

**MINUTES OF A MEETING OF  
THE BOARD OF DIRECTORS OF  
THE LOS ANGELES LEADERSHIP ACADEMY**

**Wednesday, November 19, 2014**

The following members of the Board of Directors (the “Board”) of The Los Angeles Leadership Academy (the “Academy”), pursuant to notice duly given or waived, attended the meeting at 2670 Griffin Avenue, Los Angeles, California, and constituted a quorum for the transaction of business in accordance with the California Nonprofit Public Benefit Corporation Law and the Amended and Restated Bylaws of the Academy (the “Bylaws”):

Eric Barron  
Beth Bernstein-Yamashiro  
Martin Frank  
Rohan Gupta  
Roger Lowenstein  
David Nickoll  
Diane Prins Sheldahl  
Daniel Provencio  
Rick Rosen  
Rob Santos  
Bill Urick

Also in attendance at the invitation of the Board were: (i) Arina Goldring-Ravin, Executive Director; (ii) Cynthia Cuprill, High School Principal; (iii) Jesicah Rolapp, Middle School Principal; (iv) Mercedes Ibarra, Primary School Principal; (v) Kristin Dietz, Chief Financial Officer; (vi) certain of the Academy’s student, parents, teachers and administrators; and (vii) Christopher Ahn of Proskauer Rose LLP, counsel to the Academy.

The meeting was called to order by Mr. Nickoll at approximately 6:30 p.m. Pacific time. Mr. Ahn acted as secretary for purposes of the meeting.

***Chairperson Introductory Remarks***

Mr. Nickoll began the meeting by making introductory remarks to the students, parents, teachers, administrators and directors in attendance.

***Open Communications***

Mr. Nickoll invited members of the public in attendance to address the Board. No one in attendance elected to do so.

***Executive Director Report***

Ms. Goldring-Ravin made a presentation regarding recent and upcoming events relating to the Academy, including, among others, oversight visits by the LAUSD Charter Division and Western Association of Schools & Colleges, an Early Literacy Intervention Grant Proposal

submitted to the International Dyslexia Foundation, a recent charter school development conference attended by Ms. Goldring-Ravin, an upcoming meeting of the Academy's curriculum council and the Academy's planned annual fundraising gala. Ms. Goldring-Ravin also made a presentation regarding the Academy's organizational structure and referred the Board to the structure and responsibilities chart distributed to the Board prior to the meeting. Discussion ensued, and Ms. Goldring-Ravin answered questions from the Board.

### ***Parents in Action Council Report***

Rosa Garcia, representing the Academy's high school parents, made a presentation regarding, among other things, new financial and accounting procedures implemented by the Parents in Action Council in connection with fundraising efforts, including the opening of a new bank account, recent and upcoming fundraising events, and new computer training and ESL workshops being offered to parents. Discussion ensued, and Ms. Garcia answered questions from the Board.

Josie Vargas, representing the Academy's primary school parents, made a presentation regarding, among other things, the Academy's Fall Festival program and other recent and upcoming fundraising efforts. Discussion ensued, and Ms. Vargas answered questions from the Board.

### ***Principals Reports***

Prior to the meeting, written reports regarding each of the Academy's primary, middle and high schools were distributed to the Board. Ms. Ibarra made a presentation regarding, among other things, the performance of the Academy's students on recent diagnostic assessments, a new math program to be implemented at the Academy, parent involvement at the primary school, a recent Dia de los Muertos celebration, recent and desired field trips and certain student recognition programs. Discussion ensued, and Ms. Ibarra answered questions from the Board.

Ms. Rolapp made a presentation regarding, among other things, enrollment and attendance at the Academy's middle school, recent and planned diagnostic assessments and programs, honor roll awards, parent involvement at the Academy's middle school and planned upcoming events. Discussion ensued, and Ms. Rolapp answered questions from the Board.

Karla Marquez, the Academy's College Counselor, made a presentation regarding, among other things, college applications submitted by Academy students and recent and upcoming visits to college campuses. Ms. Marquez also made a presentation regarding a proposed increase in the number of credits required to graduate from the Academy's high school. Discussion ensued, and Mses. Marquez and Cuprill answered questions from the Board.

Ms. Cuprill made a presentation regarding, among other things, upcoming activities at the Academy's high school, certain professional development programs for the Academy's high school teachers and parent involvement at the Academy's high school, including in the computer training and ESL workshops. Discussion ensued, and Ms. Cuprill answered questions from the Board.

### *Electon of Director*

Mr. Frank made a presentation regarding the proposed election of Jeff Sobrato as a director of the Academy. Discussion ensued, including with respect to future director recruiting efforts, and Mr. Frank answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously adopted the following resolution:

**WHEREAS**, the Board deems it advisable and in the best interests of the Academy to elect Jeff Sobrato as a director of the Academy; and

**WHEREAS**, the Bylaws provide that directors shall be elected in staggered terms.

**NOW, THEREFORE, BE IT RESOLVED**, that Jeff Sobrato be, and he hereby is, elected to the Board to serve for a term starting November 19, 2014 and ending at the first meeting of the Board to be held in 2017.

