



# Nashville Classical Charter School Board Policy Manual

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## **Definitions**

As used in this Policy Manual, the terms set forth below shall have the following meanings:

- “Board” shall mean the Board of Directors of Nashville Classical Charter School.
- “Nashville Classical” shall mean the Nashville Classical Charter School.
- “District” shall mean the Metropolitan Nashville Public School District.
- “School Director” shall mean the Board appointed School Director of Nashville Classical.
- “Parent” shall mean a parent or legal guardian of a Nashville Classical student.

## **Section 1 – The School**

### **1.01 – Mission Statement and Core Beliefs** \_\_\_\_\_

#### **Mission Statement**

Nashville Classical Charter School educates K-8 students through a classical curriculum and within an achievement-oriented culture, providing a strong foundation for academic success and personal excellence in high school, college and life.

#### *Core Beliefs*

In support of every student who enters our school doors, Nashville Classical is passionately committed to seven Core Beliefs:

- All children can and will learn.
- All students must be reading at or above grade level by third grade.
- All staff receives targeted, mission-driven and individualized professional development.
- Joy and rigor create a culture of achievement.
- K–2 interim assessments address math and literacy development; grades 3-8 interim assessments address mastery of skill and content in each subject.
- A longer school day/year and strategic daily schedule maximize achievement.
- A deep, pro-active partnership between home and school fosters strong learning for every child.

### **1.02 – School Legal Status** \_\_\_\_\_

Nashville Classical Charter School is a Tennessee charter school organized pursuant to the Tennessee Charter Schools Act. Nashville Classical operates pursuant to a charter granted by the Board of Education on May 29, 2012.

Under the Charter Schools Act, Nashville Classical is a public school within the District, and its status as a nonprofit corporation does not affect its status as a public school. However, for governance, finance and administrative purposes, Nashville Classical operates as a Tennessee nonprofit corporation. The non-profit's Articles of Incorporation and non-profit status are provided as addendum to this manual.

**1.03 – Nondiscrimination** \_\_\_\_\_

It is the policy of Nashville Classical to recruit, hire, train, educate, promote, and administer all personnel and instructional actions, without regard to race, religion, sex, sexual orientation, age, national origin, disability, need for special education service, marital status, or public assistance. We will not tolerate any discrimination, and any such conduct is prohibited. The school also prohibits any form of discipline or retaliation for reporting incidents.

**Section 2 – The Board**

**2.01 – School Bylaws** \_\_\_\_\_

**ARTICLE I**

*Name, Location, Mission and Objectives*

Section 1: The name of the organization will be Nashville Classical Charter School ("Nashville Classical").

Section 2: Effective July 1, 2015, Nashville Classical shall be located at 1310 Ordway Place, Nashville, TN 37206. Nashville Classical may also have offices at such other places as its Board of Directors (the "Board") shall determine the business of Nashville Classical requires; provided, however, that primary office location shall be registered with the Secretary of State of Tennessee and the agent so registered shall be located at the same address, or otherwise as provided by the Board.

Section 3: The purposes for which the Nashville Classical is organized are to establish and run a Charter School (the "School") in Nashville, Tennessee, pursuant to the Tennessee Public Charter Schools Act of 2002 (as amended, supplemented or replaced, "The Charter Schools Act"), under its Charter Agreement with The Metropolitan Board of Education of Nashville and Davidson County, Tennessee (the "Charter Agreement"), with a stated mission of preparing students in grades

Kindergarten through eight to enter, succeed in and graduate from the college of their choice.

Section 4: If, for any reason, Nashville Classical should dissolve, upon dissolution its assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

**ARTICLE II**  
*Members*

Nashville Classical shall not have members. The Board shall have all powers and duties for the conduct of the activities of Nashville Classical. While persons who associate with, or attend programs of, participate in, contribute to, or benefit from Nashville Classical may be referred to as "member," no rights, voting or otherwise, will inure to any such persons.

**ARTICLE III**  
*Board of Directors*

Section 1: The Board shall consist of at least seven (7) Directors and no more than fifteen (15) Directors. All Directors shall have identical rights and responsibilities. The School Director will be an advisory, non-voting member of the Board (*ex officio*). As required by law (currently, TCA § 49-13-104), The Board shall contain at least one (1) parent representative whose child is currently enrolled in the School. The parent representative shall be appointed by the Board within six (6) months of the School's opening date.

