mission of CASLV or can be readily converted to cash and may qualify as a charitable deduction for the person(s) making the gift.

Contributed services cannot be counted as a gift and do not qualify as a charitable tax deduction to the donor. However, a donor of services may be able to deduct expenses incurred while performing said services. In such cases, the donor should be advised to consult with a tax accountant.

Background: The IRS has specific regulations regarding gifts-in-kind. This policy outlines the process an employee of CASLV should follow when presented with a gift-in-kind. It limits the liability that may inadvertently be assumed by placing value on gifts or by accepting a gift that does not advance the mission of CASLV or cannot be readily converted to cash. It further assures that a donor will receive timely acknowledgement of his/her contribution.

Procedure:

1.0 RECEIPT OF GIFT

1.1 When presented with a potential gift-in-kind, an individual must assess if the gift can be used to advance the mission of CASLV or could be readily converted to

cash. If there is any question as to whether the contribution meets either of these criteria, the individual should contact his/her immediate supervisor or the Business Office.

- 1.2 If the gift is accepted, the individual should offer an immediate and sincere expression of gratitude. At that time, the donor should be given a Gift-In-Kind form and be encouraged to complete the form at that time. If the donor is unable or unwilling to complete the form, the receiver may complete the form, write "N/A" as the estimated fair market value, and enter that the form was completed by him/her in the note section in the lower right hand corner.

The individual accepting the gift cannot offer tax advice or dictate the value of the contribution. It is the responsibility of the donor to determine the fair market value of the contribution. **Note:** the value is for CASLV internal gift reporting and accounting only; the donor's receipt and/or acknowledgement will not indicate value in any way that could be construed as an endorsement of its value.

- 1.3 If the item is personal property of the donor and is valued at more than \$5,000, the donor must obtain a certified appraisal. The appraisal cannot be dated more than 60 days from the date of the donation. It must be prepared, signed and dated by a qualified appraiser. Federal law requires that the donor pay for the appraisal. (The cost of the appraisal is also tax deductible). This value will be used for gift reporting purposes only.

What constitutes a qualified appraisal:

- I. Appraiser must hold himself or herself out to the public as an appraiser and state credentials showing that he or she is qualified to appraise the type of property being valued.
- II. Appraiser must value the property no more than 60 days before the date of gift; it can be done after the gift has been accepted by the CASLV.
- III. Appraiser cannot be (1) the donor, (2) the donee (CASLV), (3) any party to the transaction, (4) an appraiser used regularly by (1), (2) or (3), or anyone employed or related to (1),(2), or (3).

The appraisal must contain the following information:

- 1. A description of the item
- 2. Its physical condition
- 3. The date (or expected date) of the contribution
- 4. Name, address and tax ID number of the appraiser
- 5. Qualifications of the appraiser including his/her background, experience and education
- 6. A statement that the appraisal was prepared for income tax purposes
- 7. Date the item was valued
- 8. Appraised fair market value of the item
- 9. Method of valuation (income approach; market data approach; replacement cost minus depreciation approach.)
- 10. Appraiser must complete Part IV of Section B on form 8283

- 1.4 The individual accepting the gift will sign and date the Gift-In-Kind form only after the donor has irrevocably turned over the gift-in-kind. Once signed, the form should be turned over to the Site Director immediately for processing and acknowledgement.
- 1.5 The Site Director will notify the Designated Accountant of the contribution and assign it as an asset or income to the appropriate school or to the Business Office.

2.0 COMPLIANCE

- 2.1 The IRS allows an individual to deduct the full fair market value of a donated item if it is kept by CASLV and used for one of its tax-exempt purposes. If the item is to be converted to cash, then the donor may claim a deduction of the cost value or the fair market value, whichever is less. **It is the sole responsibility of the donor to determine the value of a contributed item; the receiver cannot assign a value to the donated item(s).**
- 2.2 Upon receipt of a gift-in-kind, CASLV will issue an acknowledgement to the donor along with a copy of the Gift-In-Kind form. The acknowledgement will contain only a description of the contribution and will not include a statement as to the value of the contribution. It will further contain a statement as to what, if any, goods or services were given in exchange for the contribution. CASLV cannot issue an acknowledgement for contributions that cannot be used or readily converted to cash.
- 2.3 For gifts with values exceeding \$5,000, the donor must complete all parts of IRS form 8283 and submit the form to CASLV for signature. The Site Director, the Director of Finance and the Executive Director are the only individuals authorized to sign 8283 forms.

If CASLV has signed an IRS form 8283 and then sells, exchanges or otherwise transfers the gift within two years from the date of gift, the Business Office must file a donee information return, IRS form 8282, within 125 days of disposing the property. CASLV will advise the donor if such a transaction occurs as it may affect the charitable tax deduction for which they qualify.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

REV106 Ex1 GIFT-IN-KIND CONTRIBUTION FORM

Date: _____

Event Name (if applicable): _____

Donor Information:

Donor Name _____

Contact Person _____

Address _____

City _____ State _____ Zip _____

Daytime phone _____ E-mail Address _____

Gift Description: _____

Estimated fair market value (by donor): \$ _____

Special instructions (e.g., item delivery or pick up, restrictions, etc.):

Please return this form to:

Finance Department Phone: (702)269-8512
8185 Tamarus St. Fax: (702)269-3258
Las Vegas, NV 89123

Per IRS regulations, any item you value over \$500 requires IRS Form 8283; any item you value over \$5,000 requires Form 8283 and a written appraisal.

This form does not serve as a receipt for this contribution, but is intended for our internal record keeping purposes only. A receipt describing the items or merchandise donated will be mailed to the address supplied above. Coral Academy of Science – Las Vegas is unable to include the estimated value on the donor receipt. It is the responsibility of the donor to substantiate the fair market value for his/her own tax purposes. The donation of services, although very valuable and much appreciated, is generally not considered tax deductible by the IRS. Please consult with your tax advisor to determine the tax implications of your gift.

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SOP # REV107 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: REV107 RESTRICTED FUNDS

Policy: To properly record and track funds with restrictions in order to ensure the donor's intended uses are met, assist with cash flow planning purposes, and to stay within compliance with laws relating to use of restricted funds.

Purpose: Generally accepted accounting principles require the Organization to classify funds based on the restrictions provided by the donor. These classifications may be unrestricted, temporarily restricted or permanently restricted. Donor restrictions should be in writing, to ensure proper treatment.

Scope: This procedure applies to funds received that are classified as temporarily or permanently restricted.

Responsibilities:

Designated Accountant is responsible for recording restricted donations and releases from restrictions properly in the accounting system.

Designated Accountant is responsible for periodic reconciliation of restricted asset totals and monitoring restrictions to determine whether they have been met.

Director of Finance is responsible for monitoring of restrictions and determining whether fulfilling restrictions can be viable for the Organization.

Definition:

Unrestricted Net Assets - net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Temporarily Restricted Net Assets - net assets whose use are limited by donors to either a specified purpose or a later date. Pledges receivable are considered to be temporarily restricted because of an inference that uncollected amounts are intended for future periods.

Permanently Restricted Net Assets - net assets whose use are restricted in perpetuity, such as endowments.

Procedure:

1.0 RESTRICTED FUNDS

1.1 At the time revenue is earned by the Organization, the Designated Accountant will review any related documentation associated with the revenue to determine

whether there are any restrictions on the money. Examples of restrictions are individual donations given with the intent of supporting a particular program or campaign, a grant received to operate a specific program or project, and donations received to hold in perpetuity. This information can be found on the award letter or on the financial instrument itself. If the revenue is determined to contain restrictions, the Designated Accountant will record in a separate class in the accounting system to keep separate from unrestricted funds. The Designated Accountant should also track the funds in a separate spreadsheet to aid with reconciliation at the fiscal year-end.

- 1.2 **Temporarily Restricted Funds** – These funds will be monitored for satisfaction of donor restrictions on a regular basis. Once stipulations are met, they are reclassified from temporarily restricted funds to unrestricted funds regardless of when the related expenses will occur. This is known as “net assets released from restrictions.”
- 1.3 **Permanently Restricted Funds** – These funds are restricted by the donor for a designated purpose or time restriction that will never expire. The intent is that the principle balance of the contribution will remain as an investment forever, and the Organization will utilize the interest and investment returns, such as with an endowment.

2.0 ACCOUNTING FOR RESTRICTED FUNDS

- 2.1 In addition to the obligation to its donors, the Organization is bound by law to spend contributed dollars as designated. If a condition on restricted funding has not been fulfilled and the money has been spent, the donor can demand that the funds be returned, pursue legal action, or contact the Office of the Attorney General. It is of the utmost importance that donor restricted funds are handled properly.
- 2.2 Do not budget to spend money unavailable to Organization. When planning and budgeting, be mindful of any and all of the time and activity restrictions present on restricted funds. Understand how restrictions will impact cash flow and availability of funds.
- 2.3 Educate staff and board members who are accountable for the Organization’s financial decisions so that they fully understand funding restrictions. Know when the restrictions are satisfied and how to release the funds from restriction.
- 2.4 When analyzing financial reports, pay close attention to unrestricted funds and, unless you are making decisions regarding programming for which the funds have been restricted, avoid basing decisions on restricted funds. Try to focus your attention on the “Unrestricted” amounts. Formatting financial report with columns that delineate unrestricted and restricted funds can be very helpful.
- 2.5 Most restrictions on funds directly relate to the grant or fundraising request. When researching and applying for grants, be aware of any challenges that potential restrictions could present to the Organization.
- 2.6 Fundraising letters and appeals can inadvertently place restrictions on donations. Be certain that managers and donors understand the purpose of contributed

dollars and understand if restrictions are present. Also, be certain that staff charged with fundraising understand that appeals can lead to restricted gifts.

- 2.7 Work with staff to understand the true cost of programming. Allocate all direct costs associated with a program. These allocations help to prepare more accurate budgets for grants and fundraising appeals, and better utilize contributions restricted to specific programs to ease the pressure on limited general operating dollars.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # PUR101 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: PUR101 VENDOR SELECTION

Policy: To ensure the performance capabilities of all vendors and maintain the internal controls of the purchasing functions, appropriate vendor selection and inspection procedures will be followed.

Purpose: To provide the methods for determining, documenting and, when applicable, inspecting vendors for compliance with Organization policies and contract purchasing requirements.

Purchased products and services should conform to specified requirements. This starts with selection of appropriate suppliers, consultants, and contractors that have the capability and systems to supply products, materials and services to satisfy Organization requirements. Suppliers and consultants are controlled to the extent necessary based on the effect of the purchased items and services on the quality of the Organization's products and services.

Scope: This procedure applies to all vendors of products, materials, and services that directly affect the quality of the Organization's products and services.

Responsibilities:

Purchasing/Payroll Manager and/or Director of Finance is responsible for initial supplier, contractor, and consultant (Collectively the "Supplier") identification and for collection of business information related to the potential supplier. Purchasing is also responsible for maintaining supplier performance data for ongoing supplier evaluation.

Director of Finance is responsible for evaluation of the potential supplier's financial information and for evaluating the supplier's quality systems as appropriate and for reporting supplier quality performance on a continuous basis.

Procedure:

1.0 VENDOR SELECTION

1.1 New vendors are to be evaluated using the following criteria:

- Pricing: competitive pricing is one component of the evaluation and may be out weighed by other factors. Pricing alone will not be a deciding factor unless all else is equal.
- Parts availability and shipping time frame.
- Performance capability (i.e., financial status, sufficient facilities, capability of equipment and employees, professional licenses, years of experience).

- Internal Quality Assurance program: Contractors undergo PEER Review, hold additional licenses, are given preference.
- Reference checks.
- Warranty information if applicable.
- Whether the vendor is debarred from receiving State and/or Federal funds

1.2 Ongoing evaluation of suppliers:

- On-Time Delivery, 100% on time expected (0 days early, 0 days late)
- Quality: (Items (or lots) rejected/Total items (or lots) received) X 100. Ratings less than 95% require corrective action. Exceptions to the 95% Corrective Action requirement may be given where the total quantity of items or lots received is small and at the Designated Accountant's discretion.

1.3 Qualified vendors will be maintained on an Approved Vendor List for purchasing. The approved list can be as simple as those vendors that are retained as "active" in the accounting system.

1.4 Vendors may not solicit staff members during hours when students are present or during teaching preparation. Advertising is not allowed in the school unless it is approved by the Board of Directors. No school employee will receive compensation of any kind from any vendor for the sale of supplies or services.

2.0 VENDOR INSPECTIONS

2.1 For critical components that the Organization desires to rely on the quality assurance of the vendor to reduce receiving inspection or testing requirements such as with high end computer parts, an on-sight vendor inspection may be performed and approved.

2.2 The Director of Finance will coordinate with the Purchasing/Payroll Manager to plan, arrange and designate staff for all vendor inspections when considered necessary by the Director of Finance.

3.0 VENDOR FILES

3.1 A vendor file will be prepared and maintained for all vendors on the Approved Vendor List, which will be used for significant or on-going purchasing. The vendor files will be kept alphabetically and should include the following:

- IRS W-9 Taxpayer Identification Certificate (a PDF download is available at: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>)
- Resale certificates (only required for those that resell their purchases)
- Legal contracts, dealer or marketing agreements, etc.
- Long-term blanket purchase order commitments
- Proof of insurance

- Any other relevant correspondence or documentation

3.2 Form 1099 must be filed at year-end for the proper reporting of income to certain vendors. To determine whether or not one needs to be filed, all non-merchandise vendors should complete an IRS W-9 Request for Taxpayer Identification Number Certificate. A copy can be obtained via the IRS website (www.IRS.gov) or by contacting the local IRS office. The vendor indicates on the form the reporting status. Note: Incorporated vendors do not receive 1099s.

This applies to all contractors for service (repair person, accountant, consultant, etc) who are NOT incorporated, and to all lawyers, regardless of incorporation. It is important to make this determination before engaging the contractor so that all payments can be properly tracked for 1099 reporting purposes at the inception.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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SOP # PUR102 Revision: 0

Prepared by: Business Office

Effective Date: May 13, 2014

Approved by: BOD

Title: PUR102 GENERAL PURCHASING

Policy: The investment in supplies and capital equipment will be facilitated through the Business Office, maintained at the lowest effective level and supervised consistent with a common set of procedures and controls as required by all regulatory and customer contract requirements.

Purpose: To outline the actions to be taken for 1) the procurement of supplies and capital equipment, 2) the completion of related documents.

Scope: This procedure applies to the purchase of all supplies and capital equipment for all departments within the Organization.

Responsibilities:

All personnel that require a product or service must complete a request in CoolSIS specifying items for purchase and obtain required approvals.

Director of Finance, Purchasing/Payroll Manager, & Designated Accountant are responsible for using good purchasing methods, optimizing price savings, quality or value of products, vendor working relationships, placing orders with approved suppliers, negotiating pricing with suppliers, and forwarding all paperwork to accounting for payment.

School Site Accountant is responsible for payment of invoices only after satisfactory completion or delivery of goods or services has been made.

The Campus Site Personnel and Other Designated Individuals are responsible for receiving, inspecting materials, and forwarding all paperwork to the Business Office.

Procedure:

1.0 ORDER DETERMINATION AND REQUISITION

- 1.1 Purchasing should obtain the optimal price for any purchases. All purchases above \$5,000 require at least 3 quotes to be obtained. Quotes may be submitted by the requestor or the Purchasing/Payroll Manager can obtain the 3 quotes. The quotes are entered into CoolSIS along with evaluation and selection of the best option by the requestor. The Director of Finance reviews the 3 quotes and forwards the recommendations to the Executive Director for final review and decision.
- 1.2 For purchases of goods and supplies, a request in CoolSIS will be prepared by the originating individual or department. The CoolSIS request should be completed and approved with the following items and any additional supporting documentation:

- Complete description with part or model numbers and link to website if available
- Engineering drawings and specifications
- Type, Class, Grade required
- Quantity required
- Date required
- Requesting department and accounting code
- Recommended vendor or source if applicable
- Other requirements
- Special shipping requirements
- Special inspection requirements upon receipt

For the following purchases, additional information is required:

- Textbooks – Full ISBN
- Airline tickets - passenger(s) legal name(s), date of birth, gender, departure/arrival airport codes and exact dates
- Vehicle rentals - vehicle type, exact dates and exact pick up/drop off locations

1.3 If the requisition is for subcontracted services:

- A complete description of the service to be performed
- Engineering drawings and specifications if appropriate
- Requirements for qualification of personnel
- Other documents such as insurance forms, etc.
- Quality standards to be applied

1.4 The Purchasing/Payroll Manager will analyze terms, vendor, pricing, quantity breaks, etc., and will order accordingly in the Organization's best interest. Purchasing/Payroll Manager will notify the requester of any material variances prior to placement of the order.

1.5 Reimbursements for purchases made by staff will be processed upon proper authorization through CoolSIS.

2.0 ORDER PLACEMENT

2.1 Requestor is responsible for completing a purchase order form for all orders. This can be processed through CoolSIS. Purchase orders are exempted for items such as salaries and related costs, utilities, and instate travel, or where a contract exists.

2.2 If there are any requirements for items to be inspected at the supplier's or the Organization's premises by the Organization or our customer, the arrangements and method of product release shall be included in the purchasing information.

- 2.4 Buyers must review their purchase orders for accuracy. The buyer submits their authorization through CoolSIS indicating the review was performed.
- 2.5 Orders can be placed with the vendor either by telephone, fax, internet or mail. When placing orders by telephone, the vendor contact and date of order should be noted and a confirming copy of the order sent to the vendor. Pre-approval for any purchase is always required.
- 2.6 Purchasing/Payroll Manager is responsible for communicating with those receiving the supplies, following-up on shipping, delivery, and expediting and partial shipments of ordered items. Purchasing/Payroll Manager can either telephone vendors or use a PUR102 Ex1 PURCHASE ORDER FOLLOW-UP form to verify, trace or expedite orders.

3.0 RECORDKEEPING AND MATCHING

- 3.1 When Purchase Orders are issued, the Business Office copies will be placed in an Open File until the items are received. The Open File should be reviewed on a weekly basis to determine whether any orders need follow up.
- 3.2 Items will be received in accordance with procedure PUR103 RECEIVING AND INSPECTION. The completed vendor's packing list is kept at the site where the shipment was received.
- 3.4 For partial shipments, a note will be made in CoolSIS to identify the shipment as partially received. The original Purchase Order will be kept in the open file until all items are received.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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PUR102 Ex1 PURCHASE ORDER FOLLOW-UP

To:

Date: _____

Please rush a reply to us by fax or telephone on the information requested below. Thank you.

Our Purchase Order #: _____

From:

Dated: _____

Please Respond To Our Request As Indicated Below

Please rush shipment. Advise delivery date: _____

Has shipment been made? Advise carrier/date: _____

Partial shipment received. Balance to ship when? _____

Can you ship in accordance with our requested date? _____

This shipment will be shipped via what? _____

Price on Terms do not match quotation: _____

Please review attached and confirm accuracy of all information and prices. Acknowledge below.

These items are not taxable. Our Tax Exempt No. is _____. Please revise invoice.

Incorrect calculations on invoice noted. See attached and verify.

Other _____

Comments or Reply: _____

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SOP # PUR103 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

TITLE: PUR103 RECEIVING AND INSPECTION

Policy: All parts, components, goods and materials will be received in an organized manner and inspected for conformance prior to stocking or use in order to provide an initial quality control inspection. Any items or shipments rejected will be properly quarantined from other inventory items until disposition.

Purpose: This procedure outlines the steps for the receiving and inspection of materials, components, or parts and the disposition of rejected items.

Scope: This procedure applies to the receipt of all purchases.

Responsibilities:

Anyone Performing the Receiving Function are responsible for receiving, inspecting materials, filing receiving documents at site, and marking purchase order as received.

The Business Office is responsible for accepting or rejecting damaged goods.

Designated Accountant is responsible for payment of invoices.

Designated Accountant/Director of Finance will review and authorize all rejections.

Procedure:

1.0 RECEIVING

1.1 A "receiver" is any form used to record the specific types and counts of product or materials received. Usually, the receiver is provided by the vendor and is not part of the Organization's system at all.

An example of this would be a detailed packing slip, furnished by the vendor with the shipment. The packing slip should be kept at the school site.

All incoming product or materials are to be counted and reconciled with what was originally purchased. Discrepancies must be recorded.

1.2 All incoming shipments must be examined for apparent package damage. If the shipment has apparent damage, notify the Business Office immediately. The Business Office will decide to either accept or reject the shipment from the carrier and/or file a freight claim.

1.3 If the shipment shows no signs of damage or the Purchasing/Payroll Manager or Site Director or designee has decided to accept a damaged shipment, count the shipping pieces (i.e., packages, boxes but not the contents; see Inspection below)

and confirm with the bill of lading and note any exceptions (i.e., package damage or shortages).

2.0 INSPECTION

- 2.1 At the receiving holding area, each shipment should be unpacked and all items piece counted and matched to the packing list. If a packing list is not available, complete as an example PUR103 Ex1 RECEIVING AND INSPECTION REPORT.
- 2.2 The shipment will then be inspected for conformance according to the inspection level required for each part number (see PUR103 Ex3 INVENTORY INSPECTION LEVELS). If multiple part number classes are included in the shipment, each class will be segregated and inspected accordingly.
- 2.3 Any previously undiscovered damage to individual inventory items should be noted on the inspection report and immediately followed up with the vendor.

3.0 REJECTION, DISCREPANCIES AND DISPOSITION

- 3.1 Any count discrepancies will be noted on the packing list or as an example PUR103 Ex2 RECEIVING AND INSPECTION REPORT, signed and forwarded to Purchasing/Payroll Manager. The Purchasing/Payroll Manager will then follow-up with the vendor to resolve the shipping discrepancy.
- 3.2 If there is a non-conformance discrepancy, the suspect goods will be red-tagged and separated (quarantined) from other parts and immediately placed in a separate holding area for disposition.
- 3.3 If only partial goods in the shipment are of non-conformance, the accepted goods should be noted on the paperwork and stocked or placed in use per above procedure.
- 3.4 Complete as an example PUR103 Ex2 RECEIVING AND INSPECTION REPORT for any rejected parts. The Designated Accountant will review and authorize all rejections and complete Part II of the report.
- 3.5 Goods found to be in conformance or suitable for their intended use and accepted by Accounting will have the red tag removed and be returned to the receiving area or location the product is needed for use. Designated Accountant will note on the report the justification for any accepted parts and forward the report along with the packing list to the Purchasing/Payroll Manager.

Goods rejected by the Business Office will continue to be quarantined and red tagged until disposed. Purchasing/Payroll Manager will determine and arrange for the appropriate disposition of rejected items (i.e., return to vendor for credit, scrap, etc.).
- 3.6 Unidentified shipments should be resolved by the Purchasing/Payroll Manager. Contact the Director of Finance to resolve any suspicious looking packages.

