



# Financial Policies

REV 7/14/2021



## Financial Policies: Record of Review and Revision

Review Date	Review / Revision	Description of Change	Sect. & Pgs Affected	Approved by
9/27/12	<b>Second Revision</b>			
9/22/14	<b>Third Revision</b>	<b>Additional signer in Section I (Director of Finance / Operations),</b>	<b>p. 3 Sect IA; p. 4 Sect IC1-2; p. 5 SectID1-2; p. 5 SectIG1,3; p. 7</b>	<b>TE</b>
9/15/17	<b>Fourth Revision</b>	<b>Changes in response to LACOE ECMSI charter petition renewal feedback</b>	<b>p. 7 Sect IIB1; p. 8 Sect IIG; p. 9, 12 and 13 Sect IV; Addendum II (p. 18)</b>	<b>TB</b>
11/27/17	<b>Fifth Revision</b>	<b>Changes in response to LACOE financial policies feedback</b>	<b>p. 9 Sect IIC; p. 15 Sect IIL; p. 19 Addendum II Sect. C</b>	<b>TB</b>
12/19/18	<b>Sixth Revision</b>	<b>Changes in response to LACOE ECMSG charter petition renewal feedback</b>	<b>p. 14 Sect IVL (7th item in series added)</b>	<b>FG</b>
7/16/20	<b>Seventh Revision</b>	<b>Updates to cash borrowing policies, titles, petty cash, 990 process; addition of ECHS2</b>		<b>TB</b>

7/14/21	Eighth Revision	Updates to credit card signers	p. 5 section G	TB
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**Financial Policies and Procedures  
Environmental Charter Schools**

It is the intent of these Financial Policies and Procedures to implement both the letter and spirit of all applicable State and Federal regulations regarding the expenditure of and accounting for public funds. These Policies and Procedures may need to be modified as ECS operated schools develop and/or regulations change. The Board shall approve these financial policies, and revisit them periodically.

This document contains one or more addenda specifying policies and procedures specific to individual schools operated by ECS, and reflecting agreements between ECS and one or more of its charter school authorizers. Any and all such addenda are hereby incorporated herein by this reference and made a part hereof as though set forth in full in the body of these Financial Policies and Procedures. Each such addendum shall be specifically referenced in this section of the Financial Policies and Procedures in order to avoid confusion and clearly to indicate the existence of each such addendum. The addenda are an integral part of ECS’s policies and procedures and may only be modified by mutual agreement between ECS and the authorizing agency of the charter school that is the subject of the affected addendum.

In no event may ECS revise these Financial Policies and Procedures in any manner which makes them inconsistent or in conflict with the terms of any addenda without the prior agreement of the authorizing agency for the charter school that is the subject of the particular addendum to be affected.

These Financial Policies and Procedures include the following addenda:

- Addendum I: Additional Policies Governing Environmental Charter High School (ECHS)
- Addendum II: Additional Policies Governing Environmental Charter Middle Schools (ECMSG and ECMSI) and Environmental Charter High School #2

**I. PURCHASES**

- A. Authorization of Expenditures: All purchases of goods and services shall be consistent with the Board-approved budget. These purchases shall not require Board-approved/executed contracts, with the exception of professional consulting services in total annual amounts greater than \$15,000. All other proposed expenditures must be approved by the CEO / Executive Director or Director of Finance, who will review the proposed expenditure to determine whether it is consistent with the Board adopted budget and sign the check request and purchase order forms.
- B. Contracts:
1. All professional consulting services shall be provided for under a contract.
  2. Contracts for other goods and services exceeding \$15,000 on an annual basis shall be presented to the Board for approval prior to signing. Length of contracts shall be at the discretion of the Board. In general, contracts exceeding \$15,000 shall be let after a bidding process of sufficient duration to ensure competition. However, the CEO / Executive Director may make a finding to the Board for sole sourcing a contract exceeding \$15,000; in this case, the Board may approve the contract in arrears at the time of contract execution. (The basis for such a finding may include: time/urgency issues; the absence of competitors; high service/quality from a particular contractor.)
  3. Bid tabulations shall be presented to the Board along with a recommendation for action. The Board reserves the right to select whichever vendor it deems most prepared to provide the required goods/services without regard to the low bidder being the automatic selection.
- C. Commitments and Purchase Orders:
1. Purchase orders under, and exactly, \$15,000 must be approved by one of the following authorized positions: CEO / Executive Director, Board President, Director of Finance, or Principal. Purchase orders will be generated once a Purchase Requisition has been approved by one of the following authorized positions: CEO / Executive Director, Board President, Director of Finance, or Principal.
  2. Purchase orders greater than \$15,000 must be approved by the CEO / Executive Director and one of the following authorized

positions: Board President, Director of Finance / Operations, or Principal.