### *General Accounting Policies*

Ms. Goldring-Ravin made a presentation regarding a proposed revised General Accounting Policies and Procedures Manual, a draft of which had been distributed to the Board prior to the meeting. Discussion ensued, and Ms. Goldring-Ravin answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

**WHEREAS**, the Board previously approved the General Accounting Policies and Procedures Manual of the Academy;

**WHEREAS**, the Board has been presented with and reviewed the amended General Accounting Policies and Procedures Manual in the form attached hereto as Annex A (the "Manual"); and

**WHEREAS**, the Board deems it advisable and in the best interests of the Academy to approve the Manual.

**NOW, THEREFORE, BE IT RESOLVED**, that the Manual be, and it hereby is, approved, with such changes, additions, deletions, amendments or modifications as any of the Executive Director or the Chief Financial Officer of the Academy (the "Officers") deem necessary, proper or advisable; and

**RESOLVED FURTHER**, that the Officers be, and each of them hereby is, authorized, empowered and directed to do or cause to be done all other things and acts, to execute and deliver or cause to be executed and delivered all other instruments, documents and certificates and to pay or cause to be paid all costs, fees and taxes as may be, in such Officer's sole judgment, necessary, proper or advisable in order to carry out and comply with the purposes and intent of the foregoing resolution; and that all of the acts and deeds of each of the Officers and each of the directors of the Academy that are consistent with the purposes and intent of such resolution be and hereby are, in all respects, approved, confirmed, ratified and adopted as the respective acts and deeds of the Academy.

### ***Revised Budget***

Ms. Dietz made a presentation regarding a proposed revised budget for the Academy's 2014-2015 fiscal year, a draft of which had been distributed to the Board prior to the meeting. Ms. Dietz described certain changes to the budget since the version that was previously approved by the Board. Discussion ensued, and Ms. Dietz answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously adopted the following resolution:

**WHEREAS**, the Board previously reviewed and approved the budget for the Academy's 2014-2015 school year (the "Budget");

**WHEREAS**, the Board has been presented with and reviewed certain proposed revisions to the Budget (the "Revised Budget"); and

**WHEREAS**, the Board deems it advisable and in the best interests of the Academy to approve the Revised Budget.

**NOW, THEREFORE, BE IT RESOLVED**, that the Revised Budget be, and it hereby is, approved, with such changes, additions, deletions, amendments or modifications as any of the Officers deem necessary, proper or advisable

Ms. Dietz then made a presentation regarding the Academy's September financials, a copy of which had been distributed to the Board prior to the meeting. Discussion ensued, and Ms. Dietz answered questions from the Board.

### ***Charter School Compliance Monitoring Form***

Ms. Goldring-Ravin made a presentation regarding a proposed Charter School Compliance Monitoring Form, a draft of which had been distributed to the Board prior to the meeting. Discussion ensued, and Ms. Goldring-Ravin answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

**WHEREAS**, the Board has been presented with and reviewed the Charter School Compliance Monitoring Form in the form attached hereto as Annex B (the "Monitoring Form"); and

**WHEREAS**, the Board deems it advisable and in the best interests of the Academy to approve the Monitoring Form.

**NOW, THEREFORE, BE IT RESOLVED**, that the Monitoring Form be, and it hereby is, approved, with such changes, additions, deletions, amendments or modifications as any of the Officers deem necessary, proper or advisable; and

**RESOLVED FURTHER**, that the Officers be, and each of them hereby is, authorized, empowered and directed to do or cause to be done all other things and acts, to execute and deliver or cause to be executed and delivered all other instruments, documents and

certificates and to pay or cause to be paid all costs, fees and taxes as may be, in such Officer's sole judgment, necessary, proper or advisable in order to carry out and comply with the purposes and intent of the foregoing resolution; and that all of the acts and deeds of each of the Officers and each of the directors of the Academy that are consistent with the purposes and intent of such resolution be and hereby are, in all respects, approved, confirmed, ratified and adopted as the respective acts and deeds of the Academy.

### ***Loan Repayment***

Mr. Lowenstein made a presentation regarding the proposed repayment of the Academy's obligations under a Promissory Note, in the outstanding principal amount of \$75,000, to Irene Romero. Mr. Lowenstein reported that Ms. Romero had previously agreed to forgive \$25,000 of the principal amount of the Promissory Note and had also agreed, in connection with the proposed repayment, to forgive an additional \$25,000 of principal amount, resulting in a total payoff amount of \$50,000 plus accrued interest. Discussion ensued, and Mr. Lowenstein answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

**WHEREAS**, the Academy previously issued the Promissory Note, dated June 5, 2009, as amended by Amendment No. 1 to Promissory Note, effective June 5, 2011, in favor of Irene Romero, an individual (the "Lender"), in the principal amount of \$75,000.00;

**WHEREAS**, the Board has been presented with and reviewed the Payoff Letter in the form attached hereto as Annex C (the "Payoff Letter"); and

**WHEREAS**, the Board deems it advisable and in the best interests of the Academy to (a) approve the Payoff Letter and, (b) pursuant thereto, make a payment to the Lender in the amount of \$50,000 (the "Repayment Amount").

**NOW, THEREFORE, BE IT RESOLVED**, that the Payoff Letter and the payment of the Repayment Amount to the Lender in connection therewith be, and they hereby are, approved, with such changes, additions, deletions, amendments or modifications to the Payoff Letter as any of the Officers deem necessary, proper or advisable; and

**RESOLVED FURTHER**, that the Officers be, and each of them hereby is, authorized, empowered and directed to do or cause to be done all other things and acts, to execute and deliver or cause to be executed and delivered all other instruments, documents and certificates and to pay or cause to be paid all costs, fees and taxes as may be, in such Officer's sole judgment, necessary, proper or advisable in order to carry out and comply with the purposes and intent of the foregoing resolution; and that all of the acts and deeds of each of the Officers and each of the directors of the Academy that are consistent with the purposes and intent of such resolution be and hereby are, in all respects, approved, confirmed, ratified and adopted as the respective acts and deeds of the Academy.

