

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

**Thursday, December 8, 2016**

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 telephonic meeting accessible toll-free at 866-239-6216 (password: 734-389-2836), and constituted a quorum for the transaction of business in accordance with the California Nonprofit Public Benefit Corporation Law and the bylaws of the Academy:

Mary Atwater James  
Eric Barron  
Sally Chou  
Mona Field  
Martin Frank  
Roger Lowenstein  
David Nickoll  
Liz Perez-LoPresti  
Rick Rosen  
Allan Rudnick  
Diane Prins Sheldahl  
Jonathan Torres

The following members of the Board were absent from the meeting:

Rohan Gupta  
Carol Ann Leif  
Daniel Provencio  
Christian Sarabia

Also in attendance at the invitation of the Board were: (i) Arina Goldring-Ravin, Executive Director; and (ii) Christopher D. Ahn, Jonathan Lee and Sebastian Bacon, outside counsel.

The meeting was called to order by Mr. Nickoll at approximately 4:33 p.m. Pacific time. Mr. Bacon acted as secretary for purposes of the meeting.

***Approval of 2015-2016 Audit Report***

Mr. Ahn began the meeting by making a presentation regarding the audit report for the Academy’s 2015-2016 fiscal year prepared by Vicenti, Lloyd and Stutzman LLP, the Academy’s independent auditors, copies of which were distributed to the Board prior to the meeting. Ms. Chou stated that the Audit Committee of the Board found it advisable and in the best interests of the Academy to recommend that the Board approve such report. Discussion ensued, and Mr.

Ahn answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously approved the resolutions attached hereto as Exhibit A.

In Favor (12): M. Atwater James, E. Barron, S. Chou, M. Field, M. Frank, R. Lowenstein, D. Nickoll, L. Perez-LoPresti, R. Rosen, A. Rudnick, D. Prins Sheldahl, J. Torres

Opposed (0): None.

Abstentions (0): None.

### ***Approval of Fiscal Policy Amendments***

Ms. Goldring-Ravin made a presentation regarding the amended fiscal policies of the Academy, copies of which were distributed to the Board prior to the meeting, and the proposed amendments including: (i) the removal of the Director of Development and Compliance as an authorized check signer, (ii) the addition of the Executive Administrative Assistant as a party authorized to make purchases using the Academy's credit card, (iii) the removal of the Director of Development and Compliance as a party authorized to make purchases using the Academy's credit card, (iv) the allowance of a signature stamp representing the signature of the Executive Director for use by the Executive Director and the Director of Finance, and (v) the addition of a requirement that the reimbursement of any expenses incurred by the Executive Director be approved by the Chairman of the Academy's Boards. Discussion ensued, and Ms. Goldring-Ravin answered questions from the Board. After discussion, upon motion duly made and seconded, the Board unanimously approved the resolutions attached hereto as Exhibit B.

In Favor (12): M. Atwater James, E. Barron, S. Chou, M. Field, M. Frank, R. Lowenstein, D. Nickoll, L. Perez-LoPresti, R. Rosen, A. Rudnick, D. Prins Sheldahl, J. Torres

Opposed (0): None.

Abstentions (0): None.

### ***Approval of 2670 Griffin Lease Amendment***

Mr. Ahn made a presentation regarding the proposed amendment to the lease of the Academy's primary school campus. Mr. Ahn described the purpose and economic impact of the such Amendment. Discussion ensued, and Mr. Ahn answered questions from the Board.

Following discussion, upon motion duly made and seconded, the Board unanimously approved and adopted the resolutions attached hereto as Exhibit C.

In Favor (12): M. Atwater James, E. Barron, S. Chou, M. Field, M. Frank, R. Lowenstein, D. Nickoll, L. Perez-LoPresti, R. Rosen, A. Rudnick, D. Prins Sheldahl, J. Torres

Opposed (0): None.

Abstentions (0): None.