Revision History:

Revision	Date	Description of changes	Requested By
0	May 13, 2014	Initial Release	

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PUR103 Ex2 RECEIVING AND INSPECTION REPORT

PART I RECEIVING

Date: _____

Vendor/Supplier/Subcontractor: _____

P.O. Or Contract No.: _____

Item No.	Description	INSPECTION Criteria	QUANTITIES		
			Ordered	Received	Inspected

Received By: _____

PART II INSPECTION

Inspected By: _____

Sample Lot

Conformance/Discrepancies to Specifications

	YES	NO	YES	NO
Lot Size: _____	<input type="checkbox"/>	<input type="checkbox"/>	Functional	<input type="checkbox"/>
Sample Qty: _____	<input type="checkbox"/>	<input type="checkbox"/>	Dimensions	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>

Accepted: _____ Date: _____ Rejected: _____ Date: _____

Place in Stock

Cause for Rejection: _____

Forward to Next Operation

PART III REJECTED PARTS DISPOSITION

Return to Vendor

Conditional Acceptance Approvals

Signature _____

Signature _____

Remarks: _____

Further comments may be noted on back of report or additional sheets if necessary.

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PUR103 Ex3 INVENTORY INSPECTION LEVELS

The following are generic descriptions of the type of inspections that should be performed for various classes of inventory items. These descriptions are not completely comprehensive for all the possible types of inventory that can be received and therefore, the inspector should use appropriate judgment to determine any special inspection procedures that may be necessary for unique items.

The inspection levels are intended to be cumulative in that higher level inspections will also include all lower level inspection procedures.

The percentage of the total parts inspected will be according to the part number specifications. For example, an inspection level indication of "Level II, 25" would require that 25% of the parts received in the shipment will be examined at a Level II inspection.

If defects or rejected items are discovered within a shipment and less than a 100% inspection has been performed, the receiving inspector will consult with the Quality Control Manager to determine the appropriate action for assurance of the remainder of the shipment.

- Level I: Visual inspection of the shipment or lot. Items appear reasonably to match packing list description(s). Nothing comes to the attention of the inspector as noticeable defects or as unusual and unordinary.
- Level II: Actual hands-on visual inspection of individual parts. Each part inspected will be analyzed for the quality of workmanship and construction and the appearance of any defects.
- Level III: A functional test of the part will be performed as appropriate for the item. For example, pneumatic parts should indicate function when attached to compressed air source; moving parts should rotate, slide etc.; electrical components should operate, light, etc.
- Level IV: The part will be inspected against a set performance or measurement standard as indicated in the part file. For example, structural items will be measured for compliance to drawings within specified tolerances; electrical and mechanical devices will function according to specified performance standards.

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SOP # PUR104 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: PUR104 ACCOUNTS PAYABLE AND CASH DISBURSEMENTS

Policy: Internal controls are required to ensure that only valid and authorized payables are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments.

Purpose: To explain the practices for documenting, recording and issuing payments for accounts payable transactions. (Note: Payments, disbursements, and expenditures result from accounts payable transactions)

Scope: This procedure applies to all purchases including, contractors, consultants, and merchandise and non-merchandise purchases.

Responsibilities:

The Site Director at each school site is responsible for reviewing payments under \$500 and approving through CoolSIS.

The Purchasing/Payroll Manager is responsible for reviewing payments over \$500 and less than \$1,000 and approving through CoolSIS.

The Director of Finance is responsible for reviewing payments up to \$2,000 and approving through CoolSIS.

The Executive Director is responsible for reviewing payments over \$2,000 and less than \$10,000 and approving through CoolSIS.

The Board of Directors is responsible for approving contracts over \$10,000 and for contracts that include the provision of labor provided by charter school employees.

Designated Accountant is responsible for payment of invoices in a timely manner.

Background: Properly recording liabilities is generally a three-step process, particularly, for merchandise purchases.

The first step is recording the liability upon receipt of merchandise, using the purchase order estimates or other documentation as a guideline. For accuracy and timeliness of data, a liability should be recorded as soon as the Organization receives the purchased items.

Consultant projects are not recognized as a liability until the invoicing from the consultant is received unless and accrual has been recorded to recognize the total estimated cost of the consultant's services.

By necessity, this initial recording is usually an estimate or encumbrance and can be finalized when the actual invoice arrives. This is why a Purchase Order is so important for merchandise purchases. It documents

the Organization's understanding of how much each item will cost, per the vendor's terms. This includes estimates for freight and any other charges.

The second step takes place when the vendor's invoice is received. At this point the actual liability is finalized, with any necessary adjustments to the item costs, freight, or other charges.

The third step involves the preparation, issuance of payment for the goods received, and subsequent filing of all paperwork for easy retrieval.

Procedure Overview:

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

Checks are processed throughout the week.

Requests for cash disbursements are submitted to Accounting through CoolSIS. Documentation for CoolSIS requests can be in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All invoices must be approved by the appropriate staff prior to being submitted to accounts payable. Accounts payable will determine the account code for each invoice.

Approvals for reimbursement requests must be obtained prior to the purchase. The Organization is not obligated to reimburse requests where prior approval was not obtained; however this decision is made at the discretion of the Director of Finance.

Every employee reimbursement or purchase request must be documented in CoolSIS. Please see PUR106 Reimbursements for more details.

Requests for payment are reviewed in CoolSIS by the Site Director, Purchasing/Payroll Manager, or Director of Finance dependent on purchase amount. The appropriate personnel:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Designated Accountant for processing

The Designated Accountant processes all payments and:

1. Immediately enters them into the Accounts Payable module unless it is paid upon receipt on the same day
2. Prints checks according to allocation and payment date provided by the authorizing party
3. Submits checks, with attached backup documentation, to Executive Director for approval and signature.
4. Mails checks and appropriate backup documentation
5. Files all backup documentation in the appropriate file
6. Monitors accounts payable throughout the month

Procedure:

1.0 DOCUMENTING ACCOUNTS PAYABLE

- 1.1 The following documents will be forwarded to accounts payable for temporary filing and subsequent matching to form an accounts payable voucher package:
 - Purchase Order from CoolSIS
 - Vendor invoice
 - Vendor/Consultant contract
- 1.2 Once the Business Office has received all of the above documents, the following steps will be performed to ensure proper authorization, validity of purchase, receipt of purchased items or services and accuracy of amounts.
 - The vendor invoice will be stapled on top of the purchase order.
 - The purchase order should be evaluated for proper authorization and the nature of the purchase and pricing as shown on the invoice reviewed for validity.
 - The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports if items have been received. Any discrepancies must be followed-up and resolved prior to commencing with the disbursement process.

- Calculations on the invoice will be recomputed such as quantities received multiplied by unit price and totals.

2.0 RECORDING NON-MERCHANDISE PAYABLES

- 2.1 Non-merchandise expenditures like utilities, rent, insurance, taxes, repairs, professional fees, etc., are generally not recorded through the purchase order routine. However, there may be other documentation, like contracts, requisitions, and other agreements. These should be filed in the applicable vendor file as documentary support. Upon receipt of the invoice, the charges should be entered into the payable system and coded to the appropriate expense account.
- 2.2 Generally, once invoices (both merchandise and non-merchandise) have been entered, they can be filed in the respective vendor files, ordered by date. To guard against misfiling an un-entered invoice, consider stamping "entered" on each invoice when it's recorded in accounts payable. It is also helpful to note the entered date and initial the entry.

3.0 PAYMENT OF ACCOUNTS PAYABLE

- 3.1 Accounts payable systems generally provide an aged accounts payable report and list the open payables within the accounting system. Open payables are reviewed by the Designated Accountant. The Designated Accountant should select the bills to be paid based on the funds available and a projection of cash flow or receipts over the coming week. Once complete, process the disbursements by either printing the check, electronic online bill pay, wire transfer, or ACH withdrawal for the selected bills to be paid.

Note: Accounts payable should normally be paid within seven days or sooner of their payment term unless otherwise determined by the Director of Finance.

- 3.2 Any vendor credits which are amounts owed to the Organization should be applied to amounts currently owed to the vendor when determining payment. These are normally received in the form of a credit memo or adjusting invoice. These should be entered into the system like any other invoice and applied to the next payment being made. There is no reason to "age" a credit memo.
- 3.3 Pull all Invoices to be paid from the files and match them with the printed checks, wire transfer, electronic online bill pay, or ACH withdrawal documentation. Present the materials to the Director of Finance for review and signing.
- 3.4 Immediately ensure that all printed checks, wire transfer, electronic online bill pay, or ACH withdrawal documentation are signed and approved and correctly recorded in the accounting system. Use only checks that incorporate a two stub plus check form in order to attach one stub to the paid invoice and the other to the remittance copy of the Invoice to show the invoice as paid.
- 3.5 If one check or electronic online bill pay pays several Invoices then either photocopy the stub or print the electronic online bill pay screen print and attach a copy to each paid Invoice or consider attaching all paid Invoices to the one check

stub or the electronic online bill pay document. File all resulting documentation according to check number sequentially in the checks paid binders.

- 3.6 Mail the checks as soon as possible once checks have been posted and "paid" by the system. It is not advisable to "hold" checks for additional days after posting. This practice usually occurs when there are insufficient cash flows. However holding checks increases the difficulty of projecting cash flow, reduces cash balance accuracy, and causes confusion when trying to reconcile accounts payable vendor balances. None of these balances will be accurate if printed checks are held back from mailing. If cash flow is insufficient to mail the checks, then it is advisable not to post and print checks in the first place.

4.0 MANUAL CHECKS

- 4.1 The Organization does not permit the use of manual checks.

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SOP # PUR105 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: PUR105 PREPAID EXPENSES

Policy: It is the policy of CASLV to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, prepaids are only accounted for at the end of the fiscal year and the amount that is considered to be prepaid remains at the discretion of the Director of Finance and the Designated Accountant.

Purpose: To ensure the proper payment and accounting of expenses that have a future benefit allocated over time.

Scope: Any transaction that is currently paid that has a value that can be amortized over a future time period.

Responsibilities:

Designated Accountant is responsible for reviewing and authorizing prepaid expenses.

Designated Accountant is responsible for processing prepaid payments.

Designated Accountant is responsible for amortizing the prepaid cost of the expected future life of the prepaid asset.

Background: Prepaid expenses are very common and allow the Organization to on occasion take advantage of pre-paying for certain expenses and thus recovering discounts or ensuring that a certain expense is fully paid.

Procedure:

1.0 ACCOUNTING TREATMENT

1.1 Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statements date shall be classified as non-current assets.

2.0 PROCEDURES

2.1 As part of the account coding process performed during the processing of accounts payable at the end of the fiscal year, all incoming vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The Designated Accountant shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This

schedule shall be reconciled to the general ledger balance as part of the monthly closeout process.

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SOP # PUR106 Revision: 0
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Prepared by: Business Office
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Title: PUR106 REIMBURSEMENTS

Policy: Internal controls are required to ensure that only valid and authorized reimbursements are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments.

Purpose: To explain the practices for documenting, recording and issuing payments for reimbursement transactions.

Scope: This procedure applies to all reimbursements.

Responsibilities:

The Site Director at each school site is responsible for approving and reviewing all reimbursements and approving through CoolSIS up to \$500.

The Purchasing/Payroll Manager is responsible for approving and reviewing all reimbursements and approving through CoolSIS between \$500 and \$1,000.

The Director of Finance is responsible for approving and reviewing all reimbursements and approving through CoolSIS between \$1,000 and \$2,000.

The Executive Director is responsible for approving and reviewing all reimbursements and approving through CoolSIS between \$2,000 and \$10,000.

The Board of Directors is responsible for approving and reviewing all reimbursements and approving through CoolSIS over \$10,000.

Designated Accountant is responsible for payment of reimbursements in a timely manner. A timely manner is defined as within two weeks upon submission to the Designated Accountant.

Background: Properly recording reimbursements is generally a three-step process.

The first step is accurately submitting reimbursement receipts along with a reimbursement authorization form.

The second step is obtaining the appropriate authorization.

The third step involves the preparation, issuance of reimbursement payment in a timely manner, and subsequent filing of all paperwork for easy retrieval.

Procedure Overview:

Reimbursements are generally made for:

1. Travel and conferences
2. Mileage
3. Meals
4. School/classroom supplies
5. Allowable academic expenses
6. Student awards
7. Other expenses

Reimbursement checks are processed on two week cycles or sooner.

Requests for cash disbursements are submitted to the Business Office through CoolSIS. Documentation for CoolSIS requests can be in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All reimbursement requests must be approved by the appropriate staff prior to being submitted to accounts payable. Designated Accountant will determine the account code for each invoice.

Approvals for reimbursement requests must be obtained prior to the purchase. The Organization is not obligated to reimburse requests where prior approval was not obtained.

Every employee reimbursement or purchase request must be documented in CoolSIS with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Travel and Conferences - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose. This includes itemized receipts for parking, tolls and bridges, car rentals, taxis, and conference receipts. (See G&A103, Travel and Entertainment policy for more detailed information.)

Car Rentals – When possible, advance arrangements should be made by the Purchasing/Payroll Manager if a car is required at the destination, otherwise the employee is required to make their own car rental arrangements. Vehicle selection will be based upon the most cost-effective class that satisfies requirements for the employee(s) and any demonstration equipment. Car rental fuel purchases are reimbursed for submitted fuel receipts up to the equivalent of a calculated 26 cents per mile. Therefore, car rental, MapQuest or other similar map-type printouts

of the approved business trip and miles driven is required for all car rental trips in order to be reimbursed.

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

Mileage/Personal Vehicles - An employee required to use their own automobile for business will be reimbursed at 36 cents a mile. The employee must provide on the expense report, documentation including dates, miles traveled and purpose of each trip.

The Organization assumes no responsibility for personal automobiles used for business. Further, any parking or speeding violation is the sole responsibility of the employee.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose. Entertainment expenses are disallowed.

Meal and Entertainment tips are limited to 15% (unless automatically assessed by the eating establishment) of the pre-tax meal total cost and any tip that is in excess of the pre-tax meal total cost will not be reimbursed. For example, a meal that costs \$10 may have an 8% sales tax bringing the total meal price before tip to \$10.80. Figure the tip on the \$10 amount at 15% or \$1.50 and that amount of tip or less is reimbursable. If you tipped more than a \$1.50, that difference is not reimbursable. You are always allowed to tip less than 15% should you choose to do so.

School/Classroom Supplies, Allowable Academic Expenses, and Student Awards – these expenditures are subject to the approval of the Site Director. Gifts of any kind are never allowed. Student awards may only be paid from non-general school funds and unrestricted sources. In other words, student awards may be paid from unrestricted fundraising or from other unrestricted sources of income, subject to approval of the Site Director and/or Business Office.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

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

Examples include:

- Airline or travel trip interruption insurance

- Airline or travel lounge clubs
- Shoe shine or Dry-cleaning (except for extended travel beyond 5 days)
- Movies or personal entertainment
- Books, magazines or newspapers
- Theft or loss of personal property
- Doctor bills, prescriptions, or other medical services
- Parking tickets, traffic tickets or Car towing if illegally parked
- Health club memberships
- Baby sitter or Pet care fees
- Barbers and Hairdressers
- Alcoholic beverages

Requests for reimbursement payments are reviewed in CoolSIS by the Site Director, Director of Finance, or Executive Director, dependent on purchase amount. The appropriate personnel:

1. Verifies and matches expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Designated Accountant for processing

The Designated Accountant processes all payments and:

1. Immediately enters them into the Accounts Payable module, unless paid upon receipt on the same day
2. Prints checks according to allocation and payment date provided by the approving party
3. Submits checks, with attached backup documentation, to Executive Director for approval and signature
4. Attaches check stub to invoice indicating payment
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Monitors accounts payable throughout the month

Procedure:

1.0 DOCUMENTING REIMBURSEMENTS

All business reimbursement expenditures incurred by employees of the Organization are reimbursed through CoolSIS. Reimbursement receipts must be submitted at least monthly and any receipt that is older than 90 days will not be reimbursed at the discretion of the Director of Finance.

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

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

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SOP # PUR107 Revision: 0
Effective Date: May 13, 2014

Prepared by: Business Office
Approved by: BOD

Title: PUR107 MEALS, REFRESHMENTS, AND GIFTS

Policy: CASLV recognizes there may be occasions when it is appropriate to expend charter school funds in the course of conducting charter school business to provide meals or refreshments (bakery goods, snacks, fruit, punch, coffee, tea, soft drinks, etc.). The purchase of gifts may also be approved, in certain situations, but subject to Board approval. Such occasions may include, but are not limited to, various charter school and building level meetings, gatherings to celebrate charter school successes or recognize individual achievements, contributions or outstanding service to the charter school and other charter school and school-sponsored activities. Such expenditures may be made with prior Board of Directors approval only, subject to the provisions of Nevada administrative regulations.

Purpose: To ensure expenses incurred for meals, refreshments, and gifts are made within state regulations.

Scope: Any transaction incurred for the above items paid from the general accounts. Excluded are transactions paid with funds collected from staff members or other funds maintained by staff members such as a “social fund” or “sunshine fund”.

Responsibilities:

Designated Accountant is responsible for payment of invoices in a timely manner.

Designated Accountant is responsible for ensuring expenses are incurred within Nevada administrative regulations.

The Board of Directors is responsible for approving payments for meals, refreshments, and gifts.

Background: Expenses not directly related to providing education is appropriate occasionally, but they must be within standards and overseen by the Board of Directors.

Procedure:

1.0 MEALS AND REFRESHMENTS

1.1 Subject to Board approval, charter school funds may be used to pay for individual or group meals only if official charter school business is being conducted during the time in which the meal is provided and only if the meal provides a particularly practical time or setting for the discussion, consistent with governing body policy and the following:

- Meals may be provided by the charter school to recognize the contributions of staff, through retirement dinners or other recognition events;
- Meals may be provided by the charter school as a part of governing body or administrative work sessions, at charter school or building-level committee meetings or other charter school approved activities.

Meals not directly business related may be provided to staff or others at the individual’s expense only.

Members of the Board of Directors, administrators and other charter school administrative staff may use charter school funds to provide refreshments for staff, parents or others at meetings, in-service programs or other similar charter school or school-sponsored activities, not to exceed \$50 per participant and subject to the following additional requirements:

- The purchase of alcoholic beverages with charter school funds is strictly prohibited;
- The use of charter school funds for parties is prohibited.

2.0 GIFTS

2.1 Use of charter school funds for gifts is strictly prohibited. Donated funds to the school are considered restricted funds and may not be used for gifts, meals, staff appreciation, parties, or other non-school activities. Regardless of any use, Board approval must be obtained prior to any expenditure.

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SOP # PUR108 Revision: 0
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Prepared by: Business Office
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Title: PUR108 EMPLOYEE RELOCATION EXPENSES

Policy: New employees or employees moving to a new location within the Organization may be reimbursed for moving expenses upon authorization of the Executive Director.

Purpose: To provide guidance regarding the required authorizations for processing reimbursable relocation expenses and general information regarding taxability and limits to reimbursement.

Scope: This procedure applies to relocation expenses incurred by a new or current employee.

Responsibilities:

The Board of Directors is responsible for approving any reimbursements exceeding stated limits below.

The Director of Finance is responsible for approving and reviewing all relocation related reimbursements and approving through CoolSIS.

The Executive Director is responsible for initial authorization of reimbursement of moving expenses for a future or current employee preparing to move.

Procedure:

1.0 REIMBURSABLE EXPENSES

1.1 A relocation and moving authorization form titled "Relocation Authorization Form" is required to be approved and signed prior to any relocation expenses being incurred. When a new employee is being "offered" employment, an "Offer" letter is issued. The offer letter associated with the employee moving should specify the maximum moving expense reimbursement that will be paid by CASLV and the related tax implications to the appointee. The reimbursement request should include the portion of the offer letter referencing the maximum expense reimbursement.

1.2 Expenses eligible for reimbursement include all expenses identified as reimbursable by the IRS. This includes, but is not limited to

- House-Hunting Expenses – This includes all expenses related to travel for employee and spouse.
- En Route Travel Expenses – Includes cost of transportation, lodging for employee, spouse and dependent children living at home, and reimbursement of meals en route.

- Temporary Living Expenses – Expenses incurred for temporary living arrangement while relocating near the new site.
- Moving of Household and Personal Effects – Includes actual costs of packing, transporting, unpacking household effects; in-transit storage costs; insurance; and moving household pets.
- Auto Shipment – Automobiles used as primary mode of transportation of the employee and spouse. Automobiles may be driven or shipped. Mileage reimbursement will be provided at university's approved rate if automobiles are driven.
- Early Lease Termination – Any charges incurred by their landlord for early lease termination related to relocation for CASLV are reimbursable contingent on review of the lease or rental contract by the Director of Finance.

Individuals receiving the benefit of relocation and moving expenses should be aware of any personal income tax implications and should consult a tax professional with personal tax questions.

- 1.3 The following limits to relocation reimbursements shall apply, unless previously authorized by the Board of Directors:
 - Intrastate (moving within a state): \$2,000
 - Interstate (moving across a state line): \$3,000
- 1.4 PUR107 Ex01, RELOCATION AUTHORIZATION FORM, should be used for reporting requests for reimbursement. Process for reimbursements should be conducted in accordance with PUR106 Reimbursements.
- 1.5 If an employee ceases employment with CASLV prior to one year after incurring reimbursable relocation expenses, the employee will be obligated to reimburse CASLV for any payments received for relocation.

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PUR107 Ex01, RELOCATION AUTHORIZATION FORM

Coral Academy of Science-Las Vegas RELOCATION AUTHORIZATION Form		
INSTRUCTIONS: Before completing, read the Moving Expense Regulations and Guide. Complete appropriate sections, sign and submit to your hiring agency.		
Employee Name (person moving)	Phone Numbers Home: Work: Email:	Requested Amount:
Present/Origin Address	City/State/Zip	County (example: King)
Destination Address (if unknown list anticipated city & state)	City/State/Zip	County (example: Pierce)
Interstate (within one state). List estimated value of hauling expenses. CASLV covers up to \$2,000.00 \$ _____	Intrastate moves (crossing one or more state lines) List estimated value of hauling expenses \$3,000.00 \$ _____	
Self-Move Information :		
Rental Equipment or Direct Hire of Carrier (state one):	Estimated mileage	Estimated Cost \$ _____
Mobile Home Only (complete only if moving a manufactured/mobile home you will reside in at destination):		
Make of Mobile/Manufactured Home and year	Size (single, double or triple wide)	
Employee Agreement (Altered/modified or unsigned signature block will result in move not being assigned by the foundation or moving expenses not being reimbursed).		
I acknowledge a receipt of the Moving Expense Regulation . I authorize that costs in excess of allotments , as set forth in CASLV policy and, be deducted from my next salary payment; if I do not reimburse my hiring agency for unauthorized expenses that by regulation must be paid by the employee. I understand payment is due within thirty (30) days from date of notice from the hiring agency.		
New Employee Only: In the event I terminate or cause termination of my employment with the CASLV within one (1)-year from date of employment, I agree to reimburse the CASLV for all moving costs which have been paid and hereby authorize the CASLV to withhold any sums due to me as a part or full payment of such costs.		
Signature and date of Employee:	Signature and date of Authorized Agency Designee:	

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SOP # PUR109 Revision: 0

Prepared by: Business Office

Effective Date: May 13, 2014

Approved by: BOD

Title: PUR109 PURCHASING AND PROCUREMENT BIDDING POLICY

Policy: The acquisition of supplies, capital equipment and services will be conducted to ensure timely, efficient, and economic procurement, within the guidelines of good business practices.

Purpose: To define when purchases or procurement is necessary to be obtained through a competitive sealed bidding process and what items will not be publicly bid.

Scope: This procedure applies to the purchase and procurement of all supplies, capital equipment, and service contracts for all departments within the Organization.

Responsibilities:

Director of Finance is responsible for reviewing procurement requests over \$3,000 to determine whether a competitive sealed bidding process is necessary.