### ***Bank Account and Credit Card***

Ms. Goldring-Ravin made a presentation regarding a proposed deposit account and credit

card account with JPMorgan Chase Bank, N.A. or an affiliate thereof. Discussion ensued, and Ms. Goldring-Ravin answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

**WHEREAS**, the Board deems it advisable and in the best interests of the Academy to open a (a) deposit account and (b) credit card account with a limit of \$10,000, in each case with JPMorgan Chase Bank, N.A. or an affiliate thereof (the “Accounts”).

**NOW, THEREFORE, IT IS RESOLVED**, that the opening of the Accounts be, and it hereby is, approved; and

**RESOLVED FURTHER**, that the Officers be, and each of them hereby is, authorized, empowered and directed to execute any document or authorize any transaction in connection with the Accounts, and to do or cause to be done all other things and acts, to execute and deliver or cause to be executed and delivered all other instruments, documents and certificates and to pay or cause to be paid all costs, fees and taxes as may be, in such Officer’s sole judgment, necessary, proper or advisable in order to carry out and comply with the purposes and intent of the foregoing resolution; and that all of the acts and deeds of each of the Officers and each of the directors of the Academy that are consistent with the purposes and intent of such resolution be and hereby are, in all respects, approved, confirmed, ratified and adopted as the respective acts and deeds of the Academy.

### **Ratification of Certain Agreements**

Ms. Goldring-Ravin made a presentation certain insurance and consulting agreements previously entered into by the Academy, copies of which had been distributed to the Board prior to the meeting. Discussion ensued, and Ms. Goldring-Ravin answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously adopted the following resolution:

**WHEREAS**, the Board has previously been presented with and reviewed the (a) Master Lease Agreement #426, dated June 16, 2014, between the Academy and Apple Inc., (b) Consulting and Services Agreement, effective September 1, 2014, between the Academy and The Aptus Group Inc., and (c) certain insurance policies issued to the Academy by Arroyo Liability Insurance (collectively, the “Agreements”); and

**WHEREAS**, the Board deems it to have been advisable and in the best interests of the Academy for the Academy to have entered into each of the Agreements.

**NOW, THEREFORE, BE IT RESOLVED**, that the Agreements be, and each of them hereby is, ratified, approved, and adopted.

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There being no further business to come before it, the meeting was, upon motion duly made and seconded, adjourned at approximately 8:30 p.m. Pacific time.

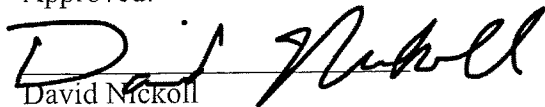
Respectfully submitted,



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Chris Ahn  
Secretary of the Meeting

Approved:



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David Nickoll  
Chairman of the Meeting

Annex A

General Accounting Policies and Procedures Manual



# **Los Angeles Leadership Academy**

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# **GENERAL ACCOUNTING POLICIES AND PROCEDURES MANUAL**

**ACCOUNTING POLICIES**  
**DRAFT November 2014**

**LEGAL STRUCTURE**

Los Angeles Leadership Academy (“LALA”) is a California Corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As of 7/1/10, LALA operates two charter schools in two locations in Los Angeles, California, sponsored by LAUSD. Los Angeles Leadership Academy has offices at each site and operates one middle school and one high school under Los Angeles Leadership Academy (charter #461) and one elementary school under Los Angeles Leadership Primary Academy (charter #1333)

Charter Name	Charter Number	Location (09-10)	Start Date of Charter (new or renewal)	Expiration Date of Charter
Los Angeles Leadership Academy (LALA)	461	Los Angeles	7/1/2007	6/30/2018
Los Angeles Leadership Primary Academy (LAPA)	1333	Los Angeles	7/1/2011	6/30/2017

**METHOD OF ACCOUNTING**

The books and records of Los Angeles Leadership Academy are prepared using the accrual method of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

**ACCOUNTING SYSTEM**

Effective 7/1/14, LALA uses NetSuite for maintaining its general ledger activities and has contracted with EdTec, a third-party back-office service provider, to ensure accurate and timely processing of accounting transactions, budgets, cash flow projections, and financial reporting and compliance. LALA follows the Standardized Account Code Structure (SACS) and utilizes Resources to track restricted activities.

**CASH ACCOUNTS**

LALA obtains board approval before opening or closing any bank or investment accounts.

LALA currently maintains the following bank accounts:

- **Main Checking Account (9121-1599)**– PacWest Bank (Irvine, CA) (opened June 2010) #1599
- **Griffin Maintenance Account (9123-1858)** – PacWest Bank (Irvine, CA) (opened June 2010) #1858
- **Checking – (9124-7573)** - 1<sup>st</sup> Century Bank (Los Angeles, CA)
- **Fundraising Accounts (TBD)**

All bank accounts are reconciled on a monthly basis by EdTec and all accounting records are kept in a secured location.

**AUTHORIZED CHECK SIGNERS**

The following parties are authorized to sign checks for the main checking accounts, , maintenance account and fundraising account:

Executive Director:

Designated service provider/Agent: \_\_\_\_\_ )

There is no dual signature requirement but authorization limits and approvals must be followed. Authorization limits apply to specific individuals for purchases (see following sections and SOP for details).