### ***Open Communications***

Mr. Nickoll described the Board's open communications procedures to the members of the public in attendance. Mr. Nickoll noted that members of the public who wish to address the Board may do so by indicating on the comment cards made available at the meeting whether they intend to address either (i) a specific agenda item, which comments would be heard at the time the Board addresses such item, or (ii) a non-agenda item, which comments would be heard

during the period reserved for open communications. Mr. Nickoll also noted that addresses by members of the public on any item would be limited to two minutes.

Mr. Nickoll invited members of the public in attendance to address the Board on non-agenda items. No members of the public elected to address any non-agenda items.

The Board collected no comment cards from members of the public in attendance with respect to specific agenda items.

\* \* \*

There being no further business to come before it, the meeting was, upon motion duly made and seconded, adjourned at approximately 4:53 p.m. Pacific time.

Respectfully submitted,



Sebastian Bacon  
Secretary of the Meeting

Approved:

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David Nickoll  
Chairman of the Meeting

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Respectfully submitted,

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Sebastian Bacon  
Secretary of the Meeting

Approved:

  
\_\_\_\_\_  
David Nickoll  
Chairman of the Meeting

**EXHIBIT A**

*Approval of Revised 2015-2016 Audit Report*

**WHEREAS**, the Board has been presented with and reviewed the revised audit report for the Academy's 2015-2016 fiscal year prepared by Vicenti, Lloyd and Stutzman LLP, the Academy's independent auditors (the "Report").

**NOW, THEREFORE, BE IT RESOLVED**, that the Report be, and it hereby is, authorized, ratified, approved, confirmed and adopted in all respects.

**EXHIBIT B**

*Approval of Revised Fiscal Policies*

**WHEREAS**, the Board previously approved certain fiscal policies of the Academy;

**WHEREAS**, the Board has been presented with and reviewed the amended fiscal policies of the Academy in the forms attached hereto as Annex B-I (the "Fiscal Policies");

**WHEREAS**, the Fiscal Policies, among other things, reflect: (i) the removal of the Director of Development and Compliance as an authorized check signer, (ii) the addition of the Executive Administrative Assistant as a party authorized to make purchases using the Academy's credit card, (iii) the removal of the Director of Development and Compliance as a party authorized to make purchases using the Academy's credit card, (iv) the allowance of a signature stamp representing the signature of the Executive Director for use by the Executive Director and the Director of Finance, and (v) the addition of a requirement that the reimbursement of any expenses incurred by the Executive Director be approved by the Chairman of the Academy's Board (collectively, the "Fiscal Policy Amendments"); and

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

**NOW, THEREFORE, BE IT RESOLVED**, that the Fiscal Policies, including but not limited to the Amendments, be, and they hereby are, approved and adopted, with such changes, additions, deletions, amendments or modifications as any of the Executive Director or the Director of Finance of the Academy (the "Officers") deem necessary, proper or advisable.

**Annex B-I**  
**Fiscal Policies**

# *Los Angeles Leadership Academy*

2670 Griffin Avenue, Los Angeles, CA 90031

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# ***GENERAL ACCOUNTING POLICIES AND PROCEDURES MANUAL***

***ACCOUNTING POLICIES***



## **OVERVIEW**

### **GENERAL**

*The Governing Board of Los Angeles Leadership Academy has reviewed and adopted the following Fiscal Policies to support the mission of the school and ensure the most effective use of resources. These processes are designed to ensure that resources are budgeted, properly accounted for, and safeguarded. The Policies are also designed to ensure that expenses are properly authorized and in accordance with the school's budget and mission. These Policies serve as the internal controls over the fiscal activities of the school.*

*All processes are designed with key accounting rules in mind. Financial duties and responsibilities are separated so that no one employee has sole control over cash receipts, disbursements, payroll processing, reconciliation of bank accounts, or safeguarding of assets.*