Purchasing/Payroll Manager is responsible for coordinating the competitive sealed bid process, if necessary.

Executive Director or designee is responsible for reviewing bids obtained and selection of the best bid.

Board of Directors is responsible for reviewing the management's reasoning for the selected bid.

Procedure:

1.0 EVALUATION OF PURCHASING AND PROCUREMENTS

1.1 Purchasing/Payroll Manger should obtain the optimal price for any purchases and procurements. Major construction projects above \$1,000,000 shall be obtained through a competitive sealed bid process. All other purchases and procurements, including the following items, are not required to be acquired through a competitive bid process:

- Capital equipment (except when included in major construction projects above \$1,000,000)
- Professional and consulting services
- Information technology services and purchases
- Special education services
- Payroll services
- Repairs and Maintenance services
- Other service contracts (except major construction projects above \$1,000,000)

2.0 COMPETITIVE SEALED BID PROCESS

- 2.1 The Purchasing/Payroll Manager will determine specifications and requirements for the project that clearly define the items or services needed to allow bidders to properly respond, and include in an Invitation for Bid (IFB).
- 2.2 Public solicitation of bids must be made at least 14 calendar days in advance of when management plans the bid opening. Public solicitation can be made through advertising in a major newspaper. The advertisement must include date and time of bid opening, a brief description of what is being proposed and instructions for obtaining a copy of the IFB. Copies of the complete IFB should be mailed to prospective bidders, i.e., vendors that are believed to be qualified and might reasonably be expected to respond. Any amendments or changes to the IFB as well as any questions and answers resulting from written bidder inquiries must be submitted to all prospective bidders. Submissions of sealed bids shall include a price quotation, as well as any specific documents included in the IFB.
- 2.3 Sealed bids must be publicly opened at the time and place stated in the invitation by the Executive Director or designee. Bids received after the stated deadline cannot be considered, unless it is received before award is made and it was sent by registered or certified mail not later than the fifth calendar day prior to the date specified for the receipt of bids. Only sealed bids are valid; unsealed bids must be rejected. Once the bids are opened, the name of each bidder and bid price must be recorded.

3.0 EVALUATION OF BIDS

- 3.1 The Executive Director or designee will evaluate the valid bids to determine whether the bids conform to the terms and conditions of the IFB, and will make a selection based on a number of factors, including price, reputation of vendor, and quality of work. The reasoning behind bidder selection should be documented in writing.
- 3.2 The successful bidder should be notified by written notice of the awarded contract.

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EMBEZZLEMENT / FRAUD PREVENTION

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EMBEZZLEMENT / FRAUD PREVENTION

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1.0 ORGANIZATIONAL STRUCTURE AND FUNCTIONS

A organization's structure, and the manner in which various functions are assigned, may contribute significantly to the development of “windows of opportunity” for embezzlers to act.

One of your first tasks will be to examine every facet of your organization using Section 7, “Loss Prevention Audit and Examination Guidelines” as a risk assessment device, and locate the organization's windows of opportunity. One of your next tasks will be to close those windows.

Because embezzlements are generally “habit” crimes, and are made up of a series of rhythmic, predictable and cyclic events, it becomes a simple matter to answer the question of just why certain types of companies are so susceptible to this type of activity. Besides the fact that many companies store money, property and data, remember that most companies function in a traditional way.

For our purposes “traditional” is defined as:

Traditional. An activity that is conducted in a conventional, established, predictable, common and habitual manner.

If an employee wants to embezzle, he/she does not want to work within an industry whose unpredictable operations may expose the crime. The embezzler must plan the crime to take advantage of the opportunities presented by the rhythmic, cyclical and predictable pattern of tasks and events.

1.1 WHERE EMBEZZLERS LOOK FOR OPPORTUNITIES

Opportunities for embezzlement are generally available within each of the following categories:

- Policies and procedures;
- Personnel;
- Documents;
- Computers and records; and
- Facilities.

In short, those who would commit fraud are motivated to commit fraud for any number of reasons and they actively search for situations where they can exercise their opportunity to commit the act and have access to key areas that enable the fraud to occur.

1.2 CORPORATE CULTURE

A organization's “corporate culture” is a significant factor when determining the organization's vulnerability to misuse and misappropriation.

For our purposes “Corporate culture” is defined as:

Corporate culture. An environment influenced by the prevalent morals, ethics, ideals, and standards for behavior as developed, implemented and demonstrated by management: the organization's conscience.

1.3 CODE OF CONDUCT

Many organization auditors and other risk managers recommend that a organization's board of directors require the organization to adopt ethical codes. This "Code of Conduct" is an excellent method to communicate with employees and to describe acceptable standards of behavior. This communication should deal with the solicitation and receipt of things of value; conflicts of interest; use of confidential information; and cooperation with internal investigations.

The organization's Code of Conduct should clearly state that an employee's failure to cooperate with an internal investigation will subject the employee to discipline, up to and including termination. The Code of Conduct may also explain the right of the organization to suspend an employee, with or without pay, during the conduct of an investigation.

Terms in the organization's Code of Conduct are often enforceable as contractual rights. Companies should be careful not to include exaggerated statements concerning standards of conduct that they are not willing to enforce in a universal manner. The selective enforcement of a Code of Conduct could result in the organization not being allowed to enforce it against an employee suspected of unlawful activities.

Employees need to be shown where they fit into the organization; need to know what the organization stands for and what it won't allow; and need to be led by example. If the organization fails to communicate effectively its response to any of these needs, it is preparing the means for its own destruction. Embezzlers themselves cite these reasons for the discontentment that led them to commit their crimes.

1.4 SUMMARY

The organization's Code of Conduct statement is also an excellent device to describe an employee's rights and obligations. Employees who believe that they are treated fairly, and treated as every other employee, are less likely to become discontented. This section addresses the basic areas of concern that provide embezzlers the means and the motivation to commit the crime. The next section examines the rights granted to all employees.

2.0 EMPLOYEES' RIGHTS

Every investigator must remember that employees have certain legally protected rights that are inherent in any employment relationship. In our society, a person is believed to be innocent (not responsible) until proven guilty (responsible). We'll learn later that, as investigators, we suspect everyone.

For our purposes a "right" is defined as:

A right. A power or a privilege granted to either the employer or employee. A right includes both duties and obligations relevant to all parties in the relationship, and it may extend beyond the term of the relationship.

2.1 ESTABLISHING THE ORGANIZATION'S AND EMPLOYEES' RIGHTS

An employee may also have additional rights that arise from the contractual relationship between the employer and the employee. However, the investigator is not a sworn law enforcement officer, so federal constitutional limitations that apply to the actions of the police do not apply to the investigator who is a private citizen.

The term of the contract between a organization and an employee may be as formal as a written employment agreement, or as informal as an unwritten practice of doing things in a certain manner. Most companies have written policies and procedures for at least part of their operations. Every investigator should consider these informal but commonly-accepted practices, employment agreements, or policies and procedures to be part of the contract between the organization and its employees.

Many courts have held that the parties to any contract owe each other a duty of good faith and fair dealing. In the context of an investigation, this duty extends to the methods used in the investigation, and the discipline, if any, imposed after the investigation is completed.

The organization's failure to follow established and reasonable procedures can be used as the basis for a legal action by an employee.

Regardless of the reason for discipline or discharge, the organization's failure to follow established and reasonable procedures can be used as the basis for a legal action by an employee, charging a breach of the organization's duty of good faith and fair dealing.

2.2 EMPLOYEE RIGHTS TO PRIVACY AND RELATED ISSUES

Many states have extended the right of privacy to the employer/employee relationship. This right of privacy may limit the investigator's ability to inquire into the private life of the employee; to search an employee's work area; or to examine an employee's checking or savings accounts. Many states also have

statutes that prohibit the monitoring or recording of telephone calls, conversations and interviews without the express consent (sometimes, written consent) of the employee.

In addition to privacy issues, an improperly conducted interview may expose a organization to possible civil or criminal liability under state law, for false arrest, false imprisonment or intentional infliction of emotional distress.

Some privacy rights cease to exist if the employee does not have a “reasonable expectation” of privacy. For example, an employee handbook or Code of Conduct can disclose that a financial institution employee's checking or savings accounts are subject to review by the institution's audit department or internal investigators. The handbook or Code of Conduct can state that all lockers, desks, cabinets, and similar places where things can be stored, belong to the organization and may be searched by its representatives at any time.

A non-union employee does not have the right to have a union or other representative, including an attorney, present during an investigative interview. An employee also does not have the right to confront witnesses. However, the duty of good faith and fair dealing requires that an employee should be given the opportunity to respond to charges made against him or her.

2.3 THE EMPLOYEE POLYGRAPH PROTECTION ACT

Federal law prohibits most private employers from using any lie detector test, either for pre-employment screening or during the course of employment. The *Employee Polygraph Protection Act of 1988* contains several limited exemptions that authorize polygraph tests under certain conditions, including the testing of employees who are reasonably suspected of involvement in a work place incident that results in economic loss or injury to the employer's business.

Subject to numerous conditions and restrictions, an employer may request an employee to submit to a polygraph test, but no other type of lie detector test, and only if:

1. The test is administered in connection with an on-going investigation involving economic loss or injury to the employer's business, such as theft, embezzlement, misappropriation, or an act of unlawful industrial espionage or sabotage;
2. The employee had access to the property that is the subject of the investigation;
3. The employer has a reasonable suspicion that the employee was involved in the incident or activity under investigation;
4. The employer provides the examinee with a statement, in a language understood by the examinee prior to the test, which fully explains with particularity the specific incident or activity being investigated, and the basis for testing particular employees which contains, at a minimum:

- (i) An identification with particularity of the specific economic loss or injury to the business of the employer;
 - (ii) A description of the employee's access to the property that is the subject of the investigation;
 - (iii) A description in detail of the basis of the employer's reasonable suspicion that the employee was involved in the incident or activity under investigation; and
 - (iv) The signature of a person (other than the polygraph examiner) authorized to legally bind the employer; and
5. The employer retains a copy of the statement described above for at least three (3) years and makes it available for inspection by the Department of Labor.

2.4 ADMONISHMENT TO SUSPECT EMPLOYEES

As a private person acting as the investigator, you do not have the legal obligation to inform a person suspected of a crime of his/her rights against self-incrimination, as does a sworn law enforcement officer. Don't overlook the significant advantage of stating a similar admonition to a suspect employee, however.

If you will be acting as the investigator, draft your own suspect admonition to create an emotional impact and establish your authority, as long as similar statements are included in your organization's employee handbook or other distributed materials.

The following admonition is a suggestion only:

- You are an employee of this organization, and subject to the same policies, procedures and standards of behavior and performance as all other employees;
- The organization is conducting an investigation in connection with an event(s) involving economic loss or injury to the organization's business, such as theft, embezzlement, misappropriation, or an act of unlawful industrial espionage or sabotage;
- The organization believes that you, as an employee, had access to the property, goods, title or money that is the subject of the investigation;
- The organization maintains a reasonable suspicion that you, as an employee, were involved in or had knowledge of the incident or activity under investigation;
- You have previously acknowledged, in writing, that you have read, understood and are prepared to abide by the same policies, procedures and standards of behavior and performance as all other employees;
- You may be disciplined according to the terms of the organization's policy if you remain silent, purposely withhold information which may be pertinent to this investigation or otherwise fail to cooperate with this investigation;

- You do not have the right to have an attorney or a witness present with you during questioning;
- Do you understand your rights as an employee of this organization, as I have explained them to you?
- If so, will you cooperate in this investigation to the best of your ability?

Document the statement using the **Report of Investigation: Statement S**.

A sample form is located on the next page.

2.5 SUMMARY

We'll return to this topic again when we present additional information about conducting interviews and interrogations. This section addresses the basic rights possessed by both employees and the organization. The next section examines the development of an effective loss prevention program, with a specific emphasis upon embezzlement prevention.

<p>REPORT OF INVESTIGATION: STATEMENTS</p> <p>Report # _____</p>

Day: _____	Time started: _____
Date: _____	Time ended: _____
Name	
Address	
City/State/Zip	
Phone	
DDL #	
SSN #	
Location	
Investigator	
Witness	

<p>Admonition:</p>

1. You are an employee of this organization and subject to the same policies, procedures and standards of behavior and performance as all other employees;
2. The organization is conducting an investigation in connection with an event(s) involving economic loss or injury to the organization's business, such as theft, embezzlement, misappropriation, or an act of unlawful industrial espionage or sabotage;
3. The organization believes that you, as an employee, had access to the property, goods, title or money that is the subject of the investigation;
4. The organization maintains a reasonable suspicion that you, as an employee, were involved in or had knowledge of the incident or activity under investigation;
5. You have previously acknowledged, in writing, that you have read, understood and are prepared to abide by the same policies, procedures and standards of behavior and performance as all other employees;
6. You may be disciplined according to the terms of the organization's policy if you remain silent, purposely withhold information which may be pertinent to this investigation or otherwise fail to cooperate with this investigation;

I declare that I have written this statement voluntarily, without threats or promises of any kind, to the best of my ability and recollection. I declare under penalty of perjury that this information is true and correct. This declaration was executed in:

City and state:	
Date	Time
Signature:	
Investigator:	
Witness:	

Record of interview:
Your position title is:
You have worked in this position since:
Other positions you have held at this organization are:
From: _____ To: _____
From: _____ To: _____
From: _____ To: _____
Other companies you have worked for and position titles:
Employer: _____ From: _____ To: _____

Position:		
Employer:	From:	To:
Position:		

Employer:
Position:
A brief description of your current duties, responsibilities and level of authority, or duties as of the date of the incident is:
Your supervisor is:
Your salary scale is:
Your employee benefits are:
Do you receive any additional benefits (e.g., expense account, vehicle allowance, mileage repayment, schooling?)
If you do receive additional benefits, describe them:
Your employee identification number is:

Do you have checking or savings accounts? If you do have checking or savings accounts, describe them:
--

Account #1:
Institution/branch:
Account #2:
Institution/branch:
Account #3:
Institution/branch:
Do you own your own home?
Do you have any other sources of income?
If you have other sources of income, describe them:
Source #1:
Amount: Monthly / yearly?
Source # 2:
Amount: Monthly / yearly?
Source # 3:
Amount: Monthly / yearly?

Do you consume alcoholic beverages?
If you consume alcoholic beverages, how much and how often?

Do you consume drugs, either prescribed or illegal?
If you consume drugs, describe the drugs and how frequently do you use them?

Do you gamble using money or other valuables?
If you gamble, describe what type of gambling you prefer and how much you generally win or lose?

Do you have any problems at home or at work?

If you have problems at home or at work, describe them:

Describe your financial situation – past, present and future:

Why did you leave your last job?

May I institute a credit check to examine your current financial status?

Your signature:

May I contact the institutions where you maintain accounts and examine the activity in those accounts?

Your signature:

Other questions:

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3.0 EXAMPLES OF EMBEZZLEMENT SCHEMES

3.1 MISUSE OR MISAPPROPRIATE FUNDS

Employees may misuse or misappropriate funds or property in a variety of ways. For our purposes:

- Misuse is abuse of privilege or position without a specific intent to steal; and
- Misappropriation is the taking of funds or property with a specific intent to steal.

3.2 THE MOST POPULAR EMBEZZLEMENT SCHEMES

The most popular examples of misuse and misappropriation are, in order:

- Using the organization's telephones, copy machines, and mail services for personal business;
- Using the organization's equipment, machinery, vehicles, supplies, and computer programs for personal business;
- Using the organization's expense accounts and credit cards to pay for personal expenses;
- Creating “cash loans” from one's own area of control to pay personal expenses on a “temporary” basis;
- Operating credit, interest and check kites;
- Establishing fictitious accounts, phony loans, lines of credit, and other related types of credit frauds;
- Covering or withholding deposit of one's own, or other employees' checks, from the daily work until payday;
- Misrouting personal checks issued for cash or merchandise to take advantage of “float time” until personal deposits can post;
- Wiring funds from the organization's or customers' accounts to secret personal accounts;
- Stealing cash or negotiable documents from another employee's area of control;
- Forging or altering the organization's documents, particularly signature cards at financial institutions, powers of attorney, money orders, travelers and cashier's checks made payable to the organization;
- Manipulating account balances through on-line computer terminals, and making “adjustments” to accounts, particularly dormant accounts;
- Creating “ghost” or non-existent employees for the organization's accounting system for payroll purposes;

- Hiding merchandise, cash, computer data and account information in the organization's garbage container for retrieval by a confederate;
- Converting titles to “double-ordered”, abandoned or stored organization property, then selling the property;
- Accepting and holding “favorite customers” and employees' post-dated checks, until they can make a corresponding deposit to the paying financial institution, for a fee;
- Assisting a customer or another employee in operating credit, interest and check kites, and “bustout” schemes, for a fee;
- Short-changing customers during any transaction;
- Secret unsecured, personal loans from “favorite customers”; and
- Burglarizing the organization's premises, dual-custody containers, and safety deposit boxes.

3.3 FAMILY MEMBERS WORKING FOR VENDORS

Embezzlement or fraud can take on many different types of looks. For example, related party transactions and arms-length transactions can be beneficial to an organization; however, there is also a lot of room for fraud.

If the Director of Finance's son, daughter, cousin, etc., is working for a vendor that may be bidding to supply services such as construction, workers compensation or health insurance, or bookkeeping, full disclosure to the organization president and board of director is recommended. Further, as in this example, the Director of Finance should completely remove themselves from the decision process in order not influence the decision to hire or not hire the vendor.

After the vendor/family member services is selected, the key management employee should not be the primary contact of the vendor. The purpose behind this process is that it helps put in place that the ongoing transactions are at arms-length. As the relationship continues, should there be an event that increases the amount paid to the vendor, the payments will be able to be justified by the organization because the transactions were independently approved without bias from the organizations management executive.

Fraud may occur after some time passes however. The vendor/family member may now try to increase pricing for the services offered and because both the vendor/family member and management family member are so familiar, the normal scrutiny of a price increase is abandoned and the organization now pays a higher price for the same services all because the normal questioning of the service was not performed. This concealment fraud is harder to commit when the organization executive in charge of the vendor/family member account is not a family member of the vendor.

Even if fraud does not occur, remember to be aware of the "appearance" of fraud or improper dealings. If the arrangement with the vendor/family member is a good deal for the organization, there should be no hesitation from the effected organization executive who is a family member to remove themselves completely from the initial hiring and ongoing maintenance of the account. Anything less than completely removing themselves from the transactions may give the appearance that some form of favoritism or improper dealing are occurring.

3.4 Summary

Although the number of methods used to commit the crime of embezzlement is only limited by the embezzler's imagination, this listing highlights the techniques most frequently used. This section addresses the most common schemes used by embezzlers and addresses related party transactions that have the potential for fraud or at best have the potential for improper dealings with related parties. The next section examines those operational areas most vulnerable to embezzlement.

4.0 CRITICAL AREAS OF RISK TO EMBEZZLEMENT

4.1 AREAS OF RISK

There are six areas of risk frequently capitalized upon by embezzlers. While these areas of risk are not the only ones containing “windows of opportunity”, these are the areas that offer the most significant sources of exposure to the organization:

(1) Cash:

Crimes involving cash are most often committed by line personnel (both new and experienced), and by their immediate supervisors. The most effective methods for preventing these crimes are by:

- Developing and enforcing written policies governing cash handling and cash station security procedures;
- Requiring strict dual control over cash drawers and keys;
- Secure all containers used to store or transfer cash;
- Require that all refunds be approved by a supervisor and that the refund of more than a small dollar amount be accomplished by a organization check instead of cash;
- Conducting frequent, unannounced cash counts;
- Rotating tasks among personnel at unpredictable intervals; and
- Requiring all employees to remain off the organization's premises for at least five (5) uninterrupted business days annually.

The most frequently-identified examples of crimes involving cash are:

- Holding cash from a transaction instead of placing the cash in a cash container (e.g., register, vault or safe);
- Taking cash from an unsecured “petty cash” container;
- Taking cash from unsecured personal items left on the premises (e.g., wallet, purse, briefcase, backpack);
- “Short-changing” customers at the time of the transaction;
- Refunding stolen items for cash;
- Cashing stolen and forged documents for a confederate; and
- Theft of cash from another employee's work area.

(2) Negotiable documents issued or sold by the organization.

These crimes are committed by all levels of employees, often using documents that are often stolen and forged; negotiated after reported void;

or negotiated after payee and/or amounts are altered. The most effective methods for preventing these crimes are by:

- Developing and enforcing written policies governing document storage, inventory and handling, and cash station security procedures;
- Requiring strict dual control over negotiable documents, including checks, refund authorizations and credit and debit memos;
- Requiring that all negotiable documents be ordered from a single printer by one person, with a supervisor's approval, and received by a person other than the person who placed the order;
- Conducting frequent, unannounced audits;
- Rotating tasks among personnel at unpredictable intervals; and
- Requiring all employees to remain off the organization's premises for at least five (5) uninterrupted business days annually.

The most frequently-identified examples of negotiable document crimes are the negotiation of;

- Refund authorizations;
- Unauthorized use of credit and debit memos to manipulate accounts;
- Money orders;
- Forgeries;
- Travelers checks; and
- The organization's official checks.

(3) Credits to accounts:

These crimes are committed by all levels of employees, and require the manipulation of account information; generation of phony accounts; or the use of fictitious identities. These crimes may also require the co-operation of personnel working at other companies. The most effective methods for preventing these crimes are by:

- Developing and enforcing written policies governing the opening and handling of all types of accounts;
- Requiring strict dual control procedures, including the involvement of a supervisor in every account adjustment request;
- Develop a triggering device to alert management when a dormant account (90 days or older) has been accessed for any type of activity;
- Rotating tasks among personnel at unpredictable intervals; and
- Having all credit and other account activity independently reviewed frequently by selected individuals or by a committee.

The most frequently-identified examples of these types of crimes involve the manipulation or creation of:

- Inactive or dormant accounts, particularly senior citizen, foreign customer and conservator ship accounts;
- Unauthorized transfers between general ledger accounts;
- “Ghost” employees for payroll fraud;
- Loans and lines of credit for fictitious borrowers;
- Deposit accounts for fictitious persons or entities to receive stolen or forged checks; and
- Deposit accounts for check kiting.

(4) Items delivered or received

These crimes are committed by all levels of employees and involve the taking or misapplication of instruments or other property delivered to the organization. In addition to product inventory, these items are often intended to be used as collateral or to be held for safekeeping. The most effective methods for preventing these crimes are by:

- Developing and enforcing written policies governing the shipping, receiving and storing of all instruments or other property;
- Developing and enforcing written policies governing the shipping, receiving and storing of items held for safekeeping or as collateral;
- Requiring strict dual control procedures for all property transfers from one department/facility to another;;
- Insuring that the organization's garbage is inaccessible to non-employees and that periodic inspections are conducted prior to employees leaving the premises;
- Requiring that items purchased by employees are opened and inspected before the employee leaves the premises;
- Establishing and monitoring a comprehensive receipt system;
- Designating and equipping a secure storage facility;
- Rotating tasks among personnel at unpredictable intervals;
- Conducting frequent and unannounced audits of instruments and other property received by the organization;
- Requiring all employees to remain off the organization's premises for at least five (5) uninterrupted business days **annually**.