Reimbursements to any members with check signing ability must be approved by an authorized individual other than the person being reimbursed.

**LINE OF CREDIT**

LALA has a line of credit with 1<sup>st</sup> Century Bank in the amount of \$400,000 that is renewed annually.

Draw downs on lines of credit require the approval of the Executive Director.

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Following is general information on the major accounting and transaction areas. Please see separate Standard Operating Procedures (SOP's) in the Appendix that follows this manual for detailed procedures followed by LALA and EdTec.

**CASH RECEIPTS AND DEPOSITS (See SOP for detailed processes)**

Mail delivered to the Central Office is opened by the Office Manager or a designated staff member, and any checks to be deposited are placed in a secured Location until deposited via remote capture by the Director of Operations.

All deposit information is scanned and emailed to the Client Manager at EdTec for review and to ensure timely entry in the accounting system.

Records of deposits are filed at the school and electronically at EdTec. Each record of deposit should include the following items: cash receipts form signed by preparer, remote deposit verification or receipt of deposit from the bank, supporting documentation for the deposit, copies of checks deposited,. For any checks received that do not clearly indicate their source or nature by the supporting documentation, the Executive Director or Principal will include sufficient coding or explanation to ensure proper coding in the accounting system by EdTec (ex. Capital campaign donations are clearly labeled "capital campaign" by the executive director before being delivered)

The school will collect cash from time to time. Cash received is segregated as to type (food sales, fundraising, etc) and tallied. Total amounts by type are verified by a second person and a deposit form is prepared. If the cash cannot be deposited the same day, it is stored in a locked cabinet. Cash deposits are made at least once a month, and more frequently when cash transactions are high. The Director of Operations contacts the bank representative at 1<sup>st</sup> Century bank when cash deposits need to be made, and the bank arranges for a direct courier pickup.

**PURCHASES AND CASH DISBURSEMENTS (See SOP for detailed processes)**

The Office Manager, Principals, Assistant Principals, Executive Director and Board President are authorized to make purchases on behalf of LALA.

At least one of the following must accompany all cash disbursement transactions and proper authorization must be clearly indicated:

- Purchase Order
- Check Request/Employee Reimbursement Request
- Travel Reimbursement Form
- “OK TO PAY” Stamp

The Principal is authorized to make purchases up to \$2,999.99 for office supplies and general operating expenses of the school. Purchases of \$3,000 to \$24,999 require approval by the Executive Director. Purchases in excess of \$25,000 require board approval.

For recurring transactions with prior approval, payment may be made without direct approval from the Executive Director or Board.

The Director of Operations has access to manual checks to be used in limited situations for emergency purchases and employee reimbursements only.

AP Checks are processed weekly by EdTec.

Bill Pay Process:

1. EdTec receives invoices for payment each week via email from Director of Operations of designated staff member
2. Each invoice reviewed for accuracy, proper authorization, and completeness. Invoices must be accompanied by a Check Request/Employee Reimbursement Request, Purchase Order and Packing Slip if applicable, or signed “OK to PAY” Stamp.
3. AP representative enters the bills in the accounting system and generates an AP Approval report which is emailed to an approved bank signor and the client manager for review. Client manager reviews coding for accuracy and informs AP rep of any changes needed before the check run is finalized.
4. An approved signor OK’s the checks to be released by replying via e-mail with details. AP rep processes checks upon signor’s approval.
5. Checks are printed, and signature stamped, and reviewed for accuracy before being stuffed and mailed.
6. AP rep sends client manager, Director of Operations and check signor a completed check register when checks have been mailed.

**PETTY CASH (See SOP for detailed processes)**

The school does not currently maintain a petty cash account. Cash transactions are collected and deposited as necessary (see CASH RECEIPTS section above).

**FUNDRAISING ACTIVITIES (See SOP for detailed processes)**

There will be a Fundraising Committee who will oversee all fundraising activities in separate bank accounts (i.e. 1 for HS, 1 for MS and 1 for Elementary) that will be managed by two designated individuals for each account. The designated individuals will keep copies of all cash receipts and disbursements and will follow the same processes outlined above for purchases and deposits. A transaction log will be maintained showing a detailed listing of all transactions for the month and will be delivered by the 5<sup>th</sup> of the following month to the Director of Operations, Executive Director and EdTec Client Manager. See separate SOP for details of procedures to follow for fundraising activities.

**CREDIT CARD TRANSACTIONS (See SOP for detailed processes)**

LALA holds several credit cards from California Credit Union to be used for regular operating expenses. The following parties are authorized to make purchases using the credit card:

Principal - MS  
Principal – HS  
Principal – ES  
Executive Director

Credit card transactions are logged, reviewed and reconciled to the statements each month. Supporting documentation and receipts accompany the credit card statements on a monthly basis.

**ATTENDANCE AND STUDENT DATA REPORTING (See SOP for detailed processes)**

LALA utilizes PowerSchool to track student data and attendance and to compile data for required reporting to the District and State. EdTec is responsible for completing the monthly attendance reports as well as the P1, P2 and annual attendance reports. LALA currently contracts with a consultant to ensure accurate and timely reporting of CALPADS data.

**CASH MANAGEMENT**

At times, cash balances may get very low due to State cash flow deferrals and revenue cycles. Because of this EdTec performs detailed procedures to ensure knowledge of cash balances at all times and forecasted cash flow needs into the future. Each week, cash balances are reviewed in conjunction with AP batch approvals and client is informed of any impending cash flow needs in the next 60-90 days.