Section 2: Board members shall be sought who reflect the qualities, qualifications and diversity determined by the Board delineated in the Job Description of the Board of Directors.

Section 3: The Nashville Classical Governance Committee shall present a slate of potential Directors and officers for election by the Board. This slate shall be presented at the annual meeting of the Board.

Section 4: Directors shall serve staggered terms to balance continuity with new perspective. Except as provided in Section 5 of this Article III, Directors shall serve a term of either two (2) or three (3) years from the dates of their appointment, or until their successors are seated. A full two (2) year term shall be considered to have been served upon the passage of two (2) annual meetings following election. A full three-year term shall be considered to have been served upon the passage of three (3) annual meetings following election. After election, the term of a Director may not be reduced, except for cause. No Director shall serve more than two (2) consecutive, three (3) year terms.

Section 5: The initial Board shall consist of at least two (2) Directors who will serve a one (1) year term (ending in Spring 2013), at least two (2) Directors who will serve a two (2) year term (ending in Spring 2014), and at least two (2) Directors will serve a three (3) year term (ending in Spring 2015).

Section 6: Any vacancy occurring in the Board, and any position to be filled by reason of an increase in the number of Directors, may be filled, upon recommendation of a qualified candidate by the Governance Committee, by vote of at least two-thirds (2/3) of the seated Directors. A Director elected to fill the vacancy shall be elected for the unexpired term of his, or her, predecessor in office.

Section 7: A Director may resign at any time by filing a written resignation with the Chair of the Board.

Section 8: The Board may remove any Officer or Director by majority vote of the Board at any meeting of the Board, provided that a statement of the reason or reasons shall have been mailed by Registered Mail to the Officer or Director proposed for removal at least thirty (30) days before any final action is taken by the Board. This statement shall be accompanied by a notice of the time when, and the place where, the Board is to take action on the removal. The Officer or Director shall be given an opportunity to be heard and the matter considered by the Board at the time and place mentioned in the notice.

Section 9: Members of the Board:

- a. Shall receive no payment of honoraria, excepting reimbursement for expenses incurred in performance of voluntary Nashville Classical activities in accordance with Nashville Classical policies.
- b. Shall serve Nashville Classical with the highest degree of duty, loyalty, and care and shall undertake no enterprise to profit personally from his, or her, position with Nashville Classical.
- c. Shall be bound by the Board's Code of Conduct, Conflict of Interest and Confidentiality policy statements.
- d. Shall have no direct or indirect financial interest in the assets or leases of Nashville Classical; any Director who individually or as part of a business or professional firm is involved in the business transactions or current professional services of Nashville Classical shall disclose this relationship and shall not participate in any vote taken with respect to such transactions or services.
- e. Shall be covered by Directors and Officers Insurance provided by Nashville Classical in amounts required by the Board in its reasonable discretion.

**ARTICLE IV**  
*Officers*

Section 1: There shall be four (4) elective Officers of the Board: a Chair, a Vice Chair, a Secretary, and a Treasurer.

Section 2: The Governance Committee shall present a slate of Officers to the Board. The nominated Officers shall be drawn from among the members of the Board. The election of Officers shall be held at the annual meeting of the Board.

Section 3: The newly elected Officers shall take office on July 1 following the close of the meeting at which they are elected and their term of office shall be one (1) year, or until respective successors assume office. A Director may serve more than one (1) term in the same office, but not more than three (3) consecutive terms in the same office. In the event that it would aid in the identification of or transition to a successor, an officer may serve one (1) additional term beyond the three (3) consecutive terms.

Section 4: In the event that the office of the Chair becomes vacant, the Vice-Chair shall become Chair for the unexpired portion of the term. In the event that the office of Vice-Chair, Secretary, or Treasurer becomes vacant, the Chair shall appoint interim Officers to fill such vacant offices until a scheduled meeting of the Board is held.

**ARTICLE V**

*Meetings*

Section 1: The annual meeting of the Board shall occur in the last quarter of the Nashville Classical fiscal year. There shall be at least ten (10) other regular meetings of the Board held each year. Notice shall be given to each Director not less than thirty (30) days prior to the date of every regular meeting of the Board.

Section 2: Special meetings of the Board may be called by the Chair or by a majority of the Board filing a written request for such a meeting with the Chair and stating the object, date, and hour therefore, due notice having been given each Director at least five (5) calendar days prior to the meeting.

