MONTESSORI EDUCATION CENTRE - CHARTER SCHOOL

II. Sustainability

A. ORGANIZATION'S FISCAL VIABILITY

Part One:

Refer to Budget Plan for the Performance Management Plan template and Month by Month PMP template

Part Two:

As required in its contract, Montessori Education Centre (MEC) follows generally accepted accounting principles (GAAP). Although exempt from the Uniform System of Financial Records for Charter Schools (USFRCS), the school uses a modified version of the USFRCS chart of accounts to track its finances and comply with various reporting requirements. It is also audited by an independent Certified Public Accountant annually to ensure compliance with GAAP and other specific legal requirements. MEC's recent audits indicate a solid compliance record with a minimal number of findings in the last two years. The few items noted by the auditor have been corrected as indicated in the FY 09 audit as well as a corrective action plan dated March 26, 2009. In response to net losses in recent years, MEC developed a budget plan intended to eliminate losses in FY 2010 and begin to rebuild the school's net assets to a positive position. Specifically, the school was able to identify $50,000.00 in budget cuts, primarily through salary reductions, that did not negatively impact our Montessori program. The school has also eliminated $30,000.00 of prior debt. Lastly, the school has implemented additional budgeting/accounting procedures to track finances. These procedures are described below:

- **Process Used in Fiscal Decision-Making -** The District Administrator utilizes several financial tools to ensure the fiscal integrity of Montessori Education Centre. Comparing actual budget to actual year-to-date income/expenditure reports ensures the school is on track for a positive net income at year end and delivers a fund balance. This process is designed to increase the net worth of the school and supply reserve funds for unplanned events, such as additional state budget cuts. In addition, the District Administrator monitors enrollment (and other revenue sources) closely to determine if cash flow will be negatively impacted and if budget adjustments are necessary. The Board of Directors also reviews the school's profit/loss statement and a detailed report of expenditures at each Board meeting.
- **Site-Level Personnel with Fiscal Authority -** MEC has two sites, a Mesa Campus and a North Campus. Finances are centralized, with the majority of decisions made by the District Administrator whose office is at the Mesa Campus. The only exception to this process is the reimbursement policy for intermittent teacher expenses at the North Campus. This financial policy allows teachers at this site to spend a maximum of $50.00 per month, per class, on supplies. In order to be reimbursed, teachers must submit receipts for items purchased. For supplies exceeding $50.00, teachers must seek approval from the District Administrator prior to the purchase through a reimbursement request form. (A version of this teacher reimbursement process also exists at the Mesa Campus with additional direct District Administrator oversight.)
- **Fiscal Viability Related to Fundraising and Philanthropic Support -** MEC receives extra-curricular tax donations and other fundraising support to help pay for designated, eligible expenses. These contributions are typically received from committed parents and supporters of the school at large. The Governing Board is responsible for approving the use of the funds to ensure consistency with donor requests and expense eligibility. While these funds are indeed put to good use and greatly appreciated, the school has built a budget that is not reliant on such support and can withstand reduced or ceased contributions in the future.