The most frequently-identified examples of crimes involving items delivered or received include the conversion of:

- Money paid against a “layaway” purchase;

- Property by placing items in the organization's garbage for retrieval by a confederate;
- Property by misusing an “employee discount privilege” to benefit friends and others;
- Raw materials and scrap used in the production process;
- Stocks and bonds;
- Items held in trust;
- Negotiable instruments; and
- Equipment and supplies.

(5) Wire transfers

These crimes are committed by employees who are either assigned to the wire transfer function, or who coordinate the theft with another employee who is assigned to the wire transfer function. Theft by wire transfer may also be committed by an external source, often based on information made available by an internal source. The most effective methods for preventing these crimes are by:

- Developing and enforcing written policies governing all wire transfer operations;
- Requiring strict dual control procedures, including the involvement of employees designated as “receiver”, “sender” and “validator”;
- Establishing, monitoring and frequently changing a comprehensive password system, with each employee accessing the system being assigned a separate and confidential personal identification number (PIN) to be used for all transactions;
- Rotating tasks among personnel at unpredictable intervals;
- Conducting periodic, unannounced reviews of transfer documents by an independent person or group;
- Frequently auditing the person(s) responsible for assigning passwords;
- Establishing a reasonable security procedure agreeable to both the sender and recipient; and
- Requiring all employees to remain off the organization's premises for at least five (5) uninterrupted business days annually.

The most frequently-identified examples of wire transfer crimes involve the manipulation or alteration of:

- The organization's own accounts or transfer instructions; and
- Faxed transfer instructions received from an unauthorized source; and
- Customer accounts or transfer instructions falsified by an employee.

(6) Computer crimes: These crimes are committed by employees who are either assigned to the data processing function, or who coordinate the theft

with another employee who is assigned to the data processing function. Computer frauds are committed by means of unauthorized access to, or manipulation of, a computer system by either internal or external sources. The criminal's goal is to transfer or credit funds to his/her accounts, to transfer title to property, or to impair the ability of the organization to conduct business. The most effective methods for preventing these crimes are by:

- Developing and enforcing written computer system security policies that require the organization to:
- Properly identify and document persons accessing any system, either by direct access or by modem;
- Control access to information by assigning passwords to every person authorized to access the system, even if the system is only a personal computer;
- Routinely monitor employees' work and levels of access;
- Notify appropriate persons of unauthorized activities; and
- Routinely audit and document system controls and integrity.
- Requiring strict dual control procedures;
- Rotating accounting, inventory and backup tasks among personnel at unpredictable intervals;
- Conducting periodic, unannounced reviews of activity logs by an independent person or committee;
- Frequently auditing the person(s) responsible for assigning the passwords and maintaining the system; and
- Requiring all employees to remain off the organization's premises for at least five (5) uninterrupted business days annually.

The most frequently-identified examples of computer crimes involve the manipulation or employment of:

- Customer account information to “skim” the account for re-sale, or other criminal use;
- “Salami” or “trap door” techniques, to “skim” a small amount of money from each transaction processed, electronically transferring the amount to another account;
- “Data diddling” schemes to alter the manner in which a computer program works, or to neutralize control mechanisms;
- “Trojan horse” programs, to insert extra commands into a computer program, causing the computer to perform authorized and unauthorized functions simultaneously; and

- “Logic bomb” commands, or a set of instructions programmed to perform various functions at appropriate or periodic times. This technique is used to shift funds, erase data, or shut down the entire system at a given time.

4.2 SUMMARY

This section addresses what resources the organization offers that the embezzler may use to commit the crime. The next section examines the universal symptoms that embezzlers display.

5.0 UNIVERSAL SYMPTOMS OF EMBEZZLEMENT ACTIVITY

All people have reasons for behaving as they do. All people have developed behavior patterns. No person changes an established behavior pattern without a significant reason. The principle of cause and effect applies to the relationship between a change in some aspect of a person's life, and an acorganizing change in that person's behavior.

5.1 EMBEZZLEMENTS ARE PREDICTABLE

Embezzlements are rhythmic, cyclic and predictable crimes. As an employee embezzles, his /her behavior also becomes rhythmic, cyclic and predictable. Further, embezzlers generally suffer from low self-esteem, which has been repeatedly linked as a contributory factor to criminal behavior. Guilt and anxiety will cause a marked and predictable change in both the embezzler's behavior and appearance. The embezzler's own behavior often signals the investigator to narrow the investigative focus.

5.2 MOTIVES FOR COMMITTING EMBEZZLEMENT

The investigator is always seeking a motive – the reason for the person's behavior. Understanding a motive allows the investigator to also understand why an event occurs, and where to seek additional information. There are three (3) primary motives for a person to embezzle:

- Need for money;
- Revenge; and
- Excitement.

While there is no such person as an “average” embezzler, most employees who embezzle consistently display universal crisis “symptoms”. These symptoms are also known as “crisis signals”, and serve as a warning that an employee is unbalanced mentally, physically, emotionally, spiritually or financially. These symptoms are clues that are often apparent to supervisors and coworkers, who are in daily contact with the employee.

For our purposes:

A symptom is defined as a characteristic, feature, indication or manifestation demonstrated by a person's behavior, or by means of associated lifestyle events.

.Demonstrating any one of these symptoms does not mean that an employee is embezzling. It simply means that the employee is “at risk” of a breakdown of his/her morals, values, and ethics, and that intervention may prevent an escalation of the imbalance. As you review these symptoms, recognize that most people have demonstrated at least one such behavior or lifestyle event at some point in their lives.

The true value of these symptoms becomes readily apparent to the investigator who is trained to recognize them for their true significance. These symptoms serve as guideposts, eliminating many employees from suspicion, and directing the investigator's attention towards other employees who may be responsible for the crime.

The listed symptoms all involve a significant change in behavior, attitude, lifestyle or job performance. Active embezzlers generally display addictive behavior, and simultaneously demonstrate three (3) or more of these symptoms:

- A suddenly enriched, extravagant lifestyle, unsubstantiated by normal wages: Embezzlements are generally “ego” crimes. The embezzler often feels compelled to flaunt the proceeds of the crime, in effect daring someone to call attention to his/her behavior.
- Frequent requests for cash advances, or delayed repayment of prior loans: This indicates that the employee has expenses exceeding income, a cycle that generally will continue until it is interrupted. The employee must embezzle an ever-greater amount of money to cover past thefts that remain unpaid.
- Telephone calls at work from creditors: This is generally a collection agency's last resort, and indicates that the agency has been unsuccessful in past collection efforts. The agency will eventually initiate court proceedings against the employee, applying greater pressure to pay off past-due amounts.
- Wage garnishment: A court order served by a Sheriff or Marshal that requires the organization to withhold all or a part of the employee's wages, and puts the employee's finances under the control of the court. Embarrassment results, and the employee may escalate any existing embezzlement activity.
- Borrowing constantly from fellow employees, and seldom repaying these loans: If the employee has expenses exceeding income, and the organization is unaware of the discrepancy, he/she will use other employees as an alternative source of funds. Embezzlers often maintain outside business interests that create a constant cash drain and require frequent cash injections.
- Careless or sloppy work habits; failure to follow instructions or giving conflicting instructions; unusual errors in judgment; frequent absences from the work area; repeated or unreasonable accidents on or off the job; or significant change in behavior, attitude or performance: To be successful and avoid detection, embezzlement must be a full time and time-consuming “job”. Attention given to the tasks related to embezzlement must logically be diverted from other daily activities, and preoccupation, confusion and mistakes become conspicuous.
- Unexplained or poorly explained absences from work; chronic tardiness and early departure; or excessive use of sick time: An embezzler needs time to recover from guilt, stress and anxiety frequently and generally uses excessive amounts of sick and vacation time to do so. Unexplained absences may mean that the embezzler simply cannot face other employees and supervisors.

- Refusing to take time off, or passing vacation options: Embezzlements are “rhythm” crimes, and must accommodate the organization's schedule of events and routine business operations. The embezzler must be present on the premises to track transactions, and to prepare explanations for suspicious activities that may be discovered during an audit.
- Constantly working overtime without sufficient reason, and often without pay: Again, the embezzler must be present on the premises to track transactions, and may not have the opportunity to do so during the normal business day. “Volunteering” to work without pay also enhances the employee's image, and appears to demonstrate dedication and a commitment to the organization's success.
- Gambling at the workplace, or excessive references to gambling activity: Often social gambling leads to compulsive gambling, an extremely expensive habit. Paralleling the attitude of embezzlers, gamblers believe they can't lose. Compulsive gambling also invites association with persons willing to lend money at exorbitant repayment rates. Once the gambler fails to meet repayment obligations and the cycle of missed payments begins, the “lender” will begin the “collection process”, using threats, extortion, and physical violence.
- References to current excessive consumption of alcoholic beverages; consumption of alcoholic beverages during the work day; or evidence of frequent hangovers: Embezzlers often abuse alcoholic beverages and other mind and mood-altering drugs. People under the influence of alcoholic beverages generally make grossly inappropriate decisions, and references to or evidence of over-consumption may indicate a significant reaction to stress, anxiety, and guilt.
- References to substance abuse of a drug other than alcohol, either the overuse of prescription medication, or consumption of illegal drugs; substance abuse in any form during the work day; or evidence of the cumulative effects associated with substance abuse: Generally, people who abuse alcoholic beverages also abuse other substances for the same reasons. Often substance abuse leads to compulsive consumption, another extremely expensive habit that initiates the same unsavory relationships as found among compulsive gamblers.
- References to significant domestic problems; telephone calls received at work from family members regarding domestic problems; or evidence of physical, mental or emotional spousal abuse and acorganizationing signals of distress: If an employee is unhappy and unfulfilled at home, he/she may resort to embezzlement as a means of self-expression and self-fulfillment, and to obtain the means to escape an intolerable lifestyle.
- Meeting with questionable associates at the work place. Drug dealers and loan sharks (“lenders”) often “visit” their “clients” at the workplace: These visits are intended to be interpreted as a means of subtle intimidation to

stimulate repayment of debts, or as a follow up to an extortion demand. The employee may also be cooperating with the associate in planning a crime against the organization.

- Disruptive or erratic behavior; withdrawn or preoccupied manner; inappropriate displays of anger and frustration; extreme mood swings; and a visible deterioration of physical appearance, and mental and emotional stability: Living an increasingly complex lifestyle often requires the use of escape mechanisms to cope with the cumulative effects of distress. The creation of diversions and distractions to shift attention away from the embezzler, and hiding, are the most common escape mechanisms used by embezzlers. It is often a person's change in physical appearance that signals distress to an alert observer.

5.3 SUMMARY

One of the investigator's best tools for both prevention and investigation is the continuing awareness of people, and understanding the significance of the behaviors those people display.

This section addresses common behavioral symptoms displayed by “at risk” employees. The next section examines how to use the understanding of behavior and other statistical information to develop psychological profiles of those employees most likely to become embezzlers.

6.0 PROFILE OF AN EMBEZZLER

We know that there is no such person as an “average” embezzler. There is no exact description to tell us how an embezzler looks, acts, thinks or feels. We can draw upon experience and available statistical information, however, to develop an embezzler “model”, or “profile”. For our purposes:

A profile is a characterization, outline, representation or portrait depicting certain attributes or anticipated behaviors.

6.1 COMMON CHARACTERISTICS SHARED BY MOST EMBEZZLERS

Statistically, embezzlers share many common characteristics. Combining these characteristics with an understanding of behaviors and their symptoms, we can develop two (2) important tools:

- The ability to identify potential embezzlers before they become significant risks; and
- The ability to use this information to create numerous investigative devices if an embezzlement occurs.

Embezzlers are generally profiled in one of two categories: chronic/compulsive, and needy. Both categories share some common profile information.

Each type of embezzler generally:

- Is a high school graduate;
- Is a staff employee, if female; is an officer, if male;
- Is a bright, very competent, and superior employee;
- Is neat, precise and attentive to detail;
- Leads an increasingly complex lifestyle;
- Has worked, and continues to work, in the same industry and job category;
- Embezzles to repay increasing debts, not to accumulate wealth;
- Believes that he/she will never be discovered;
- Does not see him/herself as a criminal;
- Incorporates lying, cheating and stealing into every facet of his/her lifestyle;
- Has embezzled from his/her last four (4) employers prior to discovery;
- Is rarely criminally prosecuted;
- Does not receive a jail sentence upon conviction; and
- Does not repay the victim or court costs.

Common Characteristics Shared By Needy Embezzlers

In addition to the common characteristics shared by most embezzlers, needy embezzlers may:

- Have an acute, short-term need for money for a legitimate purpose;
- Have knowledge of other employees' embezzlement activity, and ask to become temporarily involved;
- Retaliate for perceived promotion discrimination, or sexual harassment;
- Feel cheated, unrecognized, or unrewarded for their efforts on behalf of the organization;
- Feel there is a lack of promotional opportunity in general;
- Be suffering minor personality conflicts and related problems;
- Be occasional substance abusers, and possess altered mental and emotional states caused by a dependency upon drugs or alcohol;
- Be facing what appears to them to be overwhelming debts, and fear the loss of reputation and esteem of coworkers; and
- Feel unprepared or uncomfortable in the jobs in which they work, accompanied by an apparent lack of interest and attention by the organization.

Common Characteristics Shared By Chronic/Compulsive Embezzlers

In addition to the common characteristics shared by most embezzlers, and the more specific characteristics shared by needy embezzlers, chronic/compulsive embezzlers generally:

- Feel “superior” to management and other employees in intellect or ability;
- Think of embezzlement as a “game” they believe they can win;
- Lie, cheat, and steal as a lifestyle to either receive a reward or to avoid punishment;
- Have a driving desire to prove how “smart” they are;
- Discover an area of potential exposure within the organization that appears too good to leave alone, and feel challenged to take advantage of the opportunity;
- Need to support a failing outside business interest;
- Feel there is a lack of promotional opportunity, in relation to their skill levels;
- Be suffering acute personality conflicts and related problems; and
- Be chronic substance abusers, who possess altered mental and emotional states caused by a dependency upon drugs or alcohol.

6.2 SUMMARY

You now have most of the information necessary to develop an effective loss prevention program, with a specific emphasis upon embezzlement. This section addresses common characteristics shared by most embezzlers. The next section provides you with a comprehensive risk-assessment device designed to help you conduct a thorough evaluation of your organization's operations.

7.0 LOSS PREVENTION AND AUDIT EXAMINATION GUIDELINES

7.1 CONDUCTING THE LOSS POTENTIAL RISK ASSESSMENT

An appropriate risk assessment device is essential for security officers, auditors and examiners to use in determining a organization's vulnerability to acts of embezzlement. These are important issues to address during any operational review or examination. If the organization has not adequately addressed these issues, it is particularly vulnerable to each of the three types of crimes:

- Crimes committed by document (e.g., forgery, check and credit kite, loan fraud, theft of inventory, embezzlement);
- Crimes committed by trickery, deceit and device (e.g., pigeon drop, “bait and switch” scheme, phony billing and collection call, inventory and real estate swindle, embezzlement); and
- Crimes committed by fear, force or violence (e.g., robbery, bomb threat, kidnapping, hostage event).

Although the guidelines contained in this segment specifically emphasize embezzlement issues, use of the same guidelines will reduce the likelihood of and potential loss from, all types of crimes.

The guidelines contain both questions that should be asked and the rationale for asking the questions. They are not designed to serve as a replacement for a comprehensive audit manual, but to place special emphasis upon those factors contributing to internal and external crimes. While a reviewer may not specifically search for them, the issues addressed may surface during any review or examination.

A “no” answer to any of these questions, taken alone, does not indicate that the organization is crime-prone. A negative response to a single issue is simply a “window of opportunity” for the commission of a crime.

Experience indicates, however, that several common denominators, or clues, existed in companies that were victims of an embezzlements. Multiple “no” answers to the questions should create a serious concern for the reviewer to address, because the organization's safety and soundness is at risk.

7.2 THE EMBEZZLER'S STRATEGIC PLAN

Professional embezzlers generally develop a “strategic plan” for their activities, much the same way as do the companies they work for. This strategic plan is designed to identify available windows of opportunity and to determine the best method to take advantage of those windows.

The “strategic plan” most frequently used by embezzlers resembles an auditor's review worksheet, and tests these areas of opportunity in order of priority:

- Policy and procedures;
- Personnel;

- Documents, computers and records; and
- Facilities.

7.3 THE ORGANIZATION'S LOSS PREVENTION STRATEGIC PLAN

The guidelines follow the same plan, and addresses both conventional issues to be resolved within a organization, and unconventional but effective methods for taking advantage of windows of opportunity by embezzlers. Many of these unconventional crime methods are also used to commit “street crimes” by external professional criminals. Resolving these unconventional issues, therefore, also reduces the risk to external crime.

7.3.1 Policies and Procedures

Answers to the following questions will provide the basis for the Loss Prevention Strategic Plan:

Has the organization developed, implemented and provided a means to monitor and update comprehensive written policy and procedure statements governing the activities of all departments, cash-handling facilities, functions and personnel?

Lack of a comprehensive policy manual may indicate ineffective leadership and direction from management. It may also promote arbitrary and capricious decisions by personnel at all levels within the organization, allowing for an individual's interpretation of a policy that is commonly accepted, but not committed to writing.

Lack of a comprehensive operations and procedural manual (“desktop procedures”) may indicate ineffective planning and preparation for the accomplishment of tasks. It may also promote arbitrary and capricious decisions by personnel at all levels within the organization, allowing for an individual's interpretation of a procedure that is commonly accepted, but not committed to writing.

Functional responsibilities for both departments and cash-handling facilities that are informal and unwritten, poorly defined or nonexistent, may lead to confusion, ineffective prioritization of tasks, and misinterpretation of directions. It also makes assessing the responsibility for results difficult, if not impossible.

Position (job) descriptions that are informal and unwritten, poorly defined or nonexistent, make assessing the responsibility for results difficult, if not impossible.

Policy and procedure manuals, position descriptions and the organization's description of functional duties and responsibilities may be introduced into court proceedings to demonstrate the elements of an embezzlement. Lack of attention to these areas may cause law enforcement and prosecuting agencies to refuse to prosecute, and may open the organization to costly civil actions.

Summary:

Embezzlers prefer to commit crimes within organizations whose business facilities are geographically dispersed; where management decisions are decentralized; where duties and responsibilities conflict or overlap; and where an ineffective internal reporting system exists.

Comprehensive written internal control techniques?

Both internal and external crimes rely upon the lack or ineffective use of internal control techniques. They depend upon the variety of mistakes and misunderstandings generated by such failure to be effective. Effective written internal controls should govern:

- Authorization and approval levels for all employees;
- Recording of all transactions, incidents, suspicions, and dispositions of inquiries;
- Safeguarding all facilities, assets and records; and
- Accountability for results at all levels.

Effective internal control techniques are designed to perform three (3) functions:

1. Detect mistakes as they occur, preventing costly losses;
2. Protect honest employees from the dishonest activities of other employees; and
3. Gather evidence necessary to identify, apprehend and prosecute dishonest employees.

The most common breaches of internal controls occur because employees feel it is often inconvenient, time-consuming and unnecessary to practice effective controls. Creating and enforcing methods to limit access to control codes by employees for facilities, departments, documents, computers, computer programs, delivery and receiving of inventory, equipment and supplies, dual custody containers, night drops, ATM cards, wire transfers, and safety deposit boxes, eliminates the majority of potential areas subject to use in an embezzlement.

Summary:

Embezzlers prefer to commit crimes within companies whose internal controls are lax, arbitrary or non-existent; where physical evidence is routinely compromised; where mistakes and misunderstandings are common and tolerated; where the responsibility for results is not clearly defined; and where the responsibility for results is not accompanied by the authority to act.

Comprehensive safeguards against abuses by officers and directors, or other “insiders”?

Significant insider abuse has been identified as a proximate cause for the failure of the nation's businesses. Insider abuse also accounts for more than half of all financial fraud and embezzlement cases investigated by law enforcement agencies, as indicated by crime statistics compiled and maintained by the FBI.

In addition to addressing loan and other forms of credit abuse, these safeguards should contain provisions prohibiting or restricting the diversion of assets and income for personal use; approvals of questionable transactions involving relatives; sales or purchases of assets at preferential prices or quantities; and the acceptance of bribes or gratuities.

Summary:

Embezzlers prefer to commit crimes within companies whose internal controls allow, and often encourage, abuse; where management and others are exempt from policy and procedures; where nepotism is allowed but not acknowledged; and where gratuities are commonly accepted.

A program for the rotation of employees' schedules and work assignments at unpredictable intervals?

Embezzlements are rhythmic, cyclical, habitual and predictable, and are built upon the organization's operating routines. The employee must depend upon an established routine to avoid detection.

Summary:

Embezzlers prefer to commit crimes within companies where employees' movements and schedules are not tracked effectively; where "important and special" positions require a particular employee's daily presence; and where each position is expected to be filled by the same person daily.

A program for documenting suspicious incidents; a mechanism for notifying the Security Officer and Auditor of suspicious incidents without fear of reprisal; and included this information in the employee orientation training program and employee handbook?

Employees, who are unsure of approved methods of handling suspicious incidents, or to whom to report their suspicions, often will not place themselves at risk by reporting unusual incidents.

In the majority of embezzlements, at least one other employee is aware of the crime, and chooses not to report it. Fear of loss of reputation, or reprisals from the suspect employee or a peer group, are often cited as the primary reasons employees fail to report unusual circumstances.

Summary:

Embezzlers prefer to commit crimes within companies where the Auditor and Security Officer rarely appear at the work site; where previous "whistleblowers" have been criticized or subjected to disciplinary action; and where suspicious activity reporting policy and procedures are unclear or non-existent.

7.3.2 Personnel

Has the organization developed, implemented and provided a means to monitor and update:

The fulfillment of key positions at all levels with qualified personnel who create the security-conscious atmosphere critical to embezzlement prevention?

- Management's development and promotion of a moral, legal and ethical working environment (corporate conscience) is one of the key elements of a organization's total security program. A organization tends to employ personnel whose personal values are similar to the organization's corporate values.
- Embezzlers recognize special opportunities for theft when working within a organization where one person is responsible for many unrelated functions. Companies that assign functional responsibilities based upon an employee's availability rather than qualifications, are particularly at risk.

Summary:

Embezzlers prefer to commit crimes within companies where management is not involved in daily operations; where key employees are untrained or ineffective, or are responsible for a functional area by default; where discrimination is allowed; and where there is no written statement of the organization's values and purpose.

A policy for a formal Audit Committee composed solely of independent directors, and provided with the necessary guidance, resources, authority and training to effectively oversee the organization's affairs?

The Audit Committee should be assigned specific duties and responsibilities which are set forth in a charter approved by the Board of Directors.

Summary:

Embezzlers prefer to commit crimes within companies where the Audit Committee is ineffective, untrained or non-existent.

A policy requiring that the Security Officer and Auditor positions are filled by more than one person; have written position descriptions, duties and authority; and that the persons fulfilling each role may report directly to the Board of Directors or the Audit Committee?

- Both the Auditor and Security Officer have the special responsibility to investigate suspicious incidents and crimes committed against, and within, the organization. Too often those investigations involve senior managers and executives who may attempt to inhibit or stop such investigations.

- Both auditors and security officers are often terminated or transferred to another assignment when they refuse to cooperate with management's unsound or illegal tactics.

Summary:

Embezzlers prefer to commit crimes within companies where the Auditor and Security Officer rarely appear at the work site; where the Auditor and Security Officer are also responsible for other duties and responsibilities; where the Auditor and Security Officer positions are treated as “informal” positions, and where the Security Manual is ineffective or non-existent.

