

Charter School DFO's

Working Smart and Efficiently With
Your Finance Committee

Finance Committee Composition

The Finance Committee is generally composed of:

- * The Treasurer (who serves as Chair of the committee) and
- * Other Board Members who have financial experience.

Staff members working with the committee will include:

- * The senior financial officer
- * The chief executive officer, and
- * The staff member responsible for fund development (when applicable)

Often, unless expressly forbidden by the organization's bylaws, **members of the community with financial experience (but who are not board members) are invited to join the committee.**

- * This can be advantageous to the organization in that it allows the committee to be comprised of people with different areas of financial expertise.

ROLES

Staff (CFO, DFO)

As the senior financial staff member of the organization **the CFO/DFO will work closely with the Finance Committee to:**

- * Develop periodic reports,
- * Develop and present the budget,
- * Lead the annual audit, and
- * Create and maintain the internal controls and accountability of the organization.

Committee

The role of the Finance Committee is primarily to provide financial oversight for the organization while working with the senior financial officer and Chief Executive Officer in the areas of:

- * Budgeting,
- * Sustainability,
- * Monitoring,
- * Audits, and
- * Setting finance related goals for the organization.

Key Areas of Focus for Finance Committee

Budgeting

Monitoring/Compliance

Audit

Budgeting & Financial Planning Tasks

- * Develop an annual operating budget
- * Approve the budget in the Finance Committee for presentation to Board
- * Monitor adherence to the budget
- * Set long range financial goals along with funding strategies to achieve them
- * Develop multi-year operating budgets that integrate strategic plan objectives and initiatives
- * Present all financial goals and proposals to the board of directors for approval

Budget Timeline

February:

- * Discuss key drivers of budget for next fiscal year (staffing, pay changes, enrollment/MFP).
- * Develop first draft for March presentation.

March:

- * Present first draft of budget for next fiscal year to Finance Committee.
- * Make adjustments as necessary.

April:

- * Present final draft to Finance Committee for approval and presentation to the board.

Financial Planning Timeline

November:

- * Begin preparation of 5-year financial forecast
- * Review any applicable reserves as related to long term forecasting

December

- * Recommend any adjustments to reserves and funding strategies as needed to meet the 5-year forecast

January:

- * Discussion of 5-year forecast in Finance Committee
- * Adjustments to 5-year forecast per Finance Committee recommendations

February

- * Finance Committee approval for recommendation to the board

Monitoring/Compliance Tasks

Develop useful and readable report formats

- Budget to Actual
- Balance Sheet
- Cash Flow Report
- Trend Profit & Loss

Develop Policies for Internal Controls and Accountability

- Finance Processes & Procedures
- Personnel Policies
- Investment Policies
- Reserve Policies
- Document/Record Retention

Monitoring/Compliance Timeline

Monthly:

- * Prepare and review all financial reports to be presented to the Finance Committee
- * Prepare Dashboard “Snapshot” which ties to the financial reporting

Annually:

- * Review all policies to ensure compliance, make any necessary adjustments to processes.

Audit Tasks

- * Recruit and Select the Auditor
- * Review the draft audit and 990 as presented by the auditor
- * Review the management letter and ensure follow up on any issues mentioned

Audit Timeline

June:

- * Recruit and Select Auditor

July – August:

- * Close Previous Fiscal Year

September – October:

- * Audit Fieldwork

October:

- * Present audit draft to Finance Committee

November:

- * Audit presented to full board

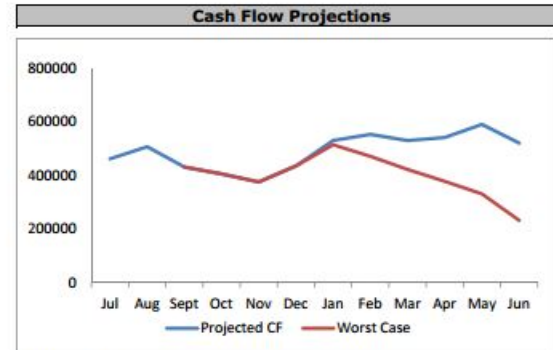
Sample Charter School Financial Dashboard

As of December 31, 2014 (Some expenses for December are estimated and subject to change; material changes not anticipated)

Headlines	
--	To Date Revenues \$X over/under budget, to date expenses \$X over/under budget
--	Cash position explanation (concerns, strengths)
--	Enrollment & MFP information
--	Fundraising headline
--	Highlights

Financial Performance Metrics			
	Actual	Target	Variance
Current Ratio	NA	1.1	NA
Unrestricted Days Cash	58	60	(2)
Enrollment Variance	99%	95%	4%
Total Margin (7/1/13 TD)	13%	0%	13%
Debt-to-Asset Ratio	6%	90%	-84%

Budget-to-Actual					
	FY Budget	YTD Budget	YTD Actual	Variance	Remaining
Revenues					
MFP	2,000,000	1,000,000	987,000	(13,000)	1,013,000
Private Donations	330,000	165,000	139,401	(25,599)	190,599
Other Revenues	100,000	50,000	47,500	(2,500)	52,500
Total Revenues	2,430,000	1,215,000	1,173,901	(41,099)	1,256,099
Expenses					
Salaries & Benefits	1,200,000	600,000	556,000	(44,000)	644,000
Facility	218,220	109,110	108,101	(1,009)	110,119
Purchased Services	372,519	197,360	190,830	(6,530)	181,690
Materials & Supplies	327,668	175,709	171,047	(4,662)	156,621
Other	0	0	1,941	1,941	(1,941)
Total	2,118,407	1,082,179	1,027,919	(54,260)	1,090,488
Operating Profit (Deficit)	311,593	132,821	145,982	13,161	165,611



**Note what would affect worst case scenario

Fundraising					
	FY Budget	YTD Budget	YTD Actual	Variance	Remaining
Community	20,000	10,000	7,250	(2,750)	12,750
Board members	10,000	5,000	2,500	(2,500)	7,500
Foundations	150,000	75,000	85,000	10,000	65,000
Corporations	100,000	50,000	32,000	(18,000)	68,000
Events	50,000	25,000	12,651	(12,349)	37,349
Other *	0	0	0	0	0
Total	330,000	165,000	139,401	(25,599)	190,599

*Note here any other funding not falling into one of budgeted categories

Balance Sheet	
Unrestricted Cash	250,000
Restricted Cash	25,000
Total Cash	275,000
Total Assets	423,856
Total Liabilities	29,406
Total Equity	394,450
Total Liabilities & Equity	423,856