- D. Invoices:
1. Invoices under, and exactly, \$15,000 must be approved by one of the following authorized positions: CEO / Executive Director, Board President, Director of Finance / Operations, or Principal.
  2. Invoices for greater than \$15,000 must be approved by the CEO / Executive Director and one of the following authorized positions: Board President, Director of Finance / Operations, or Principal.
- E. Accounts Payable: ECS and each ECS operated school shall abide by sound audit guidelines for its accounts payable policies and procedures.
- F. Debit Card Usage: Unless otherwise specified by the Board of Directors and/or school management, the use of ECS/ECS operated school debit cards shall not be allowed for any purchase.
- G. Credit Card Usage: The CEO / Executive Director may authorize an individual to use a school credit card to make an authorized purchase on behalf of a school, consistent with guidelines provided by the CEO / Executive Director and/or Board of Directors.
1. The CEO / Executive Director, Director of Compliance & Operations, Director of Human Resources; and Principal will each keep a credit card. A separate school card will be kept under locked supervision at each school site by the accounting assistant or his/her designee. Authorized individuals must sign the credit card out and must return the credit card and related documentation of all purchases within 24 hours of the purchases, unless otherwise authorized by the CEO / Executive Director.
  2. If receipts are not available or are "missing", the individual making the charge will be held responsible for payment.
  3. Credit cards will bear the names of both ECS and the CEO / Executive Director, Director of Compliance and Operations, Director of Human Resources and school principals, of each school site.
  4. Each credit card will have a maximum balance of \$10,000. Any changes to this maximum balance can only be made with board approval.

- H. Other Electronic Payments: Other electronic methods (wire, ACH, transfer between bank accounts, etc.) shall not be permitted for payment of any expenses or reimbursements without the express written consent of the CEO / Executive Director.
- I. Employee Reimbursements: Business use of telephones or cell phones shall be reimbursed. Business meals shall be reimbursed using standard applicable IRS guidelines. Under no circumstances shall alcohol be reimbursed with public funds. The CEO / Executive Director must obtain a Board member's authorization on reimbursement requests payable to the CEO / Executive Director's name.
- J. Petty Cash – Purpose and Usage:
  - 1. The purpose of the Petty Cash Checking Account is for payment of incidental expenses when there is insufficient time for processing through the General Checking Account. Examples of proper expenses include, but are not limited to, food/meals for teachers doing curriculum work and emergency plumbing repairs. Petty cash shall not be used for teacher reimbursements, employee expense reimbursements or independent contractor payments.
  - 2. The CEO / Executive Director shall have access to petty cash checking accounts not to exceed \$3,000 per high school site and \$1,000 per middle school site. Such funds shall be used at the discretion of the CEO / Executive Director, subject to Board oversight and consistent with the approved budget and school rules and regulations. The CEO / Executive Director must obtain authorization on petty cash checks made payable to his/her name from one of the following authorized positions: Board President or Principal. Use of petty cash shall require original receipts for all purchases.
- K. Personal Use of School Funds: The use of ECS funds and/or ECS operated school funds for personal use is absolutely prohibited. Violation of this policy shall result in discipline up to and including dismissal or removal, including from the Board.

## **II. BANKING**

- A. General Checking Account: The Board shall authorize the establishment of commercial bank accounts for the purposes of school operations. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments or standard money market accounts.