The performance of a new executive officer, particularly a chief executive officer, who immediately begins making significant changes within the organization's structure?

Examples are:

- Terminating or reassigning existing officers, particularly auditors and others skilled in operational functions, replacing them with highly-paid, personally-selected personnel:
- Existing officers with historical knowledge of the organization and operational backgrounds are dangerous to an embezzler. These officers will immediately become aware of the drastic operational changes that accompany an officer embezzlement, and will be replaced or reassigned.
- Imposing limits on the monetary and personnel resources dedicated to periodic audits of the organization's financial condition, and the scope of those audits:
- An executive officer who embezzles must initially restrict and control the resources allocated to the audit function; distract the auditor from the functional area(s) used to commit the embezzlement; and re-focus the auditor's attention upon a non-suspicious functional area.
- Relocating his/her office from a visible and accessible location, to a remote and secure area of the building, or erecting physical barriers designed to isolate him/her from other personnel.
- All embezzlements are “secret” crimes, and persons who embezzle become secretive, withdrawn, non-communicative and paranoid. Officer embezzlers are not monitored in the same manner as other personnel, and they recognize that isolation decreases the risk of exposure of these behavioral aberrations.
- Involving him/her in the loan and line of credit approval process.
- All embezzlers must have a working knowledge of the organization's policies and procedures, to accommodate its rhythm and routines. This

knowledge then allows the officer embezzler to create loans and lines of credit for associates.

- Purchasing an expensive new vehicle as his/her “organization car” and authorizing similar purchases for other executives.

This is consistent with the behavior habits of chief executives of all types of businesses who seek to flaunt the proceeds of their crimes. Gathering a loyal team depends upon the distribution of a share of the proceeds (“perks”).

Summary:

Embezzlers prefer to commit crimes within companies where leadership is ineffective or non-existent; where the Board of Directors is inattentive to events; where the organization is relatively new and experiencing natural growth and frequent personnel modifications; where the Auditor and Security Officer positions report directly to him/her; and where individual achievement is more valued than teamwork.

Written position descriptions, levels of authority and reporting routines for all personnel?

Employees frequently exceed the scope of their position descriptions and levels of authority, and assume by default more responsibilities than they are authorized to exercise. If such an employee causes a loss, or embezzles, it is difficult to assess responsibility for results.

Summary:

Embezzlers prefer to commit crimes within companies that offer theft opportunities based upon the organization's indifference to, or treat poorly, employees; that use ineffective screening and hiring procedures; that exercise ineffective operational controls; that fail to monitor the decisions and actions of their employees at all levels; and where training programs and opportunities for advancement are minimal or non-existent.

A policy requiring that all new employees provide handwriting and fingerprint samples, and a photograph; that the organization provide notice that it will conduct credit checks on all applicants and that it may conduct credit checks on employees at unspecified intervals during any employee's term of employment?

- Most embezzlers have worked for similar companies, often within the same role or assignment. If handwriting samples and fingerprints have never been collected, identification, investigation and subsequent prosecution efforts may be seriously impaired.
- Photos are useful in the event an employee is reported missing, or is the victim of an extortion attempt. A series of annual facial photos also

demonstrates the aging process, as well as the stress acorganizationing embezzlement activity.

- A poor credit history may demonstrate lack of regard or attention to detail, and generally indicates financial need. Other credit history information may reveal multiple names, Social Security numbers and driver's license numbers.

Summary:

Embezzlers prefer to commit crimes within companies that do not share information with other companies; that do not effectively identify potential job applicants; that either do not require or know how to appropriately interpret a credit report; or that will not recognize symptomatic evidence of embezzlement during routine record searches.

A written Employee Handbook?

The handbook should include policy statements:

- Referring to the organization's Code of Conduct,
- Requiring all employees to cooperate with an investigation, and that failure to cooperate may result in disciplinary action;
- Informing employees that the organization will report, and will prosecute, any employee or Board member for embezzlement-related activity;
- Advising all employees that they may be held personally liable for acts of willful misconduct or gross negligence;
- Advising that employees' accounts at the organization are subject to review by the organization's auditors or investigators;
- Advising that all lockers, desks, cabinets and similar places where things may be stored belong to the organization, and may be searched by the organization's representatives at any time;
- Governing employees' access to work areas during mandatory time off or enforced leave, and addressing the removal of documents, computer files and work papers from the organization's premises, for work to be conducted at another site; and
- A section for written acknowledgment of the terms and conditions of employment by the employee, at the time of hiring, position change, and again at the conclusion of the annual performance review.

Summary:

Embezzlers prefer to commit crimes within companies that do not comply with current personnel laws and regulations; that will not hold employees personally liable for specific types of losses; or that do not maintain written performance standards.

A written Security Training Program for employees at all levels within the organization?

Employees may become dissatisfied, confused and reluctant to make decisions when they are uncertain where they fit in the organization. Lack of an effective orientation program promotes distrust, fear and anxiety, and may lead to costly mistakes, theft, and acts of sabotage. While monetary gain is the primary motive for embezzlement, revenge is another dominant factor.

An effective orientation program has three (3) elements:

- **Orientation**: All new employees, regardless of position description, should be oriented regarding the organization's philosophy, organizational and reporting structure, goals, priorities and other appropriate information;
- **Transfer/Promotion**: Any employee who has been transferred to a new department, or has received a promotion, should be thoroughly trained regarding his/her new duties and responsibilities, and the policies, procedures and control mechanisms used in this new capacity; and
- **Updating**: Any change in management, business philosophy, technology, legal requirements, policy or procedure should require re-training of all involved employees.

Having employees who are knowledgeable about the organization's security procedures, the risks associated with each employee's role within the organization, and appropriate loss prevention techniques, reduces the potential for operational losses. Experiential training promotes comfort and confidence on the part of employees, which negates two of the most significant factors contributing to an employee's desire to embezzle.

Standardized training for all employees results in a teamwork effort for loss prevention, and promotes reasonable behavioral expectations.

Summary:

Embezzlers prefer to commit crimes within companies that do not practice effective security techniques; that do not assign to them a competent employee as an orientation trainer; or that do not train all employees in loss prevention and security techniques.

A policy prohibiting employees from accepting service of legal process directed at the organization but covering wages, accounts or other property of the employee (e.g., levies, attachments, garnishments)? Also, a policy requiring any employee subpoenaed to testify on behalf of the organization to notify his/her supervisor?

The organization's Security Officer should be made aware if an employee is experiencing a desperate need for money as a result of a civil judgment. Wage garnishments are usually served on the Personnel Department. Subpoenas and

Complaints may be served on the employee. Other legal process is likely to be served on the office that houses an employee's account.

Court proceedings may be an intimidating experience for an employee receiving a subpoena to testify on the part of the organization. The organization should consider assigning a supervisor to accompany the employee, to ensure the employee's participation and to protect the organization's interests.

Summary:

Embezzlers prefer to commit crimes within companies that do not practice effective document control techniques; where the organization is ignorant about their private lives; and that fail to supervise adequately their representation in organization matters.

Employees' acceptance of gifts from customers?

- Employees are often offered gifts by customers or suppliers in appreciation of some special effort or at holidays. A written policy governing what gifts may be accepted, and in what manner, should be included in the organization's employee handbook. Gifts of cash, or items convertible to cash, by employees from customers and suppliers should be forbidden.
- Gifts are also given to employees by criminals, to distract the employee's attention from transactions, or to cause the employee to feel guilty if the crime is discovered later.

Summary:

Embezzlers prefer to commit crimes within companies where gratuities are offered and accepted freely; where casual observation would not reveal the size, type or amount of "reward for service" and where a transfer of money or documents would not be suspect.

7.3.3 Documents, Computers and Records

Has the organization developed, implemented and provided a means to monitor and periodically update:

The process used to prepare and submit audit work papers, compliance reports and any regulatory documents, to insure that all information is accurate?

Multiple corrections and additions to these documents may indicate undue influence is being exerted upon the preparer to alter the documents to hide irregularities.

Summary:

Embezzlers prefer to commit crimes within companies where documents are altered easily and frequently without leaving an adequate audit trail.

The process used to reconcile official checks and wire and property transfer records?

Embezzlers often use official checks to operate kites and loan and credit frauds, using wire transfers to shift the stolen funds to another location. This is particularly common in companies where the same employee generating the disbursement order or wire or property transfer is also responsible for reconciling the documents.

Summary:

Embezzlers prefer to commit crimes within companies where negotiable documents are unsecured; where improper segregation of duties exists; and where personal identification numbers are shared freely as a matter of convenience.

A policy requiring that all customer documents must be signed in an employee's presence, including financial records, payable instruments, credit applications and loan documents?

- Witnessed documents may be introduced in court more easily than unwitnessed ones. It may be necessary to submit unwitnessed documents to costly and time-consuming document examination, to determine authorship.
- Blank financial documents, payable instruments, credit applications and loan documents are readily available to employees. These may be removed from the premises and new ones created or altered.

Summary:

Embezzlers prefer to commit crimes within companies where identification procedures are ineffective or non-existent; where documents requiring signatures are unsecured; where empty spaces on documents requiring signatures are left empty; and where policy and procedures prohibiting adding, deleting or altering signatures are ineffective or non-existent.

A policy prohibiting the removal of original organization documents and computer files from the workplace, and mandating creating copies of critical original documents?

If the embezzlement involves the alteration of records, the embezzler frequently must remove those records to a private location, to make necessary adjustments or destroy the originals. The policy should limit the removal of documents and computer files to copies of originals only, using a sign-in, sign-out form.

Summary:

Embezzlers prefer to commit crimes within companies where document control procedures are ineffective or non-existent; where critical original documents are not inventoried, copied or secured; and where employees have unrestricted access to computer files.

A policy prohibiting financial records, loan papers and similar documents from leaving the premises?

Maintaining absolute control over financial records, loan papers and related documents makes it more difficult to create fictitious accounts; convert, add or delete signature information; or create fictitious persons to ultimately blame if a crime is discovered.

Summary:

Embezzlers prefer to commit crimes within companies where document control procedures are ineffective or non-existent; and where original documents may contain un-witnessed signatures.

A policy prohibiting disbursements as a result of the presentation of an “authorization letter” rather than the presentation of a check, draft, or an official, controlled organization document?

Companies routinely negotiate transactions based upon information contained in customer correspondence, and these items of correspondence are subject to interpretation. Honoring only a check, draft or controlled organization document leaves no room for interpretation, and indicates that the organization is exercising reasonable and prudent care.

Summary:

Embezzlers prefer to commit crimes within companies where original documents may contain un-witnessed signatures; and where transactions are conducted based upon non-uniform or faxed documents and “verification” of the written instructions by phone.

A policy restricting the negotiation of payable instruments bearing facsimile signatures (rubber stamp or computer-generated), or stamped markings, such as PAID, CANCELLED, FOR DEPOSIT ONLY, ORIGINAL, INVOICE, CERTIFIED or similar markings, where the facsimile signature or stamped markings are printed with what appears to be black ink?

- Any business or individual signing or endorsing documents using a facsimile signature should only be permitted to do so with the organization's written authorization.
- Copy machines are often used to forge actual documents, and these forgeries are then passed in place of the actual item. Insisting that all facsimile and

rubber stamp images be printed with a colored ink makes the passing of forgeries more difficult.

Summary:

Embezzlers prefer to commit crimes within companies where original documents may contain stamped instructions and facsimile signatures; and where those instructions and facsimile signatures are printed with black ink.

A policy restricting a power of attorney used to open new accounts and to direct disbursements?

Companies routinely allow staff level employees to conduct transactions based upon the unverified information contained in a power of attorney. The exclusive use of witnessed or notarized powers of attorney, in the organization's own format, reduces the opportunity for fraud and misrepresentation.

Summary:

Embezzlers prefer to commit crimes within companies where a power of attorney may be used to open accounts and to direct disbursements; where several power of attorney formats are in use; and where signatures are un-witnessed.

A policy requiring employees to photocopy identification and related documents furnished to open a new account (driver's license, Social Security card, etc.), and securely storing the photocopies with the account file?

Internal and external criminals depend upon an employee's inability to identify persons and documents at time of trial. Routinely photocopying and marking documents, and retaining them for possible use in court, positively identifies persons and documents; reduces confusion; and enhances successful prosecution and recovery of funds.

Summary:

Embezzlers prefer to commit crimes within companies where controls governing the opening of new accounts are ineffective or non-existent; where new account applicants are improperly identified; and where inadequate account records are maintained.

A policy requiring customers to furnish copies of appropriate sole proprietorship, partnership or corporate papers when opening a commercial account, and securely storing the photocopies with the account file?

The manner in which a customer organization operates its business directly affects how the organization conducts its own. Businesses tend to de-emphasize effective internal controls, reporting requirements, documentation and document handling procedures. This may be as a result of poor training, ignorance, convenience or design.

Requiring that a prospective commercial accountholder furnish appropriate documentation, indicates that the organization has taken reasonable care to identify a legitimate customer.

Summary:

Embezzlers prefer to commit crimes within companies where controls governing the opening of new accounts, particularly commercial accounts, are ineffective or non-existent; where new account applicants are improperly identified; where inadequate account records are maintained; and where commercial account holders do not practice effective dual control techniques.

A program to review closely sole proprietorship accounts, particularly cash-intensive businesses such as general contractors, restaurants and bars, and senior citizen accounts?

General contractors, restaurants and bars are examples of those types of businesses most likely to practice ineffective accounting controls; declare bankruptcy; practice kiting; and become involved in “cash flow” crimes. These types of businesses are also used frequently as money laundering vehicles.

Senior citizen accounts are often linked to significant funds and are often poorly monitored by the accountholder. These accounts are particularly vulnerable to theft by family members, and may be used by employees for embezzlement and bunco schemes.

Summary:

Embezzlers prefer to commit crimes within companies that maintain a significant sole proprietorship client base, particularly cash-based businesses; and that actively solicits and maintains a significant number of senior citizen accounts.

A program to monitor closely all new account activity, particularly employees' accounts, for at least ninety (90) days, and document and follow up on all unusual activity?

The majority of credit and checking account frauds are committed by two distinctly different types of account holders: criminals and the organization's best customers.

Employees, who may also be professional check kitters, will operate their schemes for 45 - 90 days, and then close the scheme down and withdraw funds. These accounts are subject to a predictable cycle of activity:

- **1 - 30 days:** Minimum activity to test the organization's posting and statement routines.
- **31 - 60 days:** Moderate activity to develop the rhythm of transactions necessary to establish a busy, honest and predictable appearance to a casual observer. Each transaction will be of a greater dollar amount than

the previous transaction. Deposits will be made in relation to the number of days' float available.

- **61 - 90 days:** Excessive activity necessary to keep the kite afloat, with the kiter making several deposits a day. Each transaction will be of a greater dollar amount than the previous transaction. Deposits will be made in relation to the number of days' float available.

The organization's "best customers" will use a kite to provide necessary cash flow, and will repay the kite when the actual cash flow is sufficient to satisfy immediate needs. The organization finds these persons frequently but, because they are "best customers" the organization will allow them to deliver funds to cover the overdrafts.

Summary:

Embezzlers prefer to commit crimes within companies that do not routinely monitor new account activity; and which condone overdraft activity.

A policy to prohibit "less cash" deposits to any commercial account?

Businesses often consolidate several areas of responsibility into one position description (e.g., accounts payable, accounts receivable, delivery inventory control, mail opening, check depositing, check preparation, checkbook reconciliation).

A popular type of embezzlement is to hide the true receipt of negotiable documents, prepare a deposit slip, pre-sign a forgery of the owner's signature, and deposit the items with a "less cash" request.

Sole proprietorships and partnerships are most prone to these crimes. Refusing to allow "less cash" transactions for any of the organization's commercial accounts removes the opportunity for employees to mix cash and negotiable documents and confusing an audit trail.

Summary:

Embezzlers prefer to commit crimes within companies that allow "less cash" deposits to commercial accounts, particularly involving documents containing un-witnessed signatures.

A policy restricting the negotiation of any payable instrument or document containing alterations or illegible information?

Documents are often intercepted, altered, and presented for payment or deposit. Allowing only witnessed alterations, and only with a supervisor's approval, indicates that the organization is exercising reasonable care with its customers and documents.

Illegible signatures are often created by persons who sign their names frequently, as a matter of convenience. These are the same people who generally do not

review the documents at statement processing time. Forgers know that it is much more difficult to compare a scrawled, illegible signature successfully than a clear, careful, legible signature.

Summary:

Embezzlers prefer to commit crimes within companies that allow the deposit or encashment of altered or illegible documents; and which allow an illegible signature as the only one on the financial record.

A policy prohibiting the use or negotiation of any document written with a red, ball-point pen?

Documents written upon with a red, ball-point pen do not create a legible microfiche or photocopy. These types of documents are often used in “statement cycle” crimes, particularly internal property transfers, loan frauds and kites.

Summary:

Embezzlers prefer to commit crimes within companies that allow the negotiation of documents written with a red, ball-point pen, particularly financial documents.

A policy requiring that a personalized insert be placed in its check-imprinting machine, and that the reverse of all imprinted documents be examined for alterations?

Official checks and similar items created with a check-imprinting machine are often stolen, forged and altered. An insert containing the organization's name, placed into the machine at time of manufacture, and used on all official checks and similar items, reduces the opportunity for negotiation of these items.

Imprinted documents are often “raised” or altered, with a pen. The alteration is often not evident upon the face of the document, but is often evident upon the document's reverse side.

Summary:

Embezzlers prefer to commit crimes within companies that use a check-imprinting machine without also using an identifying insert; that type information upon the document, rather than writing the information by hand or using a computer printer; and that do not routinely examine an imprinted document's reverse side for alterations.

7.3.4 Facilities

Has the organization developed, implemented and provided a means to monitor and periodically update:

A policy requiring that at least two (2) employees must open and close a facility?

Not only is such a policy critical to addressing employee safety during robberies, burglaries and hostage events, but it limits access to the organization's premises. Embezzlers frequently arrive for work early and leave the premises later than other employees, simply because they cannot conduct their embezzlement activities during normal hours without the risk of discovery.

Summary:

Embezzlers prefer to commit crimes within companies that allow employees to enter a facility alone, particularly during non-business hours.

A policy governing the issuance, control and collection of keys; security and alarm access codes and devices; cash vault security; cash-handling facility countdown after an unusual incident; and other security devices maintained as dual control techniques?

Employees frequently share keys, particularly both keys in a dual custody set, because it is more convenient than constantly locating the person who has custody of the other key. This also allows employees to manufacture unauthorized duplicate keys. Employees also share combinations in the same manner.

Key boxes often contain a set of “emergency keysets” containing unauthorized duplicates of dual custody keys. This may allow lost keys to be unreported, because an “extra” key is available.

Security and alarm codes and passwords are routinely shared for convenience, and are changed infrequently.

Companies are not always successful in retrieving keys and other access devices from employees who terminate employment. Keys, access codes and devices, and passwords are not always changed when an employee terminates employment. The decision is often made on a case-by-case basis.

Cash-handling employees often store and collect containers of cash and negotiable documents within their assigned cash vault areas without supervision or the presence of another control employee. Night drops are also often reconciled in single custody.

Upon the discovery of a significant out-of-balance count, a full reconciliation of a cash-handling facility is generally initiated.

Rarely is a second full reconciliation initiated when the cause of the out-of-balance condition is located. Embezzlers often use the time period immediately following a reconciliation to commit a theft.

Summary:

Embezzlers prefer to commit crimes within companies that practice ineffective or non-existent key and combination controls; which seldom change combinations, passwords and alarm codes; and which fail to control effectively necessary reconciliation tasks.

A policy governing the use and storage of employee identification stamps or other similar marking devices, and authorization forms?

Embezzlers rarely commit their crimes in an area where they maintain sole control or responsibility. They prefer to enter another employee's area of control and use documents, marking devices and other means to direct suspicion towards another employee. These means may include employee identification stamps, authorization forms, unattended keys, and unsecured access codes and combinations.

Summary

Embezzlers prefer to commit crimes within companies that allow certain critical functions to be under the control of a single person.

7.4 SUMMARY

This section addresses the development of an effective risk assessment model to use in determining your organization's vulnerability to acts of embezzlement. The next section provides you with the Embezzlement Prevention Training Program as the final step in the prevention process.

8.0 EMBEZZLEMENT / FRAUD PREVENTION TRAINING PROGRAM

Companies are often wary of mentioning embezzlement or fraud to employees, believing that employees will begin thinking of and planning their own embezzlements. And rarely does a organization create a formal training program to address the embezzlement issue, fearing that such a program will give employees “ideas”.

Companies hire what they believe to be the most promising or competent employees available: those persons who demonstrate an aptitude for the position, or are the most skilled in their particular area of expertise. If the employee is that skilled, or if the promising employee has passed his/her probationary period, the employee has developed sufficient working knowledge to embezzle.

An employee who is trained in loss prevention and security techniques is an asset to any organization. This employee knows where the “windows of opportunity” lie within his/her position, and looks for techniques to stop potential losses. Developing and implementing a organization-wide embezzlement prevention training program fulfills several goals:

- Developing the program causes senior management and board members to make clear the organization's position regarding illegal and unethical conduct;
- By acknowledging that embezzlement exists, the organization alerts employees that it is “on guard” against and prepared to deal with this type of crime;
- By teaching employees what to look for in their own and other's behavior, the organization may prevent embezzlement by providing options if an employee is experiencing any of the commonly-accepted symptoms, and direction and support if the employee wants to report a suspicious incident or employee; and
- If an embezzlement does occur, the program makes investigation easier because employees will have been trained to help the investigator. The program will also make prosecution easier by helping to establish that the organization trained its employees appropriately; followed approved policies and procedures; and by helping the investigator to effectively document the investigation.

8.1 Embezzlement Prevention Training Program Handout

This organization has always maintained the highest standards of business conduct. These standards were developed from a belief that a organization must operate according to the basic principles of honesty, integrity, and concern for the community in order to gain and hold the public's trust.

It is critical to our success, and to your continued employment, that we conduct all of our business affairs according to these principles.

As an employee, you are responsible for making our commitment to honesty, integrity and concern for the community your commitment as well. We value each employee's positive contributions to the organization. We recognize that working within a business offers many opportunities for personal and professional growth, as well as many temptations and opportunities to steal.

It is this organization's policy to cooperate with law enforcement and regulatory agencies. We will also, whenever necessary, pursue both criminal and civil remedies against all employees who commit criminal acts against the organization or its customers, or against other employees.

It is a simple fact that if an employee wants to commit a crime, he/she will commit that crime, regardless of any policies, procedures, laws or other regulations. The best that we can do is to design and implement effective policies and procedures to lessen the opportunity for, or impact of, criminal behavior. To this end, this organization has developed comprehensive operations guidelines for you to follow.

The purpose of this material is to help you understand the very important issues associated with the crime of embezzlement. Because industry-wide losses caused by acts of embezzlement are more significant than losses caused by all other types of business crimes combined, we consider this topic appropriate for all employees. This material is to be discussed with each employee, regardless of position, and each member of the organization's board of directors.

Embezzlement is the nation's most popular financial crime. The negative impact upon the nation's businesses and the public trust in those companies, has resulted primarily from either acts of embezzlement or self-serving transactions committed by employees. Yet, we have learned that embezzlement is the most predictable, rhythmic and cyclical of all crimes. And one of the easiest crimes to prevent.