**TRAVEL EXPENSE REIMBURSEMENT POLICY**

In general, employees will be reimbursed for any actual expenses incurred – up to the limit of the prevailing Federal Per Diem rate – while on school-related travel. These expenses must be submitted on a Check Request Form and require approval by the School Principal or Executive Director. If the Principal is requesting reimbursement, the Executive Director must approve the form. Any expenses greater than the per diem rate must be approved by the Executive Director.

Mileage is also reimbursable for necessary business travel that takes an employee further from their home than their usual commute to work or that requires an employee to travel to an additional location beyond their normal work location. Mileage will be reimbursed at the prevailing Federal mileage reimbursement rate (currently 56 cents per mile as of 1/1/14).

Overnight hotel stays are only approved in cases where an employee is attending a conference or event that is outside of the greater Los Angeles area. Any overnight travel must be approved in advance by the Executive Director or the Board of Directors.

Advances for travel will not be provided prior to travel.

Reimbursement requests must be submitted within 60 days of travel for payment to be honored. Any reimbursement requests that are not submitted in a timely manner may not be paid. If travel occurs in June, reimbursement requests must be received no later than July 31<sup>st</sup> in order to be included in the proper fiscal year.

### **PAYROLL**

A personnel file will be maintained for each employee by the Director of HR and will be kept in a locked file cabinet or other secure location in the HR Director's office.

Payroll is processed by EdTec for Los Angeles Leadership Academy via Paychex, a third-party payroll processing company. Payroll registers and all other required reports are maintained by EdTec.

Pay dates are as follows:

<u>Pay Date</u>	=	<u>Pay Period Covered</u>
5 <sup>th</sup>	=	16 <sup>th</sup> -31 <sup>st</sup> of previous month
20 <sup>th</sup>	=	1 <sup>st</sup> – 15 <sup>th</sup> of current month

Salaried employees, including teachers, are paid on a 12-month cycle. Year-round employees are paid July – June of each year, while teachers are paid August – July of each year. Hourly employees are paid based on hours worked as submitted on recalculated and approved time cards. The Principals/AP and/or Executive Director review & approve time cards prior to submitting for processing. All overtime is to be approved by the school's Principal or AP prior to being incurred.

Time sheets are submitted each pay period in accordance with the payroll calendar delivered to Los Angeles Leadership Academy in June of each year.

An Employee Handbook will outline other policies related to hours worked, vacation and sick time.

For certificated employees, a log of credential expiration dates will be maintained by the Director of HR and will be monitored on a monthly basis to ensure valid status at all times.

#### *State Teachers' Retirement System*

All employees in credentialed positions are required to participate in the State Teachers' Retirement System (STRS) for retirement benefits. As such, these employees contribute 8% of eligible pay, and the employer pays 8.88% of eligible pay (rates subject to change annually). STRS reporting must be done through the Los Angeles County's Access-based system, and reports and payments are due to the County by the 5<sup>th</sup> business day of each month for the prior month's contributions.

#### *Alternative Retirement System*

LALA does not have an alternative retirement system at this time but does provide voluntary deduction options to employees for retirement contributions and other voluntary benefits.

### **CONTRACTS AND AGREEMENTS**

Agreements entered into by LALA which obligate LALA to more than \$25,000 must be approved by the Board of Directors. All other authorization rules of purchases apply to contracts.

The Director of Operations and Office Managers understand the rules regarding independent contractors, and it is LALA's practice to obtain a completed Form W9 for all service contracts in excess of \$600 in any calendar year prior to releasing payment to the vendor. Forms 1099 for applicable service providers will be prepared and filed by EdTec each year in accordance with IRS deadlines.

### **CAPITAL ASSETS**

Individual assets purchased or acquired with an original cost of \$3,000 or more and a useful life exceeding one year are capitalized and reported at historical cost or estimated historical cost. This includes new or replacement items such as computers, furniture, equipment, fixtures, etc. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the various estimated useful lives ranging from 3 to 39 years.

Contributed assets are reported at fair market value as of the date received.

A physical inventory is maintained on all capital assets and computer equipment by the IT Manager at LALA.

### **NON-CASH DONATIONS**

All non-cash donations of equipment, books, or other supplies received by LALA shall be recorded at their fair market value at the time of donation.

### **RECORD RETENTION POLICY**

LALA maintains a policy of retaining all accounting records for a minimum of 7 years. Accounting documents include:

- Cancelled checks (where applicable) and supporting documentation for all check requests
- Deposits
- Bank reconciliations and supporting documentation
- Journal entries
- Payroll registers and pay records, including quarterly and annual tax filings
- Capital additions schedules and supporting documentation
- Depreciation schedules
- Grants and other pertinent financial correspondence from third parties
- Year-end workpapers and audit correspondence
- IRS correspondence

### **CONFLICTS 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 themselves from the discussion and voting on the matter. The Board shall develop a separate more comprehensive policy on conflict of interest, hiring of relatives, and compliance with Government Code 1090 and the Fair Political Practices Act.**

## **FISCAL REVIEW AND BUDGET PROCESS**

### **Fiscal Review Process**

A Finance Committee consisting of the CFO, Executive Director, two board members reviews financial reports each month. Monthly financial reports consist of:

- Balance Sheet
- Budget vs. Actual – Year to Date - compares budget to actual activities
- Month-by-month cash flow report that is re-forecasted each month.
- Check Register for the Month
- Financial Summary highlighting key financial indicators and variances and State Budget info

Any material variances between budget and actual/forecasted amounts are reviewed and discussed with the Finance Committee and actions are proposed as needed to keep the school within budget overall.

