II Sustainability

A. Organizational Fiscal Viability

Part 2

The present operations of CPLC Community Schools benefit tremendously from the relationship with Chicanos Por La Causa, Inc. (CPLC). CPLC is a nationally recognized organization and Arizona's largest Community Development Corporations, which is headquartered in Phoenix.

CPLC provides the community with a distinct, yet integrated group of services in education, housing, economic development and social services. Focused on individuals and families with low or moderate income levels, CPLC compliments its service offerings with cultural and linguistic competencies. Through strategic and manageable growth, CPLC's annual revenues have experienced double digit growth. Our wide breadth of programs provides access to our constituents across Arizona. CPLC maintains office and/or program sites in all of Arizona's fifteen counties and annually serves the needs of over 125,000 individuals.

Diligent management has been a hallmark at CPLC. More than eighty-eight percent of all funds received by CPLC are applied to direct services. With an average tenure of twelve years for our senior management, the often unpredictable non-profit sector is steadied through extraordinary dedication.

Though CPLC Community Schools (CPLCCS) is legally distinct from CPLC, there are operational overlaps, and CPLCCS is dependent on CPLC for marketing and public relations support, financial assistance or financing guarantees, school facilities acquisition or construction, and services provision, among other potential benefits. Certain operational and cost efficiencies are achieved on behalf of the schools by purchasing or contracting services from CPLC, and these include but are not limited to: the school's overall insurance needs; payroll; health benefits and retirement plans; and being included in CPLC's contract for an annual independent audit.

CPLCCS fiscal viability is based in a large part on the operational, structural and legal relationship between the school and CPLC. CPLC represents that is has the ability, experience, and qualifications to provide appropriate external services on a contractual basis to assist in the efficient operation of the charter school, and specifically that is has the experience to provide services and support in the areas of information management & technology services, financial and accounting services, human resource services, corporate & contract compliance services and assistance, strategic communication services and support as well as resource development services and assistance.

CPLC Community Schools utilizes the Finance and Accounting Policies and Procedures developed by CPLC for all it core businesses. CPLC Community School is exempt from USFRCS; however, we utilize the USFRCS accounting structure for coding, developing budgets, and creating financial statements. Per internal policy, purchasing, cash management, and all other fiscal activity are governed by specific practices.

Fiscal responsibility is essential for both CPLC and CPLCCS. We are challenged by an ever-increasing need to use sound financial planning and practices to maintain our stability. Every professional staff member must share in the financial responsibility of the organization. The development of a budget, followed by direct responsibility and accountability for that budget, is an extremely important part of each professional staff person's development. Under the financial and accounting services arena, CPLC provides "back-office" accounting services for the school. This includes payroll services, accounts payables, accounts receivable services, maintaining accounting system records and reports; petty cash management, preparation and submission of monthly and year-to-date detailed line item reports of actual revenues and expenditures versus budget figures; and tracking of expenditures for furniture, fixtures, and equipment. In addition, CPLC maintains adequate records and books of account for school, record retention schedule as well as supplies school with the necessary and relevant data and other information, such as monthly balance sheets, sources and uses of funds.

At the end of each fiscal year, following Governing Board approval, on behalf of the school, CPLC ensures that a compilation and audit of the books and records is performed and completed per charter contract and statute.

CPLC assist the Superintendent in preparing the annual budget for approval by the school Governing Board and submission to the State Department of Education. It is understood that the Governing Board of the school is the final decision-maker on all necessary issues and operating budget.

Internal policy dictates that any expenses over $1,000.00 must follow a process of review, up to the approval of the Chief Financial Officer of CPLC in the event of major expenditures exceeding $25,000.00. Further, purchases over $1,000.00 must have at least 3 bids submitted.

Expenses at the school level must be approved by the Principal and follow the same process for the organization. For most purchases, Principal and Superintendent Approval suffice.

CPLC is one of the largest receiving agents for philanthropic support, with nearly 100 donors from some of the largest state and national corporations, organizations, and companies. CPLC has a resource development department with six staff members whose main focus is to respond to requests for proposals through a variety of entities including governmental, state, city, county, foundations and corporations. CPLC also plans special events to provide additional funding for special initiatives (college scholarships), community events (children's holiday celebration) and for raising general operating funds (CPLC Annual Dinner).

In addition to responding to request for proposals and planning events, the organization has many for profit subsidiaries. These subsidiaries provide a flow of unrestricted revenue to the non-profit side. This funding is used to cover programmatic deficits and budget shortfalls.

CPLC has strong internal controls, comprehensive asset and risk management systems built into their accounting and financial management policies and procedures, and has a strong computer and management information system capable of managing the complexities of CPLC programs, as well as numerous other complex government programs in which it participates. CPLC has systems in place to provide continuous monitoring of all programs for compliance with applicable regulations

as well as with performance measures that are in place through internal guidelines and imposed by external public and private funding agencies.