8.2 What Is Embezzlement?

Embezzlement is defined as both misuse and theft. Embezzlement, or defalcation, is the intentional misuse or misappropriation of funds or property entrusted to an employee. The majority of embezzlements begin as a simple misuse of the organization's funds for a short-term personal purpose.

Misuse is abuse of privilege or position, without a specific intent to steal.

Examples of misuse are:

- Using the organization's telephones, copy machines, and mail services for personal business;
- Using the organization's equipment, machinery, vehicles, supplies, and computer programs for personal business; and
- Using the organization's expense accounts and credit cards to pay for personal expenses.

Misappropriation is the taking of funds or property with a specific intent to steal.

Examples of misappropriation are:

- Stealing cash or negotiable documents from another employee's area of control;
- Creating “cash loans” from one's own area of control to pay personal expenses on a “temporary” basis;
- Operating credit, interest and check kites;
- Short-changing customers during any transaction; and
- Arranging secret unsecured, personal loans from “favorite customers”.

8.3 WHY ARE EMBEZZLEMENTS SO COSTLY?

Estimates are that for each \$1.00 lost due to any crime, the organization loses an additional \$4.00. To put it another way, each loss caused by internal or external crime costs at least five times the original amount:

- One dollar in actual cash is lost;
- A second dollar is spent identifying how the crime was committed;
- A third dollar is spent in identifying who committed the crime;
- A fourth dollar is spent prosecuting the person who committed the crime; and
- A fifth dollar is spent in suing the person who committed the crime for the recovery of the money taken.

These calculations are conservative, and don't take into account the other losses the organization will ultimately suffer. Remember that these losses affect our profit, and ultimately may affect your employment.

Embezzlements are emotional as well as financial crimes. Victims of embezzlement display the same progression and range of symptoms displayed by victims of sexual assault or catastrophic disasters: shock, disbelief, denial, rage, grief and recovery. This cycle generally peaks within six months of the crime, and it may take up to three years for the organization to recover fully.

The actual monetary loss may be considerable, but it will be relatively minor compared to the losses caused by these factors that will become evident after an embezzlement has been discovered:

- Lowered employee morale due to increased security measures, and aggravated by distrust of other employees;
- Employees' disorientation and their acorganizationing mistakes, resulting in poor customer service;
- A reduction in actual tasks performed by employees, because of their pre-occupation with events related to the embezzlement;
- Disruption of normal operational activities as employees are re-allocated to perform investigative and security tasks;

- Adverse publicity due to management's inability to control the flow of information to the media; and
- The necessary interaction with the criminal justice system (law enforcement, courts and corrections).

8.4 Why Do Employees Embezzle?

All people have reasons for behaving as they do. All people have developed behavior patterns. No person changes an established behavior pattern without a significant reason. The principle of cause and effect applies to the relationship between a change in some aspect of a person's life, and an acorganizationing change in that person's behavior. There are three (3) primary motives for a person to embezzle:

- Need for money;
- Revenge; and
- Excitement.

8.5 What Symptoms Do Embezzlers Display?

While there is no such person as an “average” embezzler, most employees who embezzle consistently display universal crisis “symptoms”. These symptoms are also known as “crisis signals” and serve as a warning that an employee is unbalanced mentally, physically, emotionally, spiritually or financially. These symptoms are clues that are often apparent to supervisors and coworkers, who are in daily contact with the employee.

Demonstrating any one of these symptoms does not mean that an employee is embezzling. It simply means that the employee is “at risk” of a breakdown of his/her morals, values, and ethics, and that intervention may prevent an escalation of the imbalance. As you review these symptoms, recognize that most people have demonstrated at least one such behavior or lifestyle event at some point in their lives.

The listed symptoms all involve a significant change in behavior, attitude, lifestyle or job performance. Active embezzlers generally display addictive behavior, and simultaneously demonstrate three (3) or more of these symptoms:

- Displaying a suddenly enriched, extravagant lifestyle, unsubstantiated by normal wages;
- Frequently requesting cash advances, or delaying repayment of prior loans;
- Receiving telephone calls at work from creditors;
- Having wages garnished;
- Borrowing constantly from fellow employees, and seldom repaying these loans;

- Displaying careless or sloppy work habits; failing to follow instructions or giving conflicting instructions; making unusual errors in judgment; being absent frequently from the work area; suffering repeated or unreasonable accidents on or off the job; or displaying a significant change in behavior, attitude or performance;
- Failing to report for work or offering poorly explained absences from work; being chronically tardy and leaving work early; or taking excessive advantage of available sick time;
- Refusing to take time off, or passing vacation options;
- Constantly working overtime without sufficient reason, and often without pay;
- Gambling at the workplace, or excessive references to gambling activity;
- Making references to current excessive consumption of alcoholic beverages; consumption of alcoholic beverages during the work day; or evidence of frequent hangovers;
- Making references to substance abuse of a drug other than alcohol, either the overuse of prescription medication, or consumption of illegal drugs; substance abuse in any form during the work day; or evidence of the cumulative effects associated with substance abuse;
- Making references to significant domestic problems; telephone calls received at work from family members regarding domestic problems; or evidence of physical, mental or emotional spousal abuse and acorganizationing signals of distress;
- Meeting with questionable associates at the work place; and
- Creating disruptive or erratic behavior; displaying withdrawn or preoccupied manner; inappropriately displaying anger and frustration; suffering from extreme mood swings; and displaying a visible deterioration of physical appearance, and mental and emotional stability.

8.6 What Are My Responsibilities?

This organization has developed a “Code of Conduct” statement, to define clearly what is, and is not, acceptable business behavior. This Code of Conduct is applicable to all employees, regardless of position, and to each member of the organization's board of directors.

The Code of Conduct reflects the organization's guiding philosophy, and describes our “organization culture”. Organization culture is defined as the environment influenced by the prevalent morals, ethics, ideals, and standards for behavior, as developed, implemented and demonstrated by management. In other words, the organization's conscience.

The Code of Conduct will be applied and enforced universally, not selectively. A complete Code of Conduct is included in your employee handbook. The sections

of the Code of Conduct pertaining to your role in embezzlement prevention and investigation are as follows:

- The organization operates based upon policies, procedures and techniques designed to provide a safe and secure working environment, and to minimize the opportunity for mistakes, misunderstandings, and inconvenience to employees and customers. You are expected to work within those policies and procedures, and your position description, at all times.
- You may not exceed the scope of your position description and level of authority without specific authorization from senior management, nor assume more responsibilities than you are authorized to exercise.
- All employees are required to provide handwriting and fingerprint samples, and a personal photograph at the request of the organization. The organization will conduct a credit check on all applicants, and may conduct a credit check at unspecified intervals during any employee's term of employment.
- Any incoming or outgoing telephone call on the organization's telephone may be monitored or recorded, at any time and without prior notice.
- All employee accounts are subject to review by the organization's audit department or internal investigators, at any time and without prior notice.
- All lockers, desks, cabinets, and similar places where things can be stored, belong to the organization, and may be searched by its representatives at any time and without prior notice.
- You are not expected to act as a law enforcement officer, or a “cop”. All employees are responsible for exercising “reasonable and prudent care” during each transaction or operation, while performing the tasks that they are employed to perform. While exercising reasonable and prudent care, you may uncover a crime in progress, but the primary goal is to minimize the risk inherent in all transactions. If you do suspect that a crime is being or has been committed, you must report your suspicions as discussed below.
- Employees' schedules and work assignments may be changed at unpredictable intervals. This is not designed to inconvenience you, but to promote effective internal controls.
- In addition to any statutory and regulatory required limitations on the solicitation and receipt of things of value and the use of privileged and confidential information, you must use extra caution to avoid any activity, investment, interest or association that could affect your business judgment. Even an appearance of conflict of interest could harm your reputation and the organization's.
- No employee may make a statement concerning the organization or its activities to the media without first obtaining the authorization to do so from the Security Officer or his/her designate.

Reference **SUSPICIOUS ACTIVITY REPORT**, located after section 8.7.

- You have an obligation to report unusual or suspicious events caused by either internal or external sources. Report your suspicions concerning external events to your immediate supervisor. Report your suspicions concerning internal events to either the organization's Security Officer or Auditor, and not to your immediate supervisor.
- Both the Security Officer and Auditor are aware that the person reporting the suspicion is acting upon his/her beliefs; that the reporting employee expects confidentiality; and that all employees have a reasonable right to that expectation. Confidentiality is limited – the Security Officer or Auditor may need to disclose your information to law enforcement agencies and/or senior management as part of internal investigation.
- You have an obligation to participate in any investigation involving the organization's security, including any possible loss to the organization, as long as your role in that investigation stems from your involvement as an employee. Any legal proceedings requiring your participation as an employee will be coordinated by the organization.

8.7 Summary

This organization strives to provide a work environment that is conducive to personal growth, accomplishment and satisfaction. We feel that all employees need to know where they stand if they are to be part of our service team. This organization expects honesty, continuing competency and teamwork as part of the employee-employer relationship. You should expect to find those attributes displayed by all employees at all levels.

We ask that you participate in our crime prevention efforts, particularly with regard to the very real danger of embezzlement. If you have any questions about this material, contact the Security Officer or Auditor privately.

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9.0 LEADER'S GUIDE: EMBEZZLEMENT PREVENTION TRAINING PROGRAM

LEADER: Auditor, Security Officer, Department or Office Manager

DISCUSSION TIME: 60 minutes for presentation, 30 minutes for discussion.

9.1 OVERVIEW

This organization has developed and implemented a strategic plan for preventing losses from internal sources. Training the organization's personnel appropriately to implement the plan is critical to the plan's success.

9.2 OBJECTIVES

- To describe the organization's policy regarding employee-employer relations, the Code of Conduct and any related regulatory issues, and criminal activities committed by employees.
- To inform all personnel about the organization's loss prevention program, particularly regarding embezzlement, including the policies and procedures relating to the program's implementation on both a organization and a department-wide basis.
- To train each employee to respond appropriately to suspicious events.

9.3 DISCUSSION MATERIALS

- Training handout: Embezzlement Prevention Training Program
- Employee Handbook containing Code of Conduct

9.4 MEETING PREPARATION: SECURITY OFFICER OR AUDITOR

1. Review or discuss the results of the latest operations audit to:
 - Determine the types and amounts of losses due to internal sources, if any;
 - Determine what controls, policies or procedures were violated that contributed to the losses, if any;
 - Determine what controls, policies or procedures are required to reduce future exposure to loss, if any, and recommend their implementation; and
 - Verify that appropriate controls, policies or procedures are now in place.
2. Review the organization's Code of Conduct and Employee Handbook and the Embezzlement Prevention Training Program, and:
 - Determine if each is consistent with the other;
 - With a representative of the Personnel Department, draft any necessary changes to the Code of Conduct, Employee Handbook or Training Program to make them consistent with each other and to reflect the organization's policy; and

- Submit the completed Employee Handbook, including the Code of Conduct, and the Training Program for approval.
- 3. After receiving the necessary approval:
 - Prepare information packets for each employee and board member;
 - Prepare training rosters to document attendance at training events, and receipt forms for all personnel;
 - Meet with the following groups separately:
 - ✓ Board of directors;
 - ✓ Executives and senior managers; and
 - ✓ Branch and department managers and supervisors.
- 4. Schedule staff training meetings, to be delivered by the appropriate managers;
- 5. Supply each manager with sufficient Employee Handbooks, Training Program handouts, rosters and receipt forms for all personnel and
 - Have signed receipts returned to the Personnel Department for placement in the employee's file;
 - Place the completed rosters in your security files; and
 - Respond appropriately to the statements and suggestions forwarded to you by the manager delivering the training.

9.5 MEETING PREPARATION: MANAGERS AND SUPERVISORS

Prepare for the meeting by:

- Reading the Employee Handbook to familiarize yourself with the information, and to insure that you understand the key elements. Discuss questions or concerns with your supervisor.
- Reading the Training Program handout to familiarize yourself with the information, and to insure that you understand the key elements of embezzlement. Discuss questions or concerns with the Security Officer or Auditor.
- Distributing the Employee Handbook and Training Program handout and any related materials to each employee in your branch, office or department one (1) week before your meeting. Instruct employees to read all materials, note questions or comments directly on the copies, and to bring the materials to the meeting.
- Assembling all appropriate materials and displays to use as references during the meeting. Have extra copies of the materials available at the meeting.
 - Preparing a meeting outline on a flip chart to help guide your presentation, if appropriate.
 - Preparing a training roster. Reference the **Training Roster** form provided after Section 9.7.

9.6 CONDUCT THE MEETING

- Assign an employee to complete the **Training Roster** form and take notes during the meeting, and to deliver the signed roster and notes to you at the end of the meeting for your report. Reference the sample **Memo** located after Section 9.7.
- Introduce the purpose of the meeting, and the training program objectives. (Refer to your flip chart, if appropriate, throughout the presentation.)
- Refer to the Training Program handout and;
- Describe the organization's:
 1. Business philosophy, duties and responsibilities to customers and employees;
 2. Efforts to develop and maintain a working environment that promotes honest and integrity for all employees;
 3. Recognition that opportunities for theft exist at the organization; and
 4. Commitment to cooperate with law enforcement and regulatory agencies in all cases of suspected theft.
- Define embezzlement as a crime; discuss the differences and similarities between both misuse and misappropriation; discuss examples; and describe the potential impact of embezzlement upon the organization.
- Describe the importance of following established policy and procedures, and practicing loss prevention techniques; describe the projected financial and emotional losses.
- Discuss the recognized motivations for embezzlement: the need for money, revenge and excitement.
- Describe the “crisis signals” that embezzlers display, and emphasize that demonstration of any one of these symptoms does not mean that an employee is embezzling.
 1. Acknowledge that most people have demonstrated at least one of the crisis signals at some point in their lives;
 2. Emphasize that active embezzlers generally display addictive behavior, and simultaneously demonstrate three (3) or more of the embezzlement symptoms; and
 3. Emphasize that the listed symptoms all involve a significant change in behavior, attitude, lifestyle or job performance.
- Refer to the Employee Handbook and Code of Conduct, and:
 1. Describe the terms “corporate culture” and “code of conduct”;
 2. Discuss each employee's duties and responsibilities;
 3. Require each employee to sign and return the acknowledgment form contained in the Employee Handbook; and
 4. Open the meeting to questions and comments.

9.7 AFTER THE MEETING

- Retrieve the **Training Roster** form, the **Seminar Evaluation** form and notes from the note-taking employee.
- Using the notes and your personal observation, indicate in writing what issues need to be resolved and your suggestions for resolution.
- Complete the information requested on the attached sample **Memo**, and return the Memo, **Training Roster**, and your written report to the Security Officer or Auditor.

M E M O

To: Security Officer or Auditor

From: _____

Date: _____

Subject: Annual Embezzlement Prevention Training Meeting

I conducted an operational inspection for the _____

Branch/Office/Department on _____.

I reviewed the appropriate branch/office/department's policies and procedures on _____.

I conducted a training meeting regarding the organization's Embezzlement Prevention Training program on _____.

A copy of the training roster is attached.

Check one:

_____ The branch/office/department is in compliance with all policies and procedures relating to this program.

_____ The branch/office/department is not in compliance with all policies and procedures relating to this program. Please contact me immediately to discuss the indicated items:

POLICY:

PROCEDURE:

Name

Title

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Seminar Evaluation: Embezzlement Prevention Annual Training

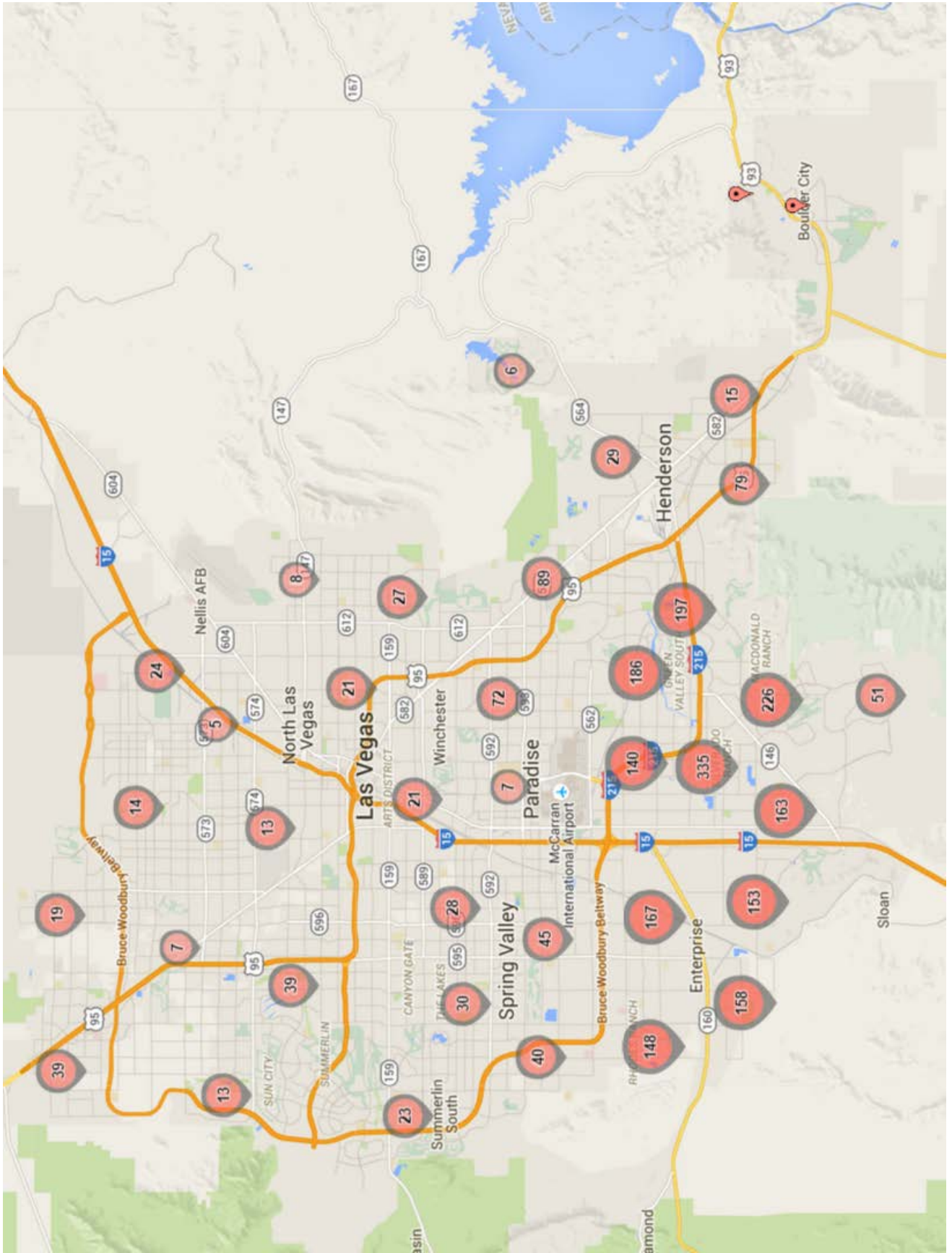
Seminar name: _____

Seminar location: _____

Your name (optional): _____

Your title: _____

Seminar Content & Organization (1/Poor - 5/Excellent)	Rating
1. Will you be able to apply this information in your position?	
2. Was the seminar content well-organized?	
3. Were the handout materials useful and informative?	
4. Were the seminar topics adequately addressed?	
Seminar Instructor:	Rating
5. Were questions answered to your satisfaction?	
6. Was the instructor organized and well-prepared?	
7. Was the instructor knowledgeable and up-to-date in the subject matter?	
8. Did the instructor display enthusiasm for the topics and the class responses?	
9. Were you encouraged to ask questions and express opinions?	
10. Were the teaching aids, handout materials and techniques effective?	
Comments:	



PLEASE POST

AGENDA

CORAL ACADEMY OF SCIENCE LAS VEGAS REGULAR MEETING OF BOARD OF TRUSTEES

Date: February 26, 2016

Time: 5:30 pm

Location: CASLV Sandy Ridge Campus (1051 Sandy Ridge Ave. Henderson, NV 89052)

This agenda has been posted at the following locations:

Coral Academy of Science Las Vegas, Green Valley Library, Enterprise Library, James Gibson Library, Paseo Verde Library, Whitney Library, CASLV website at www.caslv.org, and Nevada Public Notice website at <http://notice.nv.gov>

The Board may take items on the agenda out of order; may combine two or more items for consideration may table an agenda item to be considered in a future meeting or may remove an item from the agenda.

Reasonable efforts will be made to assist and accommodate physically handicapped person desiring to attend the meeting. Please contact Ms. Candis Cope at 702-776-6529 ext. 106 at least 48 hours before the time of the meeting so that arrangements may conveniently be made.

All Times are action or possible action items unless denoted otherwise.

Call to order

Roll Call

Pledge of Allegiance

A. Action to adoption of the Agenda (*For Possible Action*) Dr. Deniz, President

B. Public Comment

Comments from the public are welcome at this time. A "Citizen's Request to Speak" card should be filled out and submitted to the Board president prior to this session. The Board will neither deliberate

PLEASE POST

nor take any action on a matter raised during public comments sessions unless the matter itself has already been specifically included on the agenda as an action item.

Public comment may be limited to give minutes per person at the discretion of the Board.

- C. Approval of February 4th, 2016 Board Meeting Minutes (*Action*)** Mr. Ercan, Executive Director
- D. Request to amend the charter for additional site (*Discussion/For Possible Action*)** Mr. Ercan, Executive Director
- E. Discussion and Amendment of Approval of Sandy Ridge Campus Gym Project Civil Engineering Design Proposals (*Discussion, Possible Action*)**
- F. Discussion and Approval of Amendment to Tuition Reimbursement Policy for Certified Teachers (*Discussion, Possible Action*)** Mr. Ercan, Executive Director
- G. Executive Director's Progress Report (*Information*)**
Brief updates and notices to the Board from the Director regarding School activities/events.
- H. Public Comments**
Comments from the public are welcome at this time. A "Citizen's Request to Speak" card should be filled out and submitted to the Board president prior to this session. The Board will neither deliberate nor take any action on a matter raised during public comments sessions unless the matter itself has already been specifically included on the agenda as an action item.
- I. Adjournment (*Action*)**

School Leader Selection Competency Rubric

Competency	Candidate 1	Candidate 2	Candidate 3	Candidate 4	Candidate 5
Communication					
Visibility					
Culture					
Focus					
Involvement in curriculum, instruction, and assessment					
Knowledge of curriculum, instruction, and assessment					
Resources					
Ideals/beliefs					
Outreach					
Monitoring/evaluating					
Input					
Situational awareness					
Discipline					
Affirmation					
Order					
Flexibility					
Relationships					
Optimizer					
Change agent					
Intellectual stimulation					
Contingent rewards					
Data-driven decision making					
Finance					
Knowledge about special needs					
Loyalty					
Ethics					
Triage partnering					
Professional development					
Balance					
(Points over 5 point)Total Scores:					

Meeting Minutes

CORAL ACADEMY OF SCIENCE LAS VEGAS REGULAR MEETING OF BOARD OF TRUSTEES

Date: February 26, 2016

Time: 5:30 pm

Location: CASLV Sandy Ridge Campus (1051 Sandy Ridge Ave., Henderson, NV 89052)

This agenda has been posted at the following locations:

Coral Academy of Science Las Vegas, Green Valley Library, Enterprise Library, James Gibson Library, Paseo Verde Library, Whitney Library, CASLV website at www.caslv.org, and Nevada Public Notice website at <http://notice.nv.gov>

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Reasonable efforts will be made to assist and accommodate physically handicapped person desiring to attend the meeting. Please contact Ms. Candis Cope at 702-776-6529 ext. 106 at least 48 hours before the time of the meeting so that arrangements may conveniently be made.