1. The General Checking Account shall be the primary account for each school's needs. Authorized signatories to this account shall be the Board President, CEO / Executive Director and Principal. Checks above \$15,000, and checks payable to an authorized signer, must be signed by two authorized people. Authorized signers for checks above \$15,000 from this account shall be the CEO / Executive Director, Board President and Principal.
- B. Petty Cash Checking Account – Account Setup and Maintenance:
1. The Petty Cash Checking Account for each high school shall have a maximum balance of \$3,000, and for each middle school shall have a maximum balance of \$1,000. The Account shall be funded from the appropriate school's business General Checking Account as necessary. A simple ledger shall be maintained by the Office Manager for review by the Accounting Clerk who shall reconcile the Account monthly. Replenishment of the Petty Cash Checking Account shall occur through the normal accounts payable process following sound audit guidelines.
  2. No deposits shall be made into the Petty Cash Checking Account. All cash and checks shall be deposited into the General Checking Account.
  3. Check writing requires signatures from one of the following people: CEO / Executive Director, Board President, Director of Finance / Operations, or Principal.
- C. Line of Credit: Each school may establish a line of credit with prior authorization by the Board. Any borrowing against this line of credit, other than borrowing for payroll expenditures, shall be authorized by the Board. If ECS's line of credit exceeds 100K, ECS will inform the authorizing agency of each ECS operated school within two weeks of seeking such funding. If the line of credit of any ECS operated school exceeds 100K, ECS and the pertinent school shall inform the authorizing agency of that school within two weeks of seeking such funding.
- D. Securing Additional Debt: ECS will adhere to the policies and procedures of each of its charter school authorizers. Prior to seeking additional debt, ECS will adhere to each authorizer's policies and procedures.
- E. Deposits of Receipts: Each ECS operated school will deposit all funds received as soon as practical upon receipt. ECS and each ECS operated school will open all mail on a daily basis, immediately sort all checks and forward them to Accounts Receivable. Accounts Receivable will immediately endorse the checks to the appropriate school account and

prepare appropriate deposits as soon as is practical, ideally the same day and in no case later than three working days.

- F. Loans: ECS will adhere to the policies and procedures of the pertinent charter school authorizer(s) regarding loans to or from each ECS operated school's funds.
  
- G. Bank Reconciliation Policy: All receipts and disbursements to the organization's bank accounts will be recorded in the general ledger. Timely reconciling of bank accounts is an essential component to prevent fraud and to ensure the organization's funds are handled with fiscal and fiduciary responsibility.
  - 1. Procedures:
    - a) Bank statements will be retrieved electronically by back office provider / Accountant. Any unusual activity must be promptly and thoroughly investigated and reported.
    - b) The Accountant will reconcile checks paid with check numbers and amounts that cleared the account per the bank statement. Any discrepancies regarding the paid checks or any checks over 60 days will be researched and if applicable reversed in the accounting system.
    - c) The Accountant will prepare the bank reconciliation, verifying the bank statements, and facilitating any necessary reconciliation.
    - d) The Accountant will compare the reconciled bank balance to the cash in the bank account and to the general ledger, immediately reporting any material discrepancies to the ECS Director of Finance and / or the ECS CEO / Executive Director.
    - e) The bank reconciliations are reviewed monthly by the ECS Director of Finance.

### **III. TRAVEL POLICIES**

- A. Employee Mileage Reimbursement:
  - 1. All employees are reimbursed at the standard mileage rate per mile as determined by the Internal Revenue Service for use of their own vehicle for pre-approved business related travel. In addition, parking fees and tolls paid are reimbursable if supported by receipts.
  
  - 2. All employees requesting such mileage reimbursement are required to furnish an Expense Report containing the destination of each trip, its purpose and the miles driven, parking fees and tolls, within one month after the travel date, supported by receipts, if applicable.



#### IV. OTHER PRACTICES

- A. Budget Adoption: A balanced budget shall be adopted by the Board of Directors of Environmental Charter Schools no later than June 30 prior to the start of each new fiscal year, or earlier if required by the authorizing entity. During the course of the year, the Board may adopt an amended budget as expenses and revenue projections change.
- B. Record Retention: ECS maintains a policy of retaining all accounting records (hard copies and/or electronic files) for the periods set forth in ECS' Document Retention Policy. These records include:

Record Type

Accounts Payable ledgers and schedules

Accounts Receivable ledgers and schedules

Annual Audit Reports and Financial Statements

Annual Audit Records, including work papers and other documents that relate to the audit.