### **Budget Process**

The budget process begins in March-April of each year for the following year. During initial budget discussions, the current year forecast is reviewed in detail, and key assumptions are discussed and gathered.

The CFO works with the Executive Director and Director of Operations to develop initial draft. The draft is then reviewed with the Finance Committee prior to being presented to the Board for approval. The preliminary budget is approved by the Board by June 30<sup>th</sup> of each year.

In the fall of each year, generally mid-October, forecast is reviewed and a revised budget may be drafted (when material assumptions have changed) with newest assumptions and latest enrollment info. The same process as above is followed and a revised budget may be approved, generally by November 30<sup>th</sup>.

In January, when the Governor's budget review is conducted, the budget is again reviewed and revisions are made only if budget changes are material.

## **MONTHLY AND YEAR-END FINANCIAL PROCEDURES**

At the end of each month, the following procedures are completed by EdTec:

- Reconcile all bank and credit card accounts
- Reconcile all balance sheet accounts with activity or large balances
- Review all revenue and expense activities for accuracy
- Review revenues and expenses against current year budget and research large variances
- Prepare financial statements for distribution to the Finance Committee

Financial statements will be prepared and presented to the Finance Committee each month and to the Board of Directors as requested by the Board, but no less than once per year.

At the end of each fiscal year, all balance sheet accounts are reconciled. Accounts receivable is determined and accrued based on those revenues for the current year that have been apportioned but not received as of June 30<sup>th</sup>. EdTec communicates directly with the auditors on all financial matters affecting the audit.



Annex B

Charter School Compliance Monitoring Form

Los Angeles Leadership Academy	
Name and Location	Code of Charter School
David Nickoll	8756
Name of Governing Board Chair	

**COMPLIANCE MONITORING 2014-2015\***

Compliance Requirements*	Supporting Documentation	COMPLIANT	NON-COMPLIANT
1. The charter school maintains timely and current verification of <b>criminal background and TB clearances</b> for all employees (including substitutes, part-time staff, and temporary employees) and contracting entities (service providers, vendors, and independent contractors). The school has ( <a href="#">LAUSD DRL Online Link</a> ; CA Ed Code §47605 (l) Web <a href="#">Link</a> ; CA Ed Code: §49406(h))	1.1 Completed and signed "2013-2014 Clearances and NCLB Compliance" form	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1.2 Completed and signed "Criminal Background Clearance Certification" for each faculty and staff member certifying criminal background clearance prior to employment	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1.3 Documentation of timely DOJ and TB clearance certification by all contracting entities	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Teachers of core/college preparatory subjects (including English language arts, social studies, science, and mathematics) hold an EL Certification and a valid Commission on <b>Teacher Credentialing</b> Certificate, permit, or other documents equivalent to that which a teacher in other public schools would be required to hold per NCLB. ( <a href="#">California Education Code §47605(1) Web Link</a> ; <a href="#">NCLB Link</a> )	2.1 For each certificated staff member: Credential(s) appropriate for the position(s) to which the person has been assigned	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2.2 Master schedule that shows all assignment(s) of each certificated staff member	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The Charter Schools Division has been provided with, and parents have access to, the school's most current <b>contact information for each Governing Board member</b> and the 2014-2015 Board meetings calendar. In addition the Charter Schools Division is provided with Board member résumés. ( <a href="#">LAUSD DRL Online Link</a> )	3.1 Accurate and updated school contact information	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3.2 List/roster of Governing Board members and contact information, including résumés for any Board member added since initial charter approval	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3.3 Calendar of Governing Board meeting dates	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**\*NOTE: This list is not exhaustive; the school must be in compliance with all applicable compliance requirements at all times, and all compliance remains subject to further oversight.**



Name and Location Code of Charter School

Name of Governing Board Chair

Compliance Requirements*	Supporting Documentation	COMPLIANT	NON-COMPLIANT
4. Charter school complies with the <b>pre and post lottery and enrollment forms</b> guidelines. ( <u>August 2011 Board Informative Charter Schools Pre-and Post-Lottery Enrollment Forms Admissions Requirements and Materials</u> )	4.1 Lottery form and enrollment packet	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Charter school shall ensure that staff receives annual <b>training on the charter school's health, safety, and emergency procedures</b> , and shall maintain a calendar for, and conduct, emergency response drills for students and staff including, but not limited to: a. School Safety Plan training ( <u>CA Ed Code 32280-32289</u> ) b. Child Abuse Awareness training ( <u>Penal Code 11165.2</u> ) c. Blood-borne Pathogens training ( <u>CA Code §5193</u> )	5.1 School Safety Plan and documentation of training	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5.2 Documentation of Child Abuse Awareness training	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5.3 Documentation of Blood-borne Pathogens training	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. The charter school has either implemented the LAUSD <b>English Learner Master Plan</b> or its own master plan in accordance to English Language Master Plan requirements. ( <u>California English Learner Section 3122(b)(2); LAUSD E.L. Master Plan; LAUSD DRL Online Link</u> )	6.1 EL Certification Form	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	6.2 EL Master Plan (if the school has not adopted the LAUSD EL Master Plan)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. The charter school complies with LAUSD's <b>Discipline Foundation Policy</b> . ( <u>REF-2624.10; Self-Review Check List</u> )	7.1 Description of the school-wide student behavior plan that conforms to Discipline Foundation Policy principles	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	7.2 Evidence of the alternatives to suspension that the school provides	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**\*NOTE: This list is not exhaustive; the school must be in compliance with all applicable compliance requirements at all times, and all compliance remains subject to further oversight.**