### **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)*

<i>Charter Name</i>	<i>Charter Number</i>	<i>Location (09-10)</i>	<i>Start Date of Charter (new or renewal)</i>	<i>Expiration Date of Charter</i>
<i>Los Angeles Leadership Academy (LALA)</i>	<i>461</i>	<i>Los Angeles</i>	<i>7/1/2007</i>	<i>6/30/2018</i>
<i>Los Angeles Leadership Primary Academy (LAPA)</i>	<i>1333</i>	<i>Los Angeles</i>	<i>7/1/2017</i>	<i>6/30/2022</i>

### **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**

*LALA follows the Standardized Account Code Structure (SACS) and utilizes Resources to track restricted activities. All daily accounting transactions are processed in house. Director of Finance managed all financial daily operations to ensure accurate and timely processing of accounting transactions, budgets, cash flow projections, and financial reporting and compliance. Effective 7/1/14, LALA uses NetSuite for maintaining its general ledger activities and has contracted with EdTec, as a third-party service provider, to ensure accurate and timely financial reporting and fiscal compliance and provides integral support with month-end reporting, cash flow, budgeting and compliance reporting.*

**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
- Griffin Maintenance Account (9123-1858)** - PacWest Bank
- Checking – (9124-7573)** - 1<sup>st</sup> Century Bank (Los Angeles, CA)
- Fundraising Accounts -9125-5715** - Chase School Fundraising Account
- 9125-6580** - Chase Student Fundraising Account
- 9125-9828** - MSPA Parent Council

All bank accounts are reconciled on a monthly basis by Director of Finance, all accounting records are kept in a secured location.

**ANNUAL FINANCIAL AUDIT**

The Governing Board will annually appoint an audit committee by February 1<sup>st</sup> to select an auditor by March 1<sup>st</sup> for that year's audit (year-ending June 30). Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee.

The annual audit shall include the following:

- Audit of the accuracy of the financial statements
- Audit of attendance accounting and revenue accuracy practices
- Audit of internal control processes

The annual audit report will be presented to the Governing Board by December 1<sup>st</sup> of each year and distributed to required third parties no later than December 15<sup>th</sup> following year-end.

**AUTHORIZED CHECK SIGNERS**

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

**Executive Director**  
**Director of Student Support Services**

**There is dual signature requirement for the checks more \$10,000.** Authorization limits and approvals must be followed. Authorization limits apply to specific individuals for purchases.

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

Signers allow to use rubber signature stamp.

**CASH RECEIPTS AND DEPOSITS**

*The School receives checks and cash throughout the year. The main source of cash receipts is State and Federal revenue and fundraising income. The following processes are followed to insure effective, timely and accurate reporting of cash receipts in general ledger, safeguarding of assets and ensuring adequate separation of duties.*

*Mail delivered to the Central Office is opened by designated staff member and delivered to the Office manager. Office manager prepare a Cash Receipts Form, including details of the source of funds and proper coding per chart of accounts.*

*All checks to be deposited are placed in a secured Location until deposited via remote or delivery to the bank by the designated person.*

*All deposit information is reviewed by Director of Finance to ensure timely entry in the accounting system. Records of deposits are filed at the school. 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.*

*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. The designated staff member 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 pick up.*

*Deposits should never be held at the school site more than week. All money a waiting for deposit must be stored in a locked and secure location with limited access for only authorized employee.*

**PURCHASES AND CASH DISBURSEMENTS**

*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, with proper authorization*
- *Check Request/Employee Reimbursement Request with proper authorization and supporting documentations attached ( for the check request- an invoice, for the reimbursement request –original receipts)*
- *Travel Reimbursement Form with proper authorization and supporting documentations attached*

*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.*

*Director of Finance is in charge of purchases and monitoring spending for each resource during the year.*