Annual Plans and Budgets

Bank Statements and Canceled Checks

Employee Expense Reports

General Ledgers

Interim Financial Statements

Notes Receivable ledgers and schedules

Investment Records

Please refer to ECS's Document Retention Policy for further information about the length of time that specific documents will be retained by the organization.

C. Audit:

1. A consolidated annual audit by an outside firm shall be performed each year for ECS and for each ECS operated school on the close of the prior year's books. The audit shall be performed in advance of the statutory audit deadline. The audit shall include, but not be limited to, (1) an audit of the accuracy of ECS's or the specific school's financial statements, (2) an audit of ECS's or the particular school's attendance accounting and revenue claims practices, and (3) an audit of ECS and the specific school's internal controls practices.
2. If ECS or the specific school receives over \$750,000 from federal sources, the audit shall be prepared in accordance with any

relevant Office of Management and Budget audit circulars. The audit firm shall be on the State approved list of school auditors.

3. At the conclusion of the audit, ECS's CEO / Executive Director or designee will review the audit with the Board and propose any changes necessary in operating procedures to comply with audit findings.
- D. Board Meetings: The Board shall review financial statements (cash flow forecasts, and profit & loss) at periodic Board meetings. The Board shall also review and approve the monthly check registers from the General Checking Account and the Petty Cash Account.
- E. Conflict of Interest: Any Board member with a financial interest in a matter presented to the Board shall fully disclose such interest prior to Board discussion on the issue and shall recuse him/herself from the discussion and voting on the matter. The Board shall develop a more comprehensive policy on conflict of interest, hiring of relatives, and compliance with Government Code 1090 *et seq.* and the Political Reform Act of 1974.
- F. Payroll:
1. New Employees: Requests for new employees shall be initiated by the CEO / Executive Director or designee and be consistent with the approved annual personnel budget. New employees shall complete an Application for Employment and all necessary paperwork for payroll. New employees shall be fingerprinted and TB tested consistent with State law. Fingerprint clearance must be received by the appropriate school before any employee may start work.
  2. Employees shall accrue vacation and sick leave time based on the ECS personnel policy.
  3. Timekeeping (for hourly staff)
    - a) The CEO / Executive Director shall develop procedures to ensure accurate and timely preparation of timesheets for hourly employees.
    - b) Authorized timesheets shall be forwarded to our accounting team according to generally accepted audit guidelines. Payroll processing and payment shall also take place according to generally accepted audit guidelines.

G. Independent Contractors: ECS operated schools shall only engage independent contractors if all of the following practices are followed:

1. The expense is within the approved budget or separately approved by the Board;
2. The contractor provides proof of adequate insurance;
3. IRS rules are followed regarding classification of staff as contractors versus employees; and
4. The work is done under contract.

H. Capitalization and Depreciation: ECS/ECS operated schools will capitalize and depreciate all assets costing \$5,000 or more. All other assets are charged to expense in the year incurred.

Capitalized assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives which can range from:

- Leasehold Improvement – Use of life based or term of lease, whichever is shorter
- Equipment – 3 years
- Furniture – 5 years

Repair and maintenance costs, which do not extend the useful lives of the assets, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the asset accounts, and any resulting gain or loss is included in the earnings in the year.

I. Capital Equipment and Asset Management

1. The organization should take a physical inventory of all assets within 90 days of the end of each fiscal year, indicating the condition and location of the asset.

2. Many items of critical importance to the School's proper functioning – including textbooks and technology items such as computers and tablets – are not capitalized assets but are also tracked. These items are clearly labeled, uniquely numbered, tabulated in a ledger, and kept in secure locations to prevent loss or theft.

2. The CEO / Executive Director, Director of Finance, or Principal will be notified of all cases of theft, loss, damage or destruction of assets.

3. The Director of Finance will prepare plans for disposing of assets with a clear and complete description of the asset and the date of the disposal.

J. Disposal of Surplus Property and Donations:

Surplus property shall mean property that is no longer in use, is damaged beyond repair, or that the school to which the property belongs feels it will have no future value to that school's program, and that is declared to be surplus property by the Board. If a school wishes to dispose of equipment or other surplus property, the Board shall declare the property surplus and shall direct the staff on the actual means of disposal of the property, such as sale, donation, or destruction and disposal.