All Times are action or possible action items unless denoted otherwise.

Call to order

The meeting was called to order on Friday February 26 at 5:40 pm.

Roll Call

Board Members Present:

Dr. Seyhmus Baloglu, Arlene Hayman, Elizabeth Kazelskis, and Dr. Hasan Deniz.
Feyzi Tandogan (via teleconference), Brin Gibson (via teleconference)

Board Members Absent:

Ann Diggins

Pledge of Allegiance

A. Action to adoption of the Agenda (Action)

Dr. Deniz made a motion to adopt the agenda. Ms. Hayman seconded. Motion carried unanimously.

B. Public Comment

There were no public comments.

C. Approval of February 4, 2016 Board Meeting Minutes (Action)

Dr. Deniz made a motion to approve the February 4, 2016 Board Meeting minutes with one change to Item L. "Ms. Hayman" needs to be corrected to "Ms. Diggins". Dr. Baloglu seconded. Motion carried unanimously.

D. Request to amend the charter for the additional site (Discussion, Action) - Mr. Ercan, Executive Director

Mr. Ercan explained that CASLV Henderson is at maximum capacity with its current campuses and cannot meet the needs of new students on the 2,000⁺ students waiting list without expansion. He would like a new high school facility for the 2017-2018 school year. The new facility would separate middle school from high school and help balance the current buildings' capacities for K-12. He is working with the same charter-school-focused investors who are funding the Centennial location, and a realtor, to identify a turnkey building with a lease-to-purchase option. *Dr. Deniz made a motion to approve the request to amend the charter for the additional site. Ms. Hayman seconded. Motion carried unanimously.*

E. Discussion and Amendment of Approval of Sandy Ridge Campus Gym Project Civil Engineering Design Proposal (Discussion, Action) - Mr. Ram Janga, Consultant

Mr. Ercan introduced Mr. Ram Janga, a consultant for the Sandy Ridge gymnasium project. Mr. Janga explained that Zone Engineering, approved by the Board on February 6, 2016, was required to review their proposal prior to acceptance. Upon review, Zone Engineering stated that they would require a full-blown traffic study and update drainage study to satisfy the City's conditions. The updated proposal from Zone Engineering was \$85,000.00. Due to the price discrepancy with its prior bid, the second-place choice, McCay Engineering, was contacted. McCay Engineering met with the City of Henderson and confirmed that the City will not require new, full-blown traffic and drainage studies. It is also highly qualified and

understands the process. Mr. Gardberg asked Mr. Janga to confirm that their qualifications are satisfactory. Mr. Janga assured the Board that they are highly qualified. *Dr. Deniz made a motion to approve the request to amend the Sandy Ridge Campus Gym Project Civil Engineers Design Proposal to McCay Engineering. Ms. Hayman seconded. Motion carried unanimously.*

F. Discussion and Approval of Amendment to Tuition Reimbursement Policy for Certified Teachers (Discussion, Action) - Mr. Ercan, Executive Director

Mr. Ercan explained that a change in the written verbiage is required to cover all instructional leaders and coordinators for the Tuition Reimbursement Policy at CASLV. Instructional leaders and Coordinators include: Deans; School Counselors; College Advisors; Instructional Coaches, and; Assistant Principals. *Dr. Deniz made a motion to the Amendment to Tuition Reimbursement Policy for Certified Teachers to include Instructional Leaders and Coordinators. Ms. Hayman seconded. Motion carried unanimously.*

G. Executive Director's Progress Report (Information) - Mr. Ercan, Executive Director

Mr. Ercan announced the upcoming STEM Expo on March 12. All Board members were invited to attend; the grand opening for the Expo is at 10 am. He also presented a short video on past STEM Expos.

Teacher recruitment is progressing well. CASLV has hosted two jobs fairs and has one more scheduled for April 9, 2016. Administration has also been recruiting teachers from Arizona, California, Illinois, Minnesota, and New York. Sixty-two teachers are needed for the two new campuses, and almost half of these positions have been filled up. The school has nonetheless been very attentive and discerning in to whom it extends offers.

The 2016-2017 School Year lottery will be held on Monday, February 29 for all campuses.

H. Public Comments

There were no public comments.

I. Adjournment (Action)

Dr. Deniz made the motion to adjourn the meeting. Dr. Baloglu seconded. Motion carried unanimously and the meeting adjourned at 6:50pm.

Position Title: Executive Director

Reports to: Governing Board

Reporting to this position: Campus Directors, Chief Accounting Officer, Human Resources Director, Chief Academic Officer

Job Summary

The Executive Director serves as chief executive of Coral Academy of Science Las Vegas and, in partnership with the Governing Board, is responsible for the success of Coral Academy of Science Las Vegas. Together, the Governing Board and Executive Director assure Coral Academy of Science Las Vegas' relevance to the community, the accomplishment of Coral Academy of Science Las Vegas' mission and vision, and the accountability of Coral Academy of Science Las Vegas to its diverse constituents.

The Governing Board delegates responsibility for management and day-to-day operations to the Executive Director, and s/he has the authority to carry out these responsibilities, in accordance with the direction and policies established by the Governing Board. The Executive Director provides direction and communication to the Governing Board as it carries out its governance functions.

Accountabilities

1. Legal compliance

a) Assures the filing of all legal and regulatory documents and monitors compliance with relevant laws and regulations.

2. Mission, policy and planning

a) Helps to determine Coral Academy of Science Las Vegas' values, mission, vision, and short- and long-term goals.

b) Helps to monitor and evaluate Coral Academy of Science Las Vegas' relevancy to the community, its effectiveness, and its results.

c) Keeps the Governing Board fully informed on the condition of Coral Academy of Science Las Vegas and on all the important factors influencing it.

- Identifies problems and opportunities and addresses them; brings those which are appropriate to the Governing Board and/or its committees; and, facilitates discussion and deliberation.

- Informs the Governing Board and its committees about trends, issues, problems and activities in order to facilitate policy-making. Recommends policy positions.

d) Keeps informed of developments in human services, not-for-profit management and governance, philanthropy and fund development.

3. Management and administration

a) Provides general oversight of all Coral Academy of Science Las Vegas activities, manages the day-to-day operations, and assures a smoothly functioning, efficient organization.

b) Assures program quality and organizational stability through development and implementation of standards and controls, systems and procedures, and regular evaluation.

c) Assures a work environment that recruits, retains and supports quality staff and volunteers. Assures process for selecting, development, motivating, and evaluating staff and volunteers.

d) Recommends staffing and financing to the Governing Board of Directors. In accordance with Governing Board action, recruits personnel, negotiates professional contracts, and sees that appropriate salary structures are developed and maintained.

e) Specifies accountabilities for management personnel (whether paid or volunteer) and evaluates performance regularly.

4. Governance

- a) Helps the Governing Board articulate its own role and accountabilities and that of its committees and individual members, and helps evaluate performance regularly.
- b) Works with the Governing Board President to enable the Board to fulfill its governance functions and facilitates the optimum performance by the Board, its committees and individual Board members.
- c) With the Board President, focuses Board attention on long-range strategic issues.
- d) Manages the Governing Board's due diligence process to assure timely attention to core issues.
- e) Works with the Board officers and committee chairs to get the best thinking and involvement of each Board member and to stimulate each Board member to give his or her best.
- f) Recommends volunteers to participate in the Board and its committees.

5. Financing

- a) Promotes programs and services that are produced in a cost-effective manner, employing economy while maintaining an acceptable level of quality.
- b) Oversees the fiscal activities of the organization including budgeting, reporting and audit.
- c) Works with Governing Board to ensure financing to support short- and long-term goals.
- d) Assures an effective fund development program by serving as the chief development officer or hiring and supervising an individual responsible for this activity.
 - Helps guide and enable the Governing Board, its fund development committee(s) and its individual Board members to participate actively in the fund development process.
 - Helps the Governing Board and its development committee design, implement and monitor a viable fundraising plan, policies and procedures.
 - Participates actively in identifying, cultivating and soliciting donor prospects.
 - Assures the availability of materials to support solicitation.
 - Assures the development and operation of gift management systems and reports for quality decision-making.

6. Community relations

- a) Facilitates the integration of Coral Academy of Science Las Vegas into the fabric of the community by using effective marketing and communications activities.
- b) Acts as an advocate, within the public and private sectors, for issues relevant to Coral Academy of Science Las Vegas, its services and constituencies.
- c) Listens to clients, volunteers, donors and the community in order to improve services and generate community involvement. Assures community awareness of Coral Academy of Science Las Vegas' response to community needs.
- d) Serves as chief spokesperson for Coral Academy of Science Las Vegas, assuring proper representation of Coral Academy of Science Las Vegas to the community.
- e) Initiates, develops, and maintains cooperative relationships with key constituencies.
- f) Works with legislators, regulatory agencies, volunteers and representatives of the not-for-profit sector to promote legislative and regulatory policies that encourage a healthy community and address the issues of Coral Academy of Science Las Vegas' constituencies.

Physical Demands/Working Conditions:

This is a high-stress position based on full responsibility for Coral Academy of Science Las Vegas operations. Handles detailed, complex concepts and problems, balances multiple tasks simultaneously, and makes rapid decisions regarding administrative issues.

Plans and implements programs. Establishes strong and appropriate relationships with Board, committees, volunteers, staff, donors and clients. Develops smooth and constructive relationships with executive colleagues, outside agencies, organizations and individuals.

Plans and meets deadlines. Maintains a flexible work schedule to meet the demands of executive management. Hours may be long and irregular.

Conveys a professional and positive image and attitude regarding ABC and the not-for-profit and for-profit sectors. Demonstrates commitment to continued professional growth and development.

Qualifications:

A Bachelor's Degree is required with a minimum of five (5) years of experience in a school management position. As chief executive officer, this individual demonstrates critical competencies in four broad categories: commitment to results, business savvy, leading change, and motivating.

Commitment to results: The Executive Director is a systems thinker who is customer focused and goal driven. This individual identifies relevant information and helps transform this information into individual and organizational knowledge and learning. The chief executive is action oriented and innovative. S/he translates governing broad goals into achievable steps. S/he anticipates and solves problems and takes advantage of opportunities, is a self-starter and team player.

Business savvy: As Coral Academy of Science Las Vegas' leader, this position requires an individual with knowledge of and experience in management and administration. The position requires demonstrated experience in integrating and coordinating diverse areas of management.

- Knowledge in the following areas is required: education administration, human services, finance and personnel; oral and written communications; planning and evaluation; and governance.
- Some experience in the field of philanthropy, not-for-profit management and governance, and community relations is preferred. Some general knowledge of fund development is also preferred.
- A high level of personal skills is required to make formal, persuasive presentations to groups and to deal effectively with people from all segments of the community.
- The individual must be comfortable with diversity and respectful of a wide range of faiths, beliefs and experiences.

Leading change: The chief executive possesses the skills and implements the functions of a leader. S/he shares Coral Academy of Science Las Vegas' values, mission and vision. S/he consistently displays integrity, models behavior, develops people, and builds teams. This individual deals effectively with demanding situations and designs and implements interventions.

Motivating: The chief executive manages continuity, change and transition. This individual knows how to influence and enable others. S/he addresses the impact of attitude and action on the ABC and its participants.



March 1, 2016

Nevada State Public Charter Schools Authority
Patrick Gavin, Director
1749 N. Stewart Street, Suite 40
Carson City, NV 89706

Mr. Gavin:

We respectfully write you to express our strong support and recommendation for the approval of Coral Academy of Science Las Vegas's fourth campus, which is anticipated to open during the 2017 fall school semester in the City of Henderson.

As our business community continues to evolve, so do the needs of our residents including that of education options. Coral Academy's high school campus will address such needs and help support families working throughout our community as well as provide proven, quality education alternatives to students who will soon join Southern Nevada's workforce.

Coral Academy's high school campus in Henderson will address the high demand our community has for such a campus and the Henderson Chamber of Commerce is proud to support this successful 5-Star school.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Muelrath', with a stylized flourish at the end.

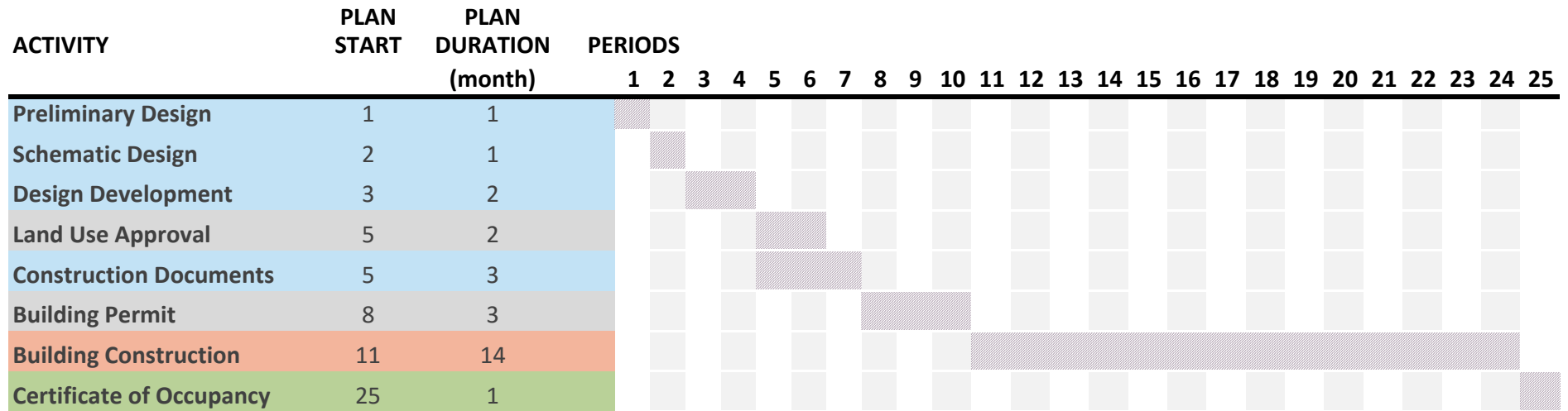
Scott Muelrath
President/CEO
Henderson Chamber of Commerce



Henderson Chamber of Commerce
www.hendersonchamber.com

590 S. Boulder Highway, Henderson, NV 89015
702.565.8951

CASLV - Henderson



- Design Duration
- Jurisdiction Duration
- Construction Duration

Position Title: Executive Director

Reports to: Governing Board

Reporting to this position: Campus Directors, Chief Accounting Officer, Human Resources Director, Chief Academic Officer

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- A high level of personal skills is required to make formal, persuasive presentations to groups and to deal effectively with people from all segments of the community.
- The individual must be comfortable with diversity and respectful of a wide range of faiths, beliefs and experiences.

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Motivating: The chief executive manages continuity, change and transition. This individual knows how to influence and enable others. S/he addresses the impact of attitude and action on the ABC and its participants.

Position Title: Chief Academic Officer

Reports to: Executive Director

Job Responsibilities

- Provide leadership in the ongoing development, improvement, and evaluation of curriculum, instruction, and student data management;
- Responsible for coaching teachers on instructional delivery and methods;
- Assist Campus Directors, Dean of Academics and Instructional Coaches in developing staff development programming;
- Responsible for managing student data systems;
- Assist in administration of scheduling and standardized assessments;
- Assist Campus Directors in the development of school created assessments;
- Assist in making formal reports to the board of trustees and charter entity on student academic performance.

Job Qualifications

- BA/BS degree or graduate degree;
- Administrative certification welcomed but not mandatory;
- Experience and demonstrated ability in working with children in a teaching, counseling or other applicable capacity (examples include, but are not limited to involvement with community youth organizations, supervisory roles in the Boy Scouts or Girl Scouts, and mentorships);
- Demonstrated successful teaching experience;
- Demonstrated organizational skills;
- Demonstrated ability in data management and presentation;
- Exhibited leadership in working with professional staff, students, and the community;
- Agreement with the academic goals and philosophy of the charter school;
- Commitment to accountability, including a rigorous student testing regime;
- Demonstrated success in encouraging parental involvement.

Position Title: Chief Financial Officer

Reports to: Executive Director

Job Responsibilities

- Coordinate all financial transactions, including revenue activities, expenditures, record keeping, reporting, auditing, district billing etc.;
- Coordinate all administrative transactions, including the provisions of personnel services, record keeping, reporting, inventory, purchasing, etc.;
- Coordinate the collection of any data required for the preparation of reports to the chartering entity and other appropriate bodies;
- Prepare materials in conjunction with the principal for board meetings;
- Serve as liaison to governing board finance committee and treasurer of the board;
- Manage facility maintenance and daily operations including custodial staff, student meal counts/ billing and student transportation.

Job Qualifications

- BA/BS degree in related field or graduate degree;
- Demonstrated organizational skills;
- Demonstrated ability in data management and presentation;
- Prior experience in an accounting and administration position;
- Agreement with and commitment to the academic goals and philosophy of the charter school.

Position Title: Human Resources Manager

Reports to: Executive Director

Job Description

A Human resource manager has an overall responsibility for providing support in various **human resource** functions which include recruitment, staffing, training and development, performance monitor, employee relations, employee retention, employee counseling, compensation and benefits administration, implementation and administration of human resource program. A Human resource (HR) manager should be well aware about the human resource laws and regulations, human resource policies, personnel record keeping, safety issues of team members, training and workforce development & compliance. **Human resource manager** (HRM) performs all its tasks to organize the human resources in the company to overcome future problems. **HR Manager** helps company in organization, communication, negotiation, and also in conflict management and he also provides an ethical scenario to employees to do their job with full of enthusiasm. A HR manager incumbent must have proficient knowledge in following areas like: human resource management, performance review techniques and methods, job description, staffing, training, recognition, development, delegation, mentoring and coaching.

Duties and Responsibilities

- A Human resource manager serves employees as well as clients, including administrators, corporate, education sector, technical sector etc. by handling day to day questions and helping resolve work-related problems.
- A HR Manager in a company helps in communicating company policies and procedures & Promote understanding within the organization.
- A HRM Recruits for open positions and perform the full life cycle of recruiting activities including sourcing and screening applicants, maintaining recruiting systems, drafting offer letters, providing follow-through with candidates, supporting hiring managers, and reporting recruiting statistics.
- Making Draft and update job descriptions; assist in classifying positions as needed for company.
- A human resource manager provides advice and assistance when conducting staff performance evaluations.
- A human resource manager identifies training and development opportunities and organize staff training sessions, workshops, and other activities as per need of the staff members.
- HRM provide basic counseling to staff who has performance related obstacles.
- HRM also provide assistance to top management in developing human resource plans.
- HRM helps employee on-boarding activities; answer employee questions and provide support to assistant managers when integrating new hires into the organization.
- He also suggests administer employee benefit programs, answer employee questions, support claim resolution, and maintain related systems.

- A HRM focus on the performance review process & provides employees and managers with information about the process, policies, job duties, and process for promotion.
- An HRM is also responsible to Maintain employee records.
- A HRM is also responsible for new hire, termination, and change of status forms with payroll.
- HRM Serves as employee liaison to assist in problem resolution with issues related to benefit deductions and pay.
- A human resource manager ensures compliance with applicable employment laws and regulations.

Site Director's Job Description

JOB TITLE: Site Director
REPORTS TO: Executive Director
SUPERVISES: Students, all teachers of the school, outsourced services

NATURE AND SCOPE OF JOB:

The Site Director serves as the educational leader, responsible for managing the policies, regulations, and procedures to ensure that all students are supervised in a safe learning environment that meets the approved curricula and mission of Coral Academy of Science Las Vegas.

Achieving academic excellence requires that the Site Director work collaboratively to direct and nurture all members of the school staff and to communicate effectively with parents. Inherent in the position are the responsibilities for scheduling, curriculum development, extracurricular activities, personnel management, emergency procedures, and facility operations.

JOB FUNCTIONS AND RESPONSIBILITIES:

The Site Director shall:

1. Establish and promote high standards and expectations for all students and staff for academic performance and responsibility for behavior.
2. Manage, evaluate and supervise effective and clear procedures for the operation and functioning of the school consistent with the philosophy, mission, values and goals of the school including instructional programs, extracurricular activities, discipline systems to ensure a safe and orderly climate, building maintenance, program evaluation, personnel management, office operations, and emergency procedures. Ensure compliance with all laws, board policies and civil regulations.
3. Establish the annual master schedule for instructional programs, ensuring sequential learning experiences for students consistent with the school's philosophy, mission statement and instructional goals.
4. Supervise the instructional programs of the school, evaluating lesson plans and observing classes (teaching, as duties allow) on a regular basis to encourage the use of a variety of instructional strategies and materials consistent with research on learning and child growth and development.
5. Establish procedures for evaluation and selection of instructional materials and equipment, approving all recommendations.
6. Supervise in a fair and consistent manner effective discipline and attendance systems with high standards, consistent with the philosophy, values, and mission of the school. Ensure a safe, orderly environment that encourages students to take responsibility for behavior and creates high morale among staff and students. File all required reports regarding violence, vandalism, attendance and discipline matters.
7. Establish a professional rapport with students and with staff that has their respect. Display the highest ethical and professional behavior and standards when working with students, parents and school personnel. Serve as a role model for students, dressing professionally, demonstrating the importance and relevance of learning, accepting responsibility, and demonstrating pride in the education profession. Encourage all teachers to do the same.
8. Notify immediately the Executive Director, and appropriate personnel and agencies when there is evidence of substance abuse, child abuse, child neglect, severe medical or social conditions, potential suicide or students appearing to be under the influence of alcohol or controlled substances.
9. Keep the Executive Director advised of employees not meeting their contractual agreement.

10. Keep the staff informed and seek ideas for the improvement of the school. Conduct meetings, as necessary, for the proper functioning of the school: weekly meetings for full-time staff; monthly staff meetings.
11. Establish and maintain an effective inventory system for all school supplies, materials and equipment.
12. Establish procedures that create and maintain attractive, organized, functional, healthy, clean, and safe facilities, with proper attention to the visual, acoustic and temperature.
13. Assume responsibility for the health, safety, and welfare of students, employees and visitors.
14. Develop clearly understood procedures and provide regular drills for emergencies and disasters.
15. Maintain a master schedule to be posted for all teachers.
16. Establish schedules and procedures for the supervision of students in non-classroom areas (including before and after school).
17. Maintain visibility with students, teachers, parents and the Board.
18. Communicate regularly with parents, seeking their support and advice, so as to create a cooperative relationship to support the student in the school. The Site Director may not interfere with anyone's freedom of speech.
19. Use effective presentation skills when addressing students, staff, parents, and the community including appropriate vocabulary and examples, clear and legible visuals, and articulate and audible speech.
20. Use excellent written and oral English skills when communicating with students, parents and teachers.
21. Complete in a timely fashion all records and reports as requested by the Central Office Staff. Maintain accurate attendance records.
22. Maintain and account for all student activity funds and money collected from students.
23. Communicate with the Central Office regularly about the needs, successes and general operation of the school.
24. Establish procedures for safe storing and integrity of all public and confidential school records. Ensure that student records are complete and current.
25. Protect confidentiality of records and information gained as part of exercising professional duties and use discretion in sharing such information within legal confines.
26. Organize and supervise procedures for identifying and addressing special needs of students including health-related concerns, and physical, emotional and specials needs.
27. Maintain positive, cooperative and mutually supportive relationships with staff, and parents.
28. Attend required committee meetings (e.g.: fund-raising, curriculum, etc.) and extra school sponsored functions and events e.g.: Open houses, Parent-Teacher Nights, Orientation Programs, Graduation, etc.).
29. Perform any duties that are within the scope of employment and certifications, as assigned by the Board and not otherwise prohibited by law or in conflict with contract.
30. Oversee the development of Curriculum Committee.
31. Provide quarterly student grade and attendance reports to parents.
32. Nurture both students and teachers to achieve their greatest potential academically, instructionally and emotionally.
33. Provide an atmosphere of piety, obedience and charity throughout the school day.
34. Enforce uniform policy and appearance policy so as to assure a school environment that is focused on group spiritual and academic achievement rather than on individuals.
35. Provide and supervise a safe recreation and play period for the students.