**PURCHASES AND CASH DISBURSEMENTS*****Purchasing Process:***

- *The Office Manager receives a request by an employee to make a purchase or a signed Purchase Order with proper authorization*
- *If an employee is requesting a purchase, the Office Manager prepares a purchase order and submits it to the site administrator for approval.*
- *The Director of Finance reviews the purchase order for proper coding and that the expense is within budget and aligned with the school's needs and mission.*
- *The Office Manager makes purchases only after receiving approved purchase orders*
- *Purchase orders are notated when order has been placed and are stored in a Pending Purchase Orders file until the order has been fulfilled.*
- *When goods are received, the packing slip is reviewed and compared to the actual delivery and to the purchase order for accuracy.*

*Accounts Payable checks are processed weekly by the accounting department at Los Angeles Leadership Academy.*

**BILL PAY PROCESS:**

- *Designated staff member opens mail and delivers all invoices bills and statements to the office manager.*
- *Accounting Department receives invoices for payment.*
- *Each invoice is stamped "Received" with date and is 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. If the invoice was for a purchase of merchandise where a purchase order was prepared, the Office Technician matches the purchase order to the invoice and verifies amount and items included*
- *Every purchase must be accompanied by valid, written supporting documentation with proper signatures (invoice, contract, receipt, etc.)*
- *Accounting specialist entered invoices to the ESP system. Once all bills have been entered, a report of AP Transactions is printed from ESP and submitted to Director of Finance for review, along with the bills and AP Batch Header.*
- *Director of Finance notates any changes and returns the reviewed AP package to the Accounting Specialist for revision.*
- *Accounts Payable aging report and available cash balances are reviewed and invoices are selected for payment.*
- *Checks are printed and matched to invoices*
- *Executive Director Reviews and signs checks.*

*Accounting department maintains the checks for the all bank accounts, filed by bank account and by vendors.*

**SIGNATURE STAMP POLICY**

A rubber signature stamp representing the signature of the Executive Director is permitted, subject to the following restrictions:

- *The rubber signature stamp will be stored in a secure place at all times when not in use and may only be accessed by the Executive Director or the Director of Finance.*
- *The Executive Director must approve in advance any application of the rubber signature stamp.*

**PETTY CASH**

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

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**CREDIT CARD TRANSACTIONS)**

*LALA holds several credit cards from California Credit Union Bank 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*

*Administrative Assistant*

*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.*

*The credit card activities are reviewed by the Director of Finance and Executive Director as a part of the Account Payable check review process and are paid in full each month. The Chairman of the Academy's Board reviews activities of the credit card issued under the name of the Executive Director.*

*All original credit card receipts with expense report are provided to the accounting department for review and payment. If any purchase is not pre-approved, school related or containing original receipts or affidavit of purchases in lieu of receipts, the purchase and the subsequent payment will be the credit card holder's responsibility.*

**EMPLOYEE EXPENSE REIMBURSEMENT POLICY**

*All purchases incurred and expenses on behalf of Los Angeles Leadership Academy should be preapproved by Principals, Director of Finance or Executive Director. Purchases cannot include alcohol, personal items or other prohibited expenses. After purchase is made, an employee completes form "Request for the reimbursement" with original receipts attached and submits it for approval. After request will be approved check will be processed by accounting department.*

*Reimbursement requests must be submitted within 30 days of purchases for payment to be honored. Any reimbursement requests that are not submitted in a timely manner may not be paid. If purchases occur 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.*

**TRAVEL EXPENSE REIMBURSEMENT POLICY**

*In general, employees will be reimbursed for allowable 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. If the Executive Director is requesting reimbursement, the Chairman of the Academy's Board must approve the form.*

*Any travel expenses greater than the per diem rate must be preapproved by the Executive Director.*

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*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.*

*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.*

*Reimbursement requests must be submitted within 30 days of travel for payment to be honored. The school reserves the right to refuse reimbursement for any requests not submitted in a timely manner. 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.*

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### **FUNDRAISING ACTIVITIES**

*The school conducts fundraising activities from time to time that generate cash income. 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.*

*Whenever cash fundraising income is received, the following processes are followed:*