If a school wishes to sell equipment or other surplus property, the Board shall direct the staff by giving specific guidance regarding the manner in which such property is to be sold.

If a school wishes to donate equipment or other surplus property, the Board shall declare the property surplus and authorize the donation. Requirements for potential donee organizations shall include: (1) the donee organization is fully independent of ECS and ECS operated schools, with none of the ECS/ECS operated schools' Board members or key personnel involved in the donee organization; and (2) the donee organization shall be a non-profit or governmental entity related to education. In addition, the school making the donation shall secure a receipt from the donee organization for the donated property, and shall remove the asset from the school's books and record the donation as required by state and federal audit guidelines.

Property Acquired with Federal Grant Funds: If the property in question cost \$5,000 or more at the time of acquisition and was acquired with federal grant funds, the school shall notify the federal contract administrator prior to donating or disposing of such property as provided above.

K. Expenses/Revenues Allocation:

Revenues and expenses (e.g. interest revenue/expenses, bank service charges, payroll fees, etc.) which cannot be directly attributed to a particular school will be allocated based on the current year forecasted P2 ADA numbers for the Environmental Charter Schools, hours worked by staff or consultants as attributed to a site, or by other equitable means supported by documentation which the CEO / Executive Director or Director of Finance determines is more appropriate. Reclassification of allocations based on the change from forecasted P2 to actual current year P2 would not be required unless there is significant variance. The basis for using a different allocation

must be documented by the CEO / Executive Director or Director of Finance and sent to accounting prior to the journal entry being made. Each ECS operated school will report the allocation to its respective LEA as outlined in the approved charter or as outlined by any additional applicable MOU or MOU's.

#### **L. Interschool Shared Expenses**

As each ECS school has its own bank account, at times one school may pay for an entire expense on behalf of other schools (e.g., a bill for liability insurance or wages for a Home Office employee).

- The transfer shall be accounted for as temporary borrowing between accounts and shall not be available for appropriation or be considered income to the borrowing fund or account.
- Amounts paid by one school on behalf of other schools shall be repaid at a minimum semi-annually within 60 days following 12/31 and 6/30 of a given fiscal year.
- Payment of shared expenses on behalf of a school shall occur only when the fund or account receiving the money will have sufficient cash flow during the current fiscal year or within 120 days after the close of the fiscal year to repay the amount paid on its behalf.
- A "Due From" asset will be recorded on the balance sheet of the school providing the funds and a "Due to" liability will be recorded on the balance sheet of the school receiving the goods and / or services associated with the funds payment. For shared expenditures paid via invoice, this liability is recorded monthly via a journal entry generated by the Accounting Clerk and verified by the Director of Finance. For shared payroll expenses, this liability is recorded quarterly by EdTec via a journal entry.
- These amounts will be carried on the balance sheet until the entry is reversed when the funds are repaid
- Amounts borrowed from restricted funds shall be repaid with interest, if there are interest requirements relating to those programs or funds.
- ECS will provide the authorizer (LACOE) with a monthly inter-school debt schedule of the Due To/Due From of borrowing from all schools operated by ECS, which will include the settlement date.

#### **M. Form 990 Federal Tax Return:**

The selected audit firm will prepare the Form 990 tax return and send a copy to staff responsible for the audit. Staff will review and send a copy to the Board of Directors for its review and approval before filing. Once approved by the Board, the staff will notify the audit firm which will then prepare the final return for filing.

N. Private Funds:

Private funds will be allocated based on the initial grant application. Undesignated Private donations will be allocated at the CEO / Executive Director's discretion and with Board approval.

As private funds are received, a form will be attached that clearly allocates the funds to a specific school or between schools. This form will be signed by the CEO / Executive Director or designee before depositing in the bank account. These forms will also be approved at each Board meeting.

