

735 – Fiscal Accountability Policy

Approved by GWA Board of Directors, 12/18/2014

In general, the Board and Administration of George Washington Academy (or “GWA”) shall manage the financial affairs of GWA based on the following Administrations: (1) comply with all applicable laws or loan covenants, (2) provide the best educational services to the students of GWA consistent with GWA’s charter, and (3) get the most effective and cost efficient services possible in all areas at GWA.

Financial

General Financial Management

The GWA Board understands that the school is a steward over the financial resources and assets entrusted to them by the state of Utah. The Board recognizes the need to abide by all applicable laws and regulations, including 53A-1a-508, including the following acknowledgements: (i) fiscal procedures will be consistent with generally accepted financial management standards; and (ii) neither the chartering entity nor the state, including an agency of the state, is liable for the debts or financial obligations of GWA or persons or entities who operate GWA, unless agreed to in writing with GWA.

GWA adheres to Generally Accepted Accounting Principles as constituted by the Financial Accounting Standards Board. GWA also ensures that all applicable areas of the Utah Money Management Act are followed. Cash collected at GWA is reconciled daily in the presence of two authorized individuals, sealed in tamperproof envelopes, and deposited daily, whenever practicable, but not later than three days or as otherwise required by applicable rules governing GWA cash management.

In accordance with state law, GWA, prior to June 30th of the each fiscal year, prepares an annual operating budget for the next fiscal year. The budget is designed so that GWA priorities, as established by the Board, are met. All budgets and budget amendments are Board approved, being voted upon in a public meeting in accordance with the Utah Open and Public Meetings Act. Subject to appropriation limits with object codes and other restrictions, GWA reserves the right to reallocate funds from one line item in the budget to another as prescribed by the Board if purchasing practices or conservation result in an expenditure different from the budgeted amount. The Board may choose to add undistributed reserves from GWA operational budget to the following year and/or may reallocate them to the current fiscal year’s budget, at its discretion. The budget and cash flow projections utilized by GWA provide sufficient detail to enable reasonably accurate projections of revenues and expenses, separation of capital and operational items, cash flow, and subsequent audit trail documentation.

In addition, GWA understands and complies with all applicable fiscal rules/regulations, including completion and submission of an annual financial audit of the current fiscal year conducted by an

independent certified public accounting firm by November 30th of the following fiscal year, submission of October and December student counts in accordance to state mandated deadlines, Utah Money Management reports, wages and benefits negotiation reports, Utah Transparency Act reports and updates, October 1st AFR and APR submissions, and any other regular enrollment and financial reports as required by the State Office of Education.

Purchases are authorized and carried out in accordance with the Cash Disbursement Policy adopted by the Board and the Utah Procurement Code.

GWA utilizes a fixed asset inventory system] that, in accordance with federal guidelines, tracks all of GWA fixed assets. This inventory system is implemented in accordance with GWA's Cash Disbursement Policy. GWA has adopted procedures for the disposal of fixed assets to ensure proper reconciliation of inventory records at the end of the fiscal year. Regular inventory counts are performed, and the Board holds the administration, teachers, and custodial/maintenance staff responsible to inventory items assigned to their classroom, office, or role at GWA.

All fiscal policies and procedures comply with GWA's conflict of interest policy.

GWA assigns a representative to attend school finance and statistics training and all required finance training. GWA will continue to take the measures necessary so that its representative(s) attend future trainings as announced or provided to ensure accounting and management of GWA resources are in compliance with any revisions to rules and laws governing GWA.

Minimum Reserve and Coverage Levels

GWA will maintain minimum reserve and coverage levels that the Board determines are consistent with long-term financial health. The Board financial coordinator, administration, and accounting staff will regularly monitor the status of reserve and coverage ratios and report that information to the Board.

GWA will ensure that it satisfies minimum reserve and coverage levels as required by law or applicable loan covenants.

GWA will take reserve and coverage levels into consideration when making budgeting, financial planning, and other financial decisions, including decisions regarding major purchases.