- *Fundraising activities are overseen by the Fundraising Committee, with prior approval by the Executive Director*
- *At least two individuals are designated as responsible staff for the collection and reporting of cash proceeds*
- *Cash collected is always safeguarded by being kept in an envelope or cash box in secure location with responsibility over the cash resting with one or two specific individuals.*
- *At the end of the day, cash is counted by one staff member while a 2<sup>nd</sup> staff member observes. The counter uses a Cash Receipts Form (obtained from Director of Finance or Office Technician) to count and verify cash proceeds.*
- *When count is completed, the 2<sup>nd</sup> person re-counts the deposit and signs off authorizing correctness of amount.*
- *The Cash Receipts form and all proceeds are delivered to the Director of Finance at the end of the day for safeguarding in a locked cabinet.*
- *If the fundraising activity spans across more than one day, counts should be made daily and delivered to the Director of Finance or Office Technician. If counts cannot be made on a daily basis, the funds should be placed in a sealed envelope with purpose and date indicated and delivered to the Director of Finance or Office Technician for safekeeping until proceeds can be counted.*

***Under NO circumstances should the following occur:***

- *Fundraising activities and cash proceeds received for events or program that Fundraising Committee have NOT given express permission to conduct*
- *Cash collected and not delivered to the Director of Finance or Office Technician the same day (cash should NEVER be stored in a classroom or location other than the locked cabinet in the main office)*

***Important: All money collected must be turned into the Director of Finance or Office Manager on a daily basis in a sealed envelope, with amount, date and source of money clearly marked on the outside.***

### **ATTENDANCE AND STUDENT DATA REPORTING**

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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 Director of Finance with EdTec support 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.

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

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/Assistant Principal and/or Executive Director review & approve time cards prior to submitting for processing. All overtime should 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 HR Coordinator 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 10.25% of eligible pay, and the employer pays 12.58% 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.*

### **INDEPENDENT CONTRACTORS**

*The Director of Finance understands the rules regarding independent contractors, and it is LALA 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.*

*Los Angeles Leadership Academy contracts with several people for various services including accounting, security, visiting artists, etc. If the cost of services is expected to exceed \$600 in any calendar year and the independent contractor is not known to be a corporation, the Director of Finance will request a completed Form W-9 before issuing the first payment. This information will then be used to complete Form CA DE 542 – Report of Independent Contractors (Required by Employment Development Department) within time frame required by State. Forms 1099 for applicable service providers will be prepared and filed by Director of Finance with EdTec support each year in accordance with IRS deadlines.*

### **CAPITAL ASSETS**

*Individual assets purchased or acquired with an original cost of \$5,000 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 pays 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 work papers 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.*

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**MONTHLY AND YEAR-END FINANCIAL PROCEDURES**

*At the end of each month, the following procedures are completed by Director of Finance*

- *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>. Director of Finance communicates directly with the auditors on all financial matters affecting the audit.*

## **EXHIBIT C**

### *Approval of 2670 Griffin Lease Amendment*

**WHEREAS**, the Academy is party to a lease with 2670 Griffin Education Center, Inc., a California nonprofit public benefit corporation ("2670 Griffin"), for its primary school campus (the "2670 Griffin Lease");

**WHEREAS**, 2670 Griffin wishes to make certain capital improvements to the primary school campus mutually beneficial to 2670 Griffin and the Academy (the "Improvements");

**WHEREAS**, 2670 Griffin is not currently obligated to make the Improvements under the 2670 Griffin Lease, but 2670 Griffin and the Academy agree that 2670 Griffin will incur the costs of the Improvements in exchange for a temporary increase to the base rent payable under the 2670 Griffin Lease;

**WHEREAS**, the Board of the Academy has been presented with and reviewed a copy of proposed amendment so modifying the 2670 Griffin Lease (the "Lease Amendment"), in the form attached hereto as Annex C-I; and

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

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

**ANNEX C-I**

**Amendment**

**FIRST AMENDMENT TO  
LEASE AGREEMENT**

This FIRST AMENDMENT TO LEASE AGREEMENT (this "Amendment") is dated as of December \_\_, 2016 ("Effective Date"), and is entered into by and between 2670 Griffin Education Center, Inc., a California nonprofit public benefit corporation ("Landlord"), and The Los Angeles Leadership Primary Academy, a separately chartered division of The Los Angeles Leadership Academy, a California nonprofit public benefit corporation ("Tenant").