## **Addendum I: Additional Policies Governing Environmental Charter High School (ECHS)**

A. Revisions and Consistency:

In no event shall ECS revise these Financial Policies and Procedures or its practices in any manner which is inconsistent or in conflict with the terms of the ECHS Charter and/or any MOU or other agreement between ECS, ECHS, and/or the Lawndale Elementary School District and/or the terms of this Addendum I. Additionally, ECS shall not enter into any agreement or seek approval of any school charter that would provide for or require financial policies and/or practices by ECS and/or affecting ECHS that are inconsistent or in conflict with the terms of the ECHS Charter and/or any MOU or other agreement between ECS, ECHS, and/or the Lawndale Elementary School District and/or the terms of this Addendum I. Upon request, ECS shall provide to the Lawndale Elementary School District a copy of any charter, MOU, financial documents, or similar documents related to the operation by ECS of any other charter school.

B. Segregated Records and Bank Accounts:

At all times ECHS shall have its own set of financial records, distinct from any other school(s) that may be operated by or related to ECS, regardless of the time such school(s) were approved and/or opened. This shall at all times include separate and distinct bank account(s) for ECHS, and ECHS's funds shall not be commingled in a joint bank account with the funds of any other school(s) and shall be kept physically separate from the funds of any other school(s).

C. Securing Additional Debt:

Prior to obtaining any additional debt for ECHS, ECS will provide a completed "Notice of Intent to Obtain Additional Debt or Loans" form to the Lawndale Elementary School District. (See form, attached as "Exhibit A to Addendum I," incorporated herein by this reference.)

D. Loans:

Prior to entering into any loan to or from ECHS funds for any purpose, including a loan or transfer of ECHS funds to ECS or any other school operated by ECS or associated with ECS, ECS will complete and submit to the Lawndale Elementary School District a "Notice of Intent to Obtain Additional Debt or Loans" form. (See form, attached as "Exhibit A to Addendum I," incorporated herein by this reference.)

E. Expense/Revenue Allocation:

Prior to the commencement of each fiscal year, ECHS/ECS shall provide to the Lawndale Elementary School District a clear calculation of all costs projected to be shared between ECHS and ECS or any other ECS operated school(s), including the factual and fiscal basis on which the projected cost share has been calculated. Should there be a significant deviation from the projections during the fiscal year, ECHS/ECS shall immediately provide the District with an updated calculation, including the factual and fiscal basis for the revisions. Any shared costs shall be clearly accounted for in ECHS's financial records and reviewed as part of ECHS's annual fiscal audit.



## Exhibit A to Addendum I

**SUBMIT ORIGINAL TO:**

Lawndale Elementary School District  
Business Office  
4161 West 147th Street  
Lawndale, CA 90260

**Notice of Intent to Obtain Additional Debt or Loans**

**INSTRUCTIONS FOR CHARTER SCHOOL:**

- (1) Complete this form along with the requirements listed below.*  
*(2) Request must be submitted at least eight (8) weeks in advance.*

**CHARTER SCHOOL INFORMATION**

[Redacted]		Contact Person	[Redacted]
Name of Charter School	[Redacted]	Contact Phone#	[Redacted]
Street	[Redacted]	Date Submitted	[Redacted]
City	State	Zip Code	

**ADDITIONAL DEBT OR LOAN NARRATIVE (ATTACH ADDITIONAL SHEETS IF NEEDED)**

A) Purpose of loan:

[Redacted]

B) Type of loan (secured or unsecured), and lender info:

[Redacted]

C) Amount duration, and interest rate of loan:

[Redacted]

D) Type of collateral for secured loan:

[Redacted]

E) Proposed loan repayment schedule:

[Redacted]

F) Narrative on how loan will be repaid:

[Redacted]

**CERTIFICATION BY CHARTER SCHOOL**

I hereby certify that this request is calculated based on my best knowledge of additional cash requirements for the period indicated above. I agree to comply with all applicable laws, policies, rules and regulations relative to the conduct of the Charter School programs. Adjustments to the amount requested may be required upon review of the cash projections and supporting documents.

[Redacted]  
Name of Charter School Director (please print)

[Redacted]  
Signature

[Redacted]  
Date

Addendum II: Additional Policies Governing  
Environmental Charter Middle Schools (ECMSG, ECMSI, and  
Environmental Charter High School #2)

A. Securing Additional Debt / Loans:

Pursuant to LACOE Board adopted Policies and Regulation 6660R Fiscal Accountability, Section B Loan Approval Requirements: “Public, private or commercial loans or other debt instruments may not be accepted by a LACOE approved charter school without prior approval by the Superintendent; loan request must be consistent with sound fiscal practices and repayment schedules included in the budget proposal and other appropriate financial reports.”