Ercan Aydogdu <eaydogdu@coralacademylv.org>

Fwd: New location addition

4 messages

Halil Canbekli <hcanbekli@coralacademylv.org>
To: Ercan Aydogdu <eaydogdu@coralacademylv.org>

Thu, Feb 25, 2016 at 9:43 AM

**Halil Canbekli**
Payroll & Purchasing Manager
Coral Academy of Science Las Vegas3039 W Horizon Ridge Pkwy. #120
Henderson, NV 89052(702) 776-6529 (P) x105
(702) 776-6569 (F)

This communication may contain confidential and/or privileged information. If you are not the intended recipient, please note that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this message in error, you should notify the sender immediately by telephone or by return e-mail and delete this message from your computer.

----- Forwarded message -----

From: **Halil Canbekli** <hcanbekli@coralacademylv.org>
Date: Thu, Feb 25, 2016 at 9:37 AM
Subject: New location addition
To: "Sarah M. Ball" <smball@business.nv.gov>

Hi Sarah,

On behalf of Coral Academy of Science Las Vegas Governing Body, we would like to add one more location in Henderson for the school year 2017- 2018. The new campus location will be determined later. The State Public Charter School Authority requests the following from us. Could you please help us with the documentation stated below?

Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 386.3265

Thanks,

**Halil Canbekli**
Payroll & Purchasing Manager
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Halil Canbekli <hcanbekli@coralacademylv.org>
To: Ercan Aydogdu <eyaydogdu@coralacademylv.org>

Thu, Feb 25, 2016 at 2:27 PM



Halil Canbekli
Payroll & Purchasing Manager
Coral Academy of Science Las Vegas



3039 W Horizon Ridge Pkwy. #120
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----- Forwarded message -----

From: **Sarah M. Ball** <smball@business.nv.gov>
Date: Thu, Feb 25, 2016 at 2:03 PM
Subject: RE: New location addition
To: Halil Canbekli <hcanbekli@coralacademylv.org>

Hi Halil,

Without an address for your new location I cannot process a request in our system. When will you know where the new location will be?

Thanks,

Sarah

Sarah M. Ball, CSP

Safety and Health Consultant

Safety Consultation and Training Section

1301 N Green Valley Parkway

Henderson, NV 89074

(702) 486-9017 (O)

(702) 990-0362 (F)

smball@business.nv.gov

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Sent: Thursday, February 25, 2016 9:37 AM

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		3039 W Horizon Ridge Pkwy. #120 Henderson, NV 89052

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Ercan Aydogdu <eaydogdu@coralacademylv.org>
To: Halil Canbekli <hcanbekli@coralacademylv.org>

Fri, Feb 26, 2016 at 1:31 PM

We will know by April 2016, but it will be brand new construction on a vacant land.
Thank you,
Ercan

Warmest Regards,



Ercan Aydogdu
Executive Director
Coral Academy of Science Las Vegas



3039 W Horizon Ridge Pkwy. #120
Henderson, NV 89052

(702) 776-6529 (P) x101

(702) 776-6569 (F)

- » "Reward School" (Middle School) Recognition by the State Department of Education (2014-2015 & 2013-2014)
- » 5-star Elementary, Middle, and High School Designation by the State Department of Education (2014-2015 & 2013-2014)
- » "Quality School" Designation by the State Public Charter School Authority (2012-2013)

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[Quoted text hidden]

Halil Canbekli <hcanbekli@coralacademylv.org>
To: Ercan Aydogdu <eaydogdu@coralacademylv.org>

Tue, Mar 1, 2016 at 8:49 AM



Halil Canbekli
Payroll & Purchasing Manager
Coral Academy of Science Las Vegas



3039 W Horizon Ridge Pkwy. #120
Henderson, NV 89052

(702) 776-6529 (P) x105

(702) 776-6569 (F)

This communication may contain confidential and/or privileged information. If you are not the intended recipient, please note that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this message in error, you should notify the sender immediately by telephone or by return e-mail and delete this message from your computer.

----- Forwarded message -----

From: **Sarah M. Ball** <smball@business.nv.gov>

Date: Tue, Mar 1, 2016 at 8:42 AM
Subject: RE: New location addition
To: Halil Canbekli <hcanbekli@coralacademylv.org>

If these current string of emails is not enough I will have to wait until my boss gets back on Thursday and ask him what we can do.

Sarah M. Ball, CSP
Safety and Health Consultant
Safety Consultation and Training Section
1301 N Green Valley Parkway
Henderson, NV 89074
(702) 486-9017 (O)
(702) 990-0362 (F)
smball@business.nv.gov



From: Halil Canbekli [mailto:hcanbekli@coralacademylv.org]
Sent: Tuesday, March 01, 2016 8:34 AM
To: Sarah M. Ball <smball@business.nv.gov>
Subject: Re: New location addition

Hi Sarah,

We will know the location of the new campus by April 2016, but it will be a brand new construction on a vacant land. Is there anyway we can get some type of confirmation showing we are contacting OSHA. An email is fine too.

Thank you for your help.

	Halil Canbekli Payroll & Purchasing Manager Coral Academy of Science Las Vegas
	3039 W Horizon Ridge Pkwy. #120 (702) 776-6529 (P) x105

		Henderson, NV 89052	(702) 776-6569 (F)
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On Thu, Feb 25, 2016 at 2:51 PM, Halil Canbekli <hcanbekli@coralacademylv.org> wrote:

I will check and get back to you.

Thanks,

	Halil Canbekli Payroll & Purchasing Manager Coral Academy of Science Las Vegas		
		3039 W Horizon Ridge Pkwy. #120 Henderson, NV 89052	(702) 776-6529 (P) x105 (702) 776-6569 (F)

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On Thu, Feb 25, 2016 at 2:03 PM, Sarah M. Ball <smball@business.nv.gov> wrote:

Hi Halil,

Without an address for your new location I cannot process a request in our system. When will you know where the new location will be?

Thanks,

Sarah

Sarah M. Ball, CSP

Safety and Health Consultant

Safety Consultation and Training Section

1301 N Green Valley Parkway

Henderson, NV 89074

(702) 486-9017 (O)

(702) 990-0362 (F)

smball@business.nv.gov

From: Halil Canbekli [mailto:hcanbekli@coralacademylv.org]

Sent: Thursday, February 25, 2016 9:37 AM

To: Sarah M. Ball <smball@business.nv.gov>



Subject: New location addition

Hi Sarah,

On behalf of Coral Academy of Science Las Vegas Governing Body, we would like to add one more location in Henderson for the school year 2017- 2018. The new campus location will be determined later. The State Public Charter School Authority requests the following from us. Could you please help us with the documentation stated below?

Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 386.3265

Thanks,

	Halil Canbekli Payroll & Purchasing Manager Coral Academy of Science Las Vegas	
		3039 W Horizon Ridge Pkwy. #120 Henderson, NV 89052
		(702) 776-6529 (P) x105 (702) 776-6569 (F)

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Attachment 24
Coral Academy of Science Las Vegas
Historical Financial Statements
Fiscal Years Ended June 30, 2011-2015

Coral Academy of Science Las Vegas-Revenue and Expenditure Statement

Fiscal Year Ending June 30, 2012-2015

	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2015 ⁽¹⁾
Enrollment	1093	1194	1379	1488
REVENUE				
State Sources	\$ 6,922,356.00	\$ 7,426,513.00	\$ 8,855,928.28	\$ 9,647,387.48
Donations, Fundraising	\$ 102,580.00	\$ 135,518.00	\$ 118,596.82	\$ 62,231.48
Other Income	\$ 812,575.00	\$ 962,577.00	\$ 1,188,194.22	\$ 1,286,340.58
Total Revenue	\$ 7,837,511.00	\$ 8,524,608.00	\$ 10,162,719.32	\$ 10,995,959.54
EXPENSES				
Instruction	\$ 4,111,303.00	\$ 4,679,223.00	\$ 5,203,938.00	\$ 5,445,218.00
Administration	\$ 988,844.00	\$ 1,137,219.00	\$ 1,272,271.00	\$ 1,404,052.00
Facilities	\$ 1,447,830.00	\$ 2,193,266.00	\$ 1,865,980.00	\$ 1,864,474.00
Support Services	\$ 440,764.00	\$ 414,077.00	\$ 480,889.00	\$ 594,645.00
Total Expenses	\$ 6,988,741.00	\$ 8,423,785.00	\$ 8,823,078.00	\$ 9,308,389.00
Net Revenue/Change In Net Assets	\$ 848,770.00	\$ 100,823.00	\$ 1,339,641.32	\$ 1,687,570.54
Net Asset Beginning of Year	\$ 172,575.00	\$ 1,021,345.00	\$ 1,000,520.00	\$ 2,340,161.32
Prior Period Adjustment		\$ (121,648.00)		
Net Assets, Ending of Year	\$ 1,021,345.00	\$ 1,000,520.00	\$ 2,340,161.32	\$ 4,027,731.86

⁽¹⁾ Audited Financials

Attachment 23

Coral Academy of Science Las Vegas

Consolidated Projected Statements of Activities and Changes in Net Assets Fiscal Years Ended June 30, 2016-2020

Coral Academy of Science Las Vegas-Consolidated Budget

Fiscal Year Ending

	2016 ⁽¹⁾	2017 ⁽²⁾	2018 ⁽²⁾	2019 ⁽²⁾	2020 ⁽²⁾
<i>Enrollment</i>	1554	2670	3390	3490	3565
REVENUE					
State Sources	\$ 10,067,211.31	\$ 17,580,051.31	\$ 22,557,801.31	\$ 23,277,601.31	\$ 23,842,301.31
Donations, Fundraising	\$ 90,000.00	\$ 145,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Other Income	\$ 557,215.00	\$ 557,215.00	\$ 557,215.00	\$ 557,215.00	\$ 557,215.00
Total Revenue	\$ 10,714,426.31	\$ 18,282,266.31	\$ 23,315,016.31	\$ 24,034,816.31	\$ 24,599,516.31
EXPENSES					
Certified Salaries	\$ 3,619,404.00	\$ 6,503,404.00	\$ 8,753,404.00	\$ 8,920,904.00	\$ 9,193,429.00
Classified Salaries	\$ 1,617,582.75	\$ 2,167,582.75	\$ 2,547,582.75	\$ 2,768,982.75	\$ 2,862,524.75
Benefits	\$ 1,639,569.95	\$ 2,705,005.27	\$ 3,453,222.87	\$ 3,533,362.52	\$ 3,628,048.96
Material and Supplies	\$ 843,000.00	\$ 1,583,620.00	\$ 1,992,430.00	\$ 2,079,694.30	\$ 2,132,076.53
Services and Operation Expenses	\$ 1,603,410.21	\$ 2,820,067.21	\$ 3,525,523.62	\$ 3,643,687.31	\$ 3,712,395.92
Rent	\$ 703,166.58	\$ 1,554,782.58	\$ 2,094,782.58	\$ 2,109,182.58	\$ 2,131,214.58
Debt Service	\$ 633,118.76	\$ 633,118.76	\$ 633,118.76	\$ 633,118.76	\$ 633,118.76
Total Expenses	\$ 10,659,252.25	\$ 17,967,580.57	\$ 23,000,064.58	\$ 23,688,932.22	\$ 24,292,808.50
Net Revenue/Change In Net Assets	\$ 55,174.06	\$ 314,685.74	\$ 314,951.73	\$ 345,884.09	\$ 306,707.81
Net Asset Beginning of Year	\$ 4,027,731.86	\$ 4,082,905.92	\$ 4,397,591.66	\$ 4,712,543.39	\$ 5,058,427.48
Net Assets, Ending of Year	\$ 4,082,905.92	\$ 4,397,591.66	\$ 4,712,543.39	\$ 5,058,427.48	\$ 5,365,135.29

⁽¹⁾Budgeted⁽²⁾Projected

**Attachment 22
Coral Academy of Science-Las Vegas**

Henderson High School Campus Projected Statement of Activities and Changes in Net Assets Fiscal Years Ended June 30,2018-2022

Coral Academy of Science Las Vegas-Henderson High School Campus

<i>Fiscal Year Ending</i>	2018	2019	2020	2021	2022
<i>Enrollment</i>	750	850	925	975	1000
8000 - Income					
8110 - State Distributive Funds	\$ 4,977,750.00	\$ 5,697,550.00	\$ 6,262,250.00	\$ 6,667,050.00	\$ 6,906,000.00
8210 - Donations/ Fundraising	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Total Revenue	\$ 5,077,750.00	\$ 5,797,550.00	\$ 6,362,250.00	\$ 6,767,050.00	\$ 7,006,000.00
1000 - Salaries					
1101 - Certified Salaries	\$ 2,250,000.00	\$ 2,417,500.00	\$ 2,690,025.00	\$ 2,920,725.75	\$ 2,999,933.01
1102 - Classified Salaries	\$ 380,000.00	\$ 451,400.00	\$ 544,942.00	\$ 561,290.26	\$ 638,128.97
1104 - Benefits	\$ 668,217.66	\$ 728,357.25	\$ 823,043.69	\$ 905,348.06	\$ 977,775.91
1105 - Material and Supplies	\$ 408,810.00	\$ 496,074.30	\$ 548,456.53	\$ 589,910.22	\$ 620,107.53
1107 - Services and Operation Expens	\$ 605,456.41	\$ 623,620.10	\$ 642,328.71	\$ 661,598.57	\$ 681,446.52
1109 - Rent	\$ 720,000.00	\$ 734,400.00	\$ 756,432.00	\$ 779,124.96	\$ 802,498.71
Total Expenses	\$ 5,032,484.07	\$ 5,451,351.65	\$ 6,005,227.93	\$ 6,417,997.82	\$ 6,719,890.65
Net Revenue/Change In Net Assets	\$ 45,265.93	\$ 346,198.35	\$ 357,022.07	\$ 349,052.18	\$ 286,109.35
Net Asset Beginning of Year	\$ -	\$ 45,265.93	\$ 391,464.28	\$ 748,486.35	\$ 1,097,538.53
Net Assets, Ending of Year	\$ 45,265.93	\$ 391,464.28	\$ 748,486.35	\$ 1,097,538.53	\$ 1,383,647.88

Attachment 21
Coral Academy of Science Las Vegas
Henderson High School Campus Detail Budget
FY 2017-2018

Income

8000 · Income

8110 · State Distributive Funds	4,977,750.00
8210 · Donations/Fundraising	55,000.00
8290 · Coral CARE (After School) Fees	62,000.00

Total 8000 · Income	5,094,750.00
----------------------------	---------------------

Total Income

5,094,750.00

Expense

1000 · Salaries

1101 · Administrator	80,000.00
1102 · Administrative Assistants/Front Desk	60,000.00
1104 · Teachers	2,250,000.00
1111 · Deans / Collage Counselor	240,000.00

Total 1000 · Salaries	2,630,000.00
------------------------------	---------------------

2000 · Benefits

2101 · Retirement	379,839.92
2103 · Medicare	39,534.06
2104 · Health Insurance	213,720.00
2105 · Workers Comp	14,659.68
2106 · State Unemployment	20,464.00

Total 2000 · Benefits	668,217.66
------------------------------	-------------------

3000 · Operating Services

3101 · Professional Services	8,492.87
3102 · NDE Services	74,666.25
3104 · Audit Services	5,000.00
3105 · Electricity	36,996.09
3106 · Natural Gas	3,878.96
3107 · Water / Sewer	16,711.05
3108 · Waste Disposal	11,543.90
3109 · Security / Alarm System	17,059.58
3110 · Repair & Maint / Building	23,552.25
3111 · Repair & Maint / Equipment	2,389.06
3112 · Maint / Outside Grounds	9,179.71
3113 · Rent/Lease - Building	720,000.00
3114 · Rent/Lease - Equipment	29,609.98
3115 · Property/Casualty Insurance	23,758.25
3117 · Field Trips & Transportation	21,086.61
3118 · Student Activities	25,000.00
3120 · Student Incentives	7,082.03
3121 · Internet	3,604.88
3122 · Telephone / Communications	8,273.83
3123 · Postage / Shipping	3,564.71
3124 · Advertising	12,000.00
3125 · Workshops/Conf./Training/Meetin	20,000.00
3126 · Travel PerDiem Lodging	5,000.00

Attachment 21
Coral Academy of Science Las Vegas
Henderson High School Campus Detail Budget
FY 2017-2018

3127 · Purchased Svcs	250,718.42
3131 · Dues & Fees	11,288.01
Total 3000 · Operating Services	1,325,456.41
4000 · Materials & Supplies	
4101 · Textbooks	52,424.86
4104 · Instructional Supplies	51,593.84
4105 · Instructional Software	30,463.34
4107 · New Equip. & Furn <\$5,000	11,000.00
4108 · Technology Supplies	11,326.10
4109 · Computer Hardware	100,000.00
4111 · General Supplies	57,001.87
4113 · New Equipment&Furniture>\$5000	100,000.00
Total 4000 · Materials & Supplies	413,810.00
Total Expense	5,037,484.07
Net Income	57,265.93

Central Office
3039 W. Horizon Ridge Pkwy. Suite 120
Henderson, NV 89052
702-776-6529 | 702-776-6569 (Fax)

Tamarus Campus
8185 Tamarus St.
Las Vegas, NV 89183
702-269-8512 | 702-269-3258 (Fax)



Windmill Campus
2150 Windmill Pkwy.
Henderson, NV 89052
702-485-3410 | 702-722-2718 (Fax)

Sandy Ridge Campus
1051 Sandy Ridge Ave.
Henderson, NV 89052
702-776-8800 | 702-776-8803 (Fax)

CORAL ACADEMY OF SCIENCE LAS VEGAS

March 1, 2016

Patrick J. Gavin
Director
Nevada State Public Charter School Authority
1749 N. Stewart Street, Suite 40
Carson City, NV 89706

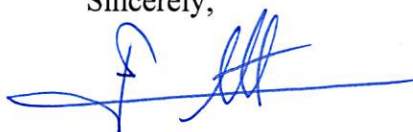
Re: Assurance that Coral Academy of Science Las Vegas (CASLV) will submit the required documentation.

Dear Mr. Gavin:

I assure that CASLV will submit the documentation of the physical address of the facility and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility as soon as the facility has been identified.

Thank you for your time and attention.

Sincerely,



Ercan Aydogdu
Executive Director
Coral Academy of Science Las Vegas

Central Office

3039 W. Horizon Ridge Pkwy. Suite 120
Henderson, NV 89052
702-776-6529 | 702-776-6569 (Fax)

Tamarus Campus

8185 Tamarus St.
Las Vegas, NV 89183
702-269-8512 | 702-269-3258 (Fax)



Windmill Campus

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Sandy Ridge Campus

1051 Sandy Ridge Ave.
Henderson, NV 89052
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CORAL ACADEMY OF SCIENCE LAS VEGAS

March 1, 2016

Patrick J. Gavin
Director
Nevada State Public Charter School Authority
1749 N. Stewart Street, Suite 40
Carson City, NV 89706

Re: Assurance that Coral Academy of Science Las Vegas (CASLV) will submit the floor plan of the facility.

Dear Mr. Gavin:

I assure that CASLV will submit a copy of the floor plan of the facility, including a notation of the size of the facility which is set forth in square feet as soon as the facility has been identified.

Thank you for your time and attention.

Sincerely,



Ercan Aydogdu
Executive Director
Coral Academy of Science Las Vegas

Central Office

3039 W. Horizon Ridge Pkwy. Suite 120
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CORAL ACADEMY OF SCIENCE LAS VEGAS

March 1, 2016

Patrick J. Gavin
Director
Nevada State Public Charter School Authority
1749 N. Stewart Street, Suite 40
Carson City, NV 89706

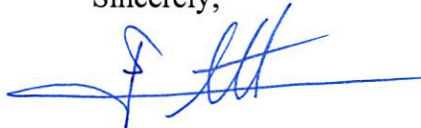
Re: Assurance that Coral Academy of Science Las Vegas (CASLV) will submit the lease or rental agreement.

Dear Mr. Gavin:

I assure that CASLV will submit a copy of the proposed lease or rental agreement as soon as the facility has been identified.

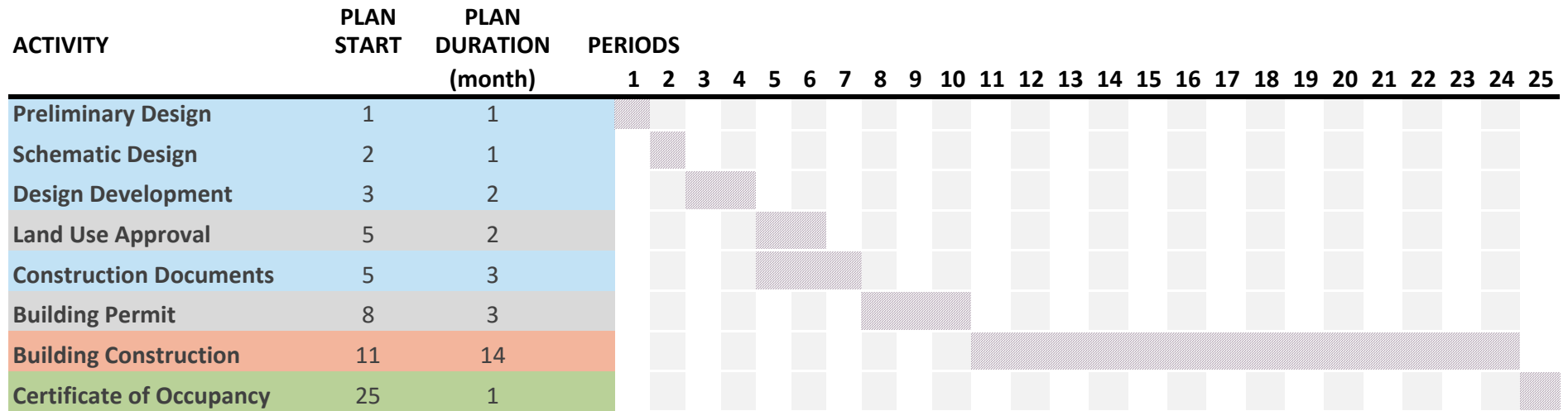
Thank you for your time and attention.

Sincerely,



Ercan Aydogdu
Executive Director
Coral Academy of Science Las Vegas

CASLV - Henderson



- Design Duration
- Jurisdiction Duration
- Construction Duration