Name and Location Code of Charter School
Name of Governing Board Chair

Compliance Requirements*	Supporting Documentation	COMPLIANT	NON-COMPLIANT
8. Charter School shall maintain all data involving placement, tracking, and monitoring of student suspensions, expulsions, and reinstatements, and make such outcome data readily available to the LAUSD upon request. The charter school submits student suspension and expulsion data to the Office of Data and Accountability on a monthly basis. (LAUSD DRL Online Link)	8.1 Monthly suspension and expulsion reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Charter School shall align components from the charter to any and all correspondences including the Parent Student Handbook	9.1 Parent Student Handbook	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Parents receive notifications and communication in accordance with state and federal law, including required NCLB notice regarding teachers who do not hold an EL Certification and a valid Commission on <b>Teacher Credentialing</b> Certificate, permit, or other documents equivalent to that which a teacher in other public schools would be required to hold. (California Education Code, §47605(1) Web Link ; NCLB Link).	10.1 Evidence of Title 1/NCLB parent notification (for non-NCLB compliant teachers/paraprofessionals)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	10.2 Evidence of notification of parents' Title 1 "Right to Know" teacher qualifications and Not Highly Qualified status.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	10.3 Parent Compact	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. The charter school's occupancy and use of <b>facilities shall be in compliance</b> with applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards, and the Americans with Disability Act. (LAUSD DRL Online Link) (Charter Schools Act of 1994)	11.1 Current and appropriate Certificate of Occupancy or equivalent (unless co-located on an LAUSD site)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. The charter school complies with all federal and state laws related to public entities, including, but not limited to:	12.1 Board meeting agendas and minutes for the past 12 months	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**\*NOTE: This list is not exhaustive; the school must be in compliance with all applicable compliance requirements at all times, and all compliance remains subject to further oversight.**



Name and Location Code of Charter School
Name of Governing Board Chair

Compliance Requirements*	Supporting Documentation	COMPLIANT	NON-COMPLIANT
<ul style="list-style-type: none"> <li>• <b>Ralph M. Brown Act</b>, <a href="#">CA Gov. Codes</a></li> <li>• Political Reform Act, <a href="#">Ed Code 1099 Link</a></li> <li>• Public Records Act, <a href="#">PRA Gov. Code Link</a></li> <li>• Forms 700, (<a href="#">LAUSD DRL Online Link</a>)</li> </ul>	12.2 Verification of public posting of Board agendas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	12.3 Evidence of Brown Act training	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	12.4 Forms 700	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	12.5 School policy for responding to PRA requests	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. The charter school ensures that its <b>Articles of Incorporation</b> are current and appropriate for the operation of the charter school	13.1 Corporate papers, including any and all Articles of Incorporation (initial documents and any subsequent amendments) for entities affiliated with the charter school (must show seal of State of California)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. <b>By-laws</b> are current, Governing Board-approved, and signed by the Governing Board secretary. ( <a href="#">LAUSD DRL Online</a> )	14.1 Current and signed Board-approved bylaws	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. The charter school meets the provisions of eligibility and/or is a participant of state and federal programs and/or grants, including but not limited to, the following: Title programs, child nutrition programs, Prop 20 – State Lottery, Education Protection Act, Special Education §56000, SB 740 and all other federal and state programs utilized by the charter school.	15.1 [See “Fiscal Review” in the <i>Annual Performance-Based Oversight Visit Preparation Guide</i> for list of documentation to be provided to the CSD Fiscal Team]	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**\*NOTE: This list is not exhaustive; the school must be in compliance with all applicable compliance requirements at all times, and all compliance remains subject to further oversight.**

Name and Location Code of Charter School
Name of Governing Board Chair

Compliance Requirements*	Supporting Documentation	COMPLIANT	NON-COMPLIANT
<p>16. The charter school; as a recipient of federal reimbursement for the National School Lunch/Breakfast program and/or as a school on district property, complies with the Local School Wellness Policy requirement. (<u>Child Nutrition and WIC Reauthorization Act of 2004</u>) (<u>Public Law 111-296</u>)</p> <p>If charter school is not participating in the National School Lunch or Breakfast program, and if the school is not located on District property, please write N/A in the grey columns on the right.</p>	<p>16.1 School Wellness Policy            16.2 Evidence of stakeholder input in the development of the policy            16.3 Annual progress report</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>17. The governing board reviews the goals and adopts the school's Local Control Accountability Plan (LCAP) EC § 52064</p>	<p>17.1 Agenda            17.2 Board Minutes</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**\*NOTE: This list is not exhaustive; the school must be in compliance with all applicable compliance requirements at all times, and all compliance remains subject to further oversight.**



Name and Location Code of Charter School
Name of Governing Board Chair

**CERTIFICATION OF BOARD COMPLIANCE REVIEW**

The undersigned hereby certifies that, on October 1, 2014, the Governing Board of Los Angeles Leadership Academy reviewed the school's compliance policies, systems, and procedures.\*\*

<u>David Mickell</u> Printed Name of Governing Board Chair	<u>[Signature]</u> Signature of Governing Board Chair	<u>10/1/14</u> Date Signed
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**\*\*Please attach the relevant Board agenda(s) and approved minutes for the meeting(s) at which the Board has reviewed the school's compliance with the items listed above.**