Additionally, under Section 3.1 (Funding) of the Charter Schools Agreement it states “Any source of additional funding that may result in incurring additional debt (i.e. loans) must receive prior approval from the County Board of Education.”

Prior to entering into any loan to or from ECMSG, ECMSI, or Environmental Charter High School #2 funds for any purpose, including a loan or transfer of funds to ECS or any other school operated by ECS or associated with ECS, ECS will complete and submit to the Los Angeles County Office of Education “Request for Advance Approval of Additional Debt” form. (See form, attached as “Exhibit A to Addendum II,” incorporated herein by this reference.)

The Request for Advance Approval of Additional Debt along with all requirements will be submitted to LACOE Controller’s Office at least eight (8) weeks in advance of the anticipated date of additional cash needs.

B. Expense/Revenue Allocation:

Prior to the commencement of each fiscal year, ECS shall provide to LACOE a clear calculation of all costs projected to be shared between ECMS and ECS or any other ECS operated school(s), including the factual and fiscal basis on which the projected cost share has been calculated. Should there be a significant deviation from the projections during the fiscal year, ECS shall provide LACOE with an updated calculation, including the factual and fiscal basis for the revisions. Any shared costs shall be clearly accounted for in ECS’s financial records and reviewed as part of ECS’s annual fiscal audit.

C. ECS will provide LACOE with a copy of the Board approved debt request(s), and copy of debt request approved by other charter authorizers. (etc. Lawndale USD or other districts).

Exhibit A to Addendum II

SUBMIT ORIGINAL TO:

Los Angeles County Office of Education  
 Controller's Office  
 12830 Columbia Way  
 Downey, CA 90242

REQUEST FOR ADVANCE APPROVAL FOR ADDITIONAL DEBT

INSTRUCTIONS FOR CHARTER SCHOOL:

- (1) Complete this form along with the requirements listed below.
- (2) The loan request must be accompanied with a narrative including but not limited to the following:
  - (a) Purpose of loan
  - (b) Type of loan (secured or unsecured), and lender info
  - (c) Amount, duration, and interest rate of loan
  - (d) Type of collateral for secured loan
  - (e) Proposed loan repayment schedule
  - (f) Narrative on how loan will be repaid
- (3) Provide current bank statement, balance sheet, income statement, and cash flow projections
- (4) Submit revised budget to include loan and charter school board approval
- (5) Request must be submitted at least eight (8) weeks in advance of the date of projected cash needs.
- (6) Requires Charter School Board approval.

CHARTER SCHOOL INFORMATION	
Name of Charter School _____	Contract Person _____
Street _____	Contract Phone# _____
City _____ State _____ Zip Code _____	Date Submitted _____
SUMMARY CASH PROJECTIONS	
Cash on Hand (As of last month financial statement) _____ (1)	Comments:
Cash projections for the period From: _____ To: _____	
Estimated Apportionments for the period based on ADA _____	
Estimated Cash Receipts based on Deferral from CDE _____ (2)	
Estimated Cash Disbursements _____ (3)	
<b>LOAN REQUEST AMOUNT</b> 3 - (1 + 2) \$ _____	
CERTIFICATION BY CHARTER SCHOOL	
I hereby certify that this request is calculated based on my best knowledge of additional cash requirement for the period indicated above. I agree to comply with all applicable laws, policies, rules and regulations relative to the conduct of the Charter School programs. Adjustments to the amount requested may be required upon review of the cash projections and supporting documents.	
Name of Charter School Director (please print) _____	Signature _____ Date _____
Charter School Board Chair (please print) _____	Signature _____ Date _____
LACOE INTERNAL USE ONLY	
1. Received by: _____ Admin. Analyst: _____ Date: _____	
2. Reviewed by: _____ Fin. Ops. Consult.: _____ Date: _____	
3. Approved by: _____ Controller: _____ Date: _____	
4. LACOE Board Approval: _____ Board Chair: _____ Date: _____	
5. Remarks: _____	

Cc: Charter School Office