**RECITALS**

A. Landlord and Tenant entered into that certain Lease Agreement, dated September 1, 2012 (the "Original Lease" and as amended by this Amendment, the "Lease"). Any capitalized term used herein but not defined herein has the meaning set forth in the Original Lease.

B. Landlord wishes to make certain capital improvements to the Premises mutually beneficial to Landlord and Tenant as listed on Schedule A attached hereto (collectively, the "Scheduled Improvements").

C. Landlord is not obligated to make the Scheduled Improvements under the Original Lease, but Landlord and Tenant agree that Landlord will incur the costs of the Scheduled Improvements in exchange for a temporary increase to Base Rent during the Temporary Base Rent Increase Period.

NOW, THEREFORE, IN CONSIDERATION of the foregoing recitals and the mutual promises and covenants contained herein, Landlord and Tenant agree as follows:

1. **Amendments to Lease.**

(a) The definition of "Base Rent" in the Basic Lease Provisions of the Lease is hereby amended and restated as follows:

"\$360,000.00 per Lease year ("Base Rent")"; provided that for the period beginning on January 1, 2017 and ending on December 31, 2018 (the "Temporary Base Rent Increase Period") such amount shall be \$408,000.00 per Lease year"

(b) Section 23(a)(iv) of the Original Lease is hereby amended by inserting the following at the end of the last sentence of such Section:

"in each case other than with respect to any Scheduled Improvements"

2. **Extension.** If the parties wish to make additional capital improvements to the Premises, or if Landlord incurs additional unanticipated expenses in the implementation of the Scheduled Improvements, the parties will confer in good faith regarding any corresponding amendments to the Lease.

3. **Entire Agreement.** The Lease constitutes the complete and entire agreement of the Landlord and Tenant with respect to the subject matter hereof. No representations, inducements, promises or agreements, oral or written, have been made by Landlord or Tenant, or anyone acting on behalf of Landlord or Tenant, which are not contained in the Lease, and any prior agreements, promises, negotiations, or representations are superseded by the Lease. The Lease may not be amended except by an instrument in writing signed by both parties hereto.

4. **Counterparts.** This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall be deemed and shall constitute a single, integrated original document.

5. **Captions.** The captions inserted in this Amendment are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Amendment, or any provisions hereof, or in any way affect the interpretation of this Amendment.

6. **Choice of Law and Severability.** Construction and interpretation of this Amendment shall be governed by the laws of the state of California, excluding any principles of conflicts of laws. If any clause or provision of this Amendment is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Amendment shall not be affected thereby. It is also the intention of the parties to this Amendment that in lieu of each clause or provision of this Amendment that is illegal, invalid or unenforceable, there be added, as part of this Amendment, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

7. **Lease in Full Force and Effect.** Except as herein provided, all of the terms and provisions of the Original Lease are hereby ratified and confirmed, and the Original Lease (as amended hereby) remains in full force and effect.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, this Amendment is executed by the parties as of the day and year first set forth above.

**LANDLORD**

**2670 GRIFFIN EDUCATION CENTER, INC.,**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

[SIGNATURES CONTINUE ON NEXT PAGE]

**TENANT**

**THE LOS ANGELES LEADERSHIP PRIMARY ACADEMY,**

a separately chartered division of The Los Angeles Leadership Academy, a California nonprofit public benefit corporation

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

Name: \_\_\_\_\_

Its: \_\_\_\_\_



**SCHEDULE A**  
**IMPROVEMENTS**