Financial Forecasting and Budgeting

Throughout the fiscal year, the Board financial coordinator, administration and accounting staff will meet regularly to discuss the budget, GWA financial status, and any changes. The Board will be fully engaged in the budgetary process and informed of such issues on a regular, monthly basis.

The Board financial coordinator, administrator, and accounting staff will meet to prepare a tentative budget. GWA's budgeting philosophy will be to conservatively project both revenues and expenses while achieving the level of accuracy required by state standards. The tentative

budget will be circulated to the Board for further review and discussion. The tentative budget will be scheduled for discussion on a board meeting agenda, further discussed, and adopted at the annual board meeting.

As the October 1 count is finalized, and as GWA receives new revenues, the Board will be updated on new figures. In order to account for these changes, the Board will approve revisions and amendments to the budget over the course of the fiscal year.

Debt

GWA will seek to avoid debt to the extent possible. GWA's plan is to only assume debt as absolutely necessary or when the benefits of a purchase will, in the judgment of GWA's board, benefit GWA's students for the life of such debt. The Board recognizes that the ability to take on debt will be governed by the covenants of existing indebtedness and pending indebtedness. GWA's accounting staff, administration and Board financial coordinator will be informed of the requirements affecting GWA ability to incur debt. Any debt assumed by GWA will therefore comply with applicable laws and any existing loan covenants.

As economical or in its best interests, GWA will seek refunding opportunities to either lower its debt profile, meet bond covenants or other advantageous benefits realized through a restructure of its debt.

Risk Management

As a nonprofit corporation and public school, GWA shall actively seek to avoid unnecessary risks to the greatest extent possible. GWA shall always maintain insurance at the highest amount that is either (a) required by law, (b) required by existing loan covenants, (c) is reasonable and customary for a Utah Charter School, or (d) is considered prudent by GWA's board after consulting with qualified professionals. In the event any material risk is identified by GWA's board or administration that is not covered by existing insurance, a qualified professional shall promptly be engaged to evaluate such risk and recommend the appropriate action.

The board will work with qualified professionals to recognize and avoid risks associated with its governance of GWA. In particular, the board will be cognizant of financial risks that are addressed by the provisions above, compliance with applicable laws, including but not limited to the Utah Open and Public Meetings Act and the Government Records Access and Management Act. The Board will periodically review the policies that it has adopted to ensure that it has all necessary policies in place and that the policies that have been adopted comply with current law, adequately address issues at which they are aimed, and cover all areas requiring board guidance. The Board may periodically ask that the Administration provide evidence that Board Policies are being complied with. In the event the board learns that policies are not being complied with, it will ask the Administration to create a plan to remedy any deficiencies and establish procedures to ensure that the policies are complied with in the future.

The Administration is also directed to work with qualified professionals, including GWA's business management company and loss control representatives of GWA insurer, to recognize, manage and avoid risks associated with the operation of GWA. In particular, the Administration will be cognizant of risks associated with human resources activities, student safety and security, facility matters, and state and federal legal compliance, including civil rights issues. The Administration will establish administrative procedures in order to address key issues pertaining to GWA operations and will ensure that all GWA employees and, to the extent necessary, students and parents, are aware of such procedures. The Administration will periodically review and revise administrative procedures in order to ensure that they adequately address the pertinent issues and are consistent with GWA situation and needs.

Disclosure (or Post Issuance Compliance)

GWA first issued tax exempt debt in 2008, and has been committed to complying with all disclosure and post issuance requirements on their debt since that date, and is proud of its record. GWA remains committed to full compliance with such requirements on any debt that is GWA's responsibility going forward.

Throughout the fiscal year, the Board financial coordinator, administration and accounting staff will meet regularly to discuss how best to comply with all debt obligations using the most effective, efficient and honest methods available. The full Board will be updated at least once a year on the compliance with such requirements.

In the event of a material violation of any post issuance requirement, or allegation by any source of a material violation, the Board of GWA will be informed in writing by the Board financial coordinator, administration or accounting staff, and the Board shall meet promptly to discuss how best to deal with the material violation or alleged material violation.