**\*NOTE: This list is not exhaustive; the school must be in compliance with all applicable compliance requirements at all times, and all compliance remains subject to further oversight.**

Annex C  
Payoff Letter



PAYOFF LETTER

October 31, 2014

The Los Angeles Leadership Academy  
2670 Griffin Avenue  
Los Angeles, CA 90031  
Attention: Mr. Roger Lowenstein

2670 Griffin Education Center, Inc.  
2670 Griffin Avenue  
Los Angeles, California 90031  
Attention: Mr. Roger Lowenstein

Re: Repayment of Promissory Note

Ladies and Gentlemen:

Reference is hereby made to the (a) Promissory Note, dated June 5, 2009, as amended by Amendment No. 1 to Promissory Note, effective June 5, 2011 (the "Note"), by The Los Angeles Leadership Academy, a California nonprofit public benefit corporation (the "Borrower"), in favor of Irene Romero, an individual (the "Lender"), in the principal amount of \$75,000.00, (b) Guaranty Agreement, dated June 5, 2009 (the "Guaranty"), by 2670 Griffin Education Center, Inc., a California nonprofit public benefit corporation (the "Guarantor"), in favor of the Lender, pursuant to which the Guarantor guaranteed the obligations of Borrower under the Note, (c) Second Lien Deed of Trust With Assignment of Rents, dated June 5, 2009 (the "Deed of Trust"), by Guarantor for the benefit of the Lender, pursuant to which Guarantor granted a security interest in the Trust Estate (as defined in the Deed of Trust), together with the rents, issues and profits thereof (collectively with the Trust Estate, the "Security") and (d) all other agreements, documents, schedules, exhibits and instruments executed or to be executed or delivered in connection with any of the foregoing, as amended, modified or supplemented from time to time in accordance with the terms thereof (collectively, the "Loan Documents"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Note.

The Borrower has informed the Lender that, on the date hereof (the "Payoff Date"), the Borrower intends to cause all indebtedness, liabilities and other obligations of the Borrower to the Lender owing under the Loan Documents, including, without limitation, all principal, accrued interest, costs, expenses and fees outstanding (collectively, the "Note Obligations"), to be paid in full.

In connection with the payoff of the Note Obligations and cancellation of the Note, the Lender, the Guarantor and the Borrower hereby confirm and agree to the following:

1. Payoff Amount. The total principal balance of the Note and the other Note Obligations owed by the Borrower with respect to the Note and the other Loan Documents as of the Payoff Date are as follows (collectively, the "Payoff Amount"):

Principal:	\$75,000.00
Accrued Interest:	\$1,250.00
<hr/>	
<b>Total Amount Outstanding:</b>	<b>\$76,250.00</b>

2. Payoff and Release. The Payoff Amount shall be paid by (a) forgiveness and cancellation by the Lender in the amount of \$25,000.00 of the principal portion of the Payoff Amount plus all accrued

interest and (b) payment in cash by check from the Borrower to the Lender in the amount of \$50,000.00. Subject to the receipt by the Lender of the Payoff Amount in accordance with the preceding sentence, the Lender agrees that:

- (i) all indebtedness of the Borrower to the Lender under the Note and Loan Documents shall be deemed paid in full and fully discharged;
  - (ii) all other obligations of (A) the Borrower to the Lender under the Note and Loan Documents, including the Note Obligations, and (B) the Guarantor under the Guaranty, including under and in connection with the Deed of Trust, shall in each case automatically terminate, be cancelled and have no further force or effect;
  - (iii) the Lender shall promptly deliver to the Borrower or Borrower's designee the original Note, marked "cancelled";
  - (iv) the Security shall be automatically released and discharged;
  - (v) the Borrower, the Guarantor and their respective designees shall be authorized to remove and discharge any and all filings, security notices, financing statements, financing change statements and registrations, including the Deed of Trust, that have been made in respect of the Security in all jurisdictions where such registrations have been made; and
  - (vi) the Lender shall execute and deliver such other documents as the Borrower or the Guarantor may reasonably request in order to evidence the releases contained herein (including, without limitation, a reconveyance of Deed of Trust).
3. Further Actions. The parties hereto agree, upon the reasonable request and expense of any other party hereto, at any time and from time to time, to promptly execute and deliver all such further documents and to promptly take all such action as may be reasonably necessary or appropriate in order more effectively to confirm or carry out the provisions of this letter agreement.
4. Miscellaneous. This letter agreement (a) shall be governed by and shall be construed and enforced in accordance with, the laws of the State of California, (b) may be executed in any number of counterparts, and telecopied signatures (or signatures delivered via electronic mail or "pdf") shall be enforceable as originals and (c) sets forth the entire agreement among the parties relating to the subject matter pertaining hereto, and no term or provision hereof may be amended, changed, waived, discharged or terminated, except in writing signed by each party.

[Signature pages follow.]

Sincerely,

**IRENE ROMERO**, an individual

By: \_\_\_\_\_

Name:

Title:

AGREED AND ACCEPTED:

**THE LOS ANGELES LEADERSHIP ACADEMY**, a  
California nonprofit public benefit corporation

By: \_\_\_\_\_

Name:

Title:

**2760 GRIFFIN EDUCATION CENTER, INC.**, a  
California nonprofit public benefit corporation

By: \_\_\_\_\_

Name:

Title: