MINGUS SPRINGS CHARTER SCHOOL (MSCS)
CHARTER RENEWAL APPLICATION

BUSINESS PLAN – SECTION 2
SUSTAINABILITY – FISCAL VIABILITY

Accounting Procedures

Mingus Springs Charter School (MSCS) follows all generally accepted accounting procedures in its administration of all financial revenue, expenses, reporting and various required financial accountability. MSCS's most recent independent audit report dated August 27, 2009 confirms this statement.

MSCS receives financial guidance and direction from Educational Services, Inc. and John Todd II, CPA, LLC firms who are well versed in school district finances, accounting and reporting. MSCS has had a long time relationship with this both firms. In addition, MSCS installed a board member with financial background.

Processes Used in Fiscal Decision-Making

The MSCS Director provides the initial recommendations in the school's fiscal decision making. The Director has a full understanding of school finances along with the Administrative Secretary who has been functioning in her capacity for ten years. Input is also provided by the Board President and others as special occasions may require. Final fiscal decisions, as required by law, are approved by the Charter School's board.

Consistent favorable independent audit reports, previous as well as current sound financial management and the school's strong financial position indicate a favorable continuance of the school's processes used in fiscal decision making.

Site Level Personnel with Fiscal Responsibility

MSCS office administration consists of a Director, Administrative Secretary and Attendance Secretary. The director oversees and approves all fiscal issues. The two administrative assistants have adequate but limited financial decision making authority. Finances are managed under dual approval procedures.

Fundraising and Philanthropic Support from the Community

MSCS is considered a small charter school in a small, rural community. However, based on the percentage of support from the community to the school size the Charter School enjoys an above average support in its various fundraising activities, not only in dollars raised but especially by fundraising volunteers. Fundraising efforts are the schools strength as compared to philanthropic support.

Financial Highlights from FYE 2008 – 2009

Attached is a copy of the schools independent audit report comparing FYE 2008 – 2009. In depth details may be obtained from this report.

Assets:

Current assets consist of cash, cash equivalents, restricted cash and funds due from the state of Arizona.

Current assets decreased by $53K from ’08 to ’09. Most significant decrease was due to reduction in notes payable in the amount of $47K.

Fixed assets consist of land, buildings, furniture and equipment. Land and buildings comprise the majority of fixed assets. Fixed assets are reflected at cost less depreciation.

In 2009 land and buildings comprised $1,080K of total fixed assets of $1,389K. Total assets increased by $32M from ’08 to ’09. Depreciation increased by $68K from ’08 – ’09 resulting in a net decrease of fixed assets of $36K from ’08 – ’09.

Although fixed assets are centered in land and buildings and real estate has suffered significantly over the past couple of years, the schools figures are considered very reasonable based on current market value of the property due to accumulated depreciation over several years and reflection of value at cost basis.

Total assets of $1,145K in ’09 reflect a decrease of $90K from ’08 as explained above.

Liabilities:

Current liabilities consist of A/P, due to student groups, current portion of long term lease and current portion of notes payable.

Current liabilities of $72K increased by $11K from ’08 to ’09. Increase was due to equipment acquisition and associated accrual of lease payment of $10K.

Long term liabilities consist of two notes payable of $769K in real estate and $33K in vehicle. Less depreciation of $47K results in LTL of $755K in ’09. Notes payable decreased by $47K in ’09 from ’08 due to principle reduction.

Net assets (worth) decreased by $53K from $372K in ’08 to $319K in ’09. Decrease was due to decrease in governmental revenue in ’09 from ’08 and due to a small increase in expenses in ’09 from ’08. See budget section for further information on revenues.

Working capital was $120K in ’09 and a current ratio of 2.67. Working capital is quite adequate. The school maintains a reserve of $100K for emergencies and in case of revenue reduction.

A/R does not apply to the school as funds due are from the state and are received on a regular basis. Funds due represent a small .08% of current assets in ’09 a $2K decrease from ‘08.

A/P represents 14% of ’09 total A/P and a decrease of $3K from ’08. A/P is minimal and represents .01% of total liabilities.

Summary:

MSCS has a strong fiscal viability position and reflects a positive sustainability position. It is small in size, but in sound financial condition. It is well managed, well positioned and is aggressive in managing revenue and expenses in an economically changing environment. The size of the school allows it to adjust quickly to revenue changes and to maintain a tight control over expenses.