Section 3: One-half of the Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board, except where otherwise required by these Bylaws.

Section 4: The Board shall select its own meeting format in any method allowed by the laws of the state of Tennessee. Any such meeting, whether regular or special, that complies with Sections 1 or 2 of this Article VI shall constitute a meeting of the Board and shall subscribe to the policies, procedures, and rules adopted by the Board. The meetings of the Board are deemed to be "public business" and must be held in compliance with TCA §§ 8-44-101 et seq.

Section 5: Notice of all regular and special meetings of the Board, an agenda of all items to be discussed at such meetings, and agenda support materials shall be

circulated to all Directors prior to the meeting. Any Director may waive notice of any meeting. The attendance of a Director at any meeting also shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6: An absentee Board member may not designate an alternate to represent him, or her, at a Board meeting. A member of the Board may be deemed to be present for purposes of achieving a quorum and may cast a vote if he, or she, grants a signed, written proxy to another Board member who is present at the meeting. The proxy must direct a vote to be cast with respect to a particular proposal that is described with reasonable specificity in the proxy. No other proxies are allowed.

**ARTICLE VI**  
*Committees and Task Forces*

Section 1: A Board resolution may appoint committees or task forces of the Board, except the Governance Committee. In addition, the Chair may appoint task forces to advise or inform the Chair. Committees and task forces may be composed of Directors or community members, or both. The Board may prescribe the need and/or the composition of such committees.

Section 2: There shall be a standing nominating committee, known as the Governance Committee. This committee shall be composed of at least two (2) persons elected by the Board at its annual meeting. Each committee member shall serve a term of two (2) years, and these terms shall be staggered to ensure continuity of committee membership. The Board Chair shall serve as chair of this committee.

Section 3: There shall be a standing committee known as the Finance Committee. This committee shall be composed of at least two (2) persons elected by the Board of Directors at its annual meeting. Each committee member shall serve a term of two (2) years, and these terms shall be staggered to ensure continuity of committee membership. The Treasurer will serve as chair of this committee.

Section 4: There shall be a standing committee known as the Academic Achievement Committee. This committee shall be composed of at least three (3) persons elected by the Board of Directors at its annual meeting. Each committee member shall serve a term of two (2) years, and these terms shall be staggered to ensure continuity of committee membership. The committee shall elect its own chair.

Section 5: There shall be a standing committee known as the Resource Development Committee. This committee shall be composed of at least two (2) persons elected by the Board of Directors at its annual meeting. Each committee member shall serve a term of two (2) years, and these terms shall be staggered to ensure continuity of committee membership. The committee shall elect its own chair.

Section 6: There shall be no quorum requirements for any committee.

## **ARTICLE VII**

### *Fiscal Year and Check Signing*

Section 1. The fiscal year of the Nashville Classical shall begin on July 1 of each calendar year and terminate on June 30 of the following year.

Section 2. The signatures of both an Officer and the School Director shall be required on any check in excess of \$5,000.

## **ARTICLE VIII**

### *Rules of Order*

In case of conflict or challenge, the rules of order in the current edition of Robert's Rules of Order shall govern the conduct of all Board meetings of Nashville Classical.

## **ARTICLE IX**

### *Amendments*

These Bylaws may be amended at a regular meeting by a two-thirds vote of all Directors then in office; provided that notice of the proposed amendment, together with a copy thereof, is mailed to each Director at least fifteen (15) days prior to the meeting at which the amendment is to be considered.

## **ARTICLE X**

### *Indemnification*

Nashville Classical shall indemnify each member of the Board to the full extent permitted by the Tennessee Nonprofit Corporation Act. Each Board member shall enjoy the protection and immunity provided by TCA§ 48-58-601, as (and if) limited by The Charter Schools Act. A Board member or Officer shall not be personally liable to Nashville Classical for damages for breach of any duty owed to Nashville Classical, its beneficiaries, or the Board, except that nothing contained herein shall relieve a Board member or Officer from liability for breach of a duty based on an act of omission: (a) in breach of such person's duty of loyalty to the Corporation; (b) not in good faith or involving a knowing violation of law; or (c) resulting in receipt of an improper personal benefit.

## **2.02 - Decision Making**

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Nashville Classical Charter School has been created to serve students. All decisions by the Board of Directors and the administration should be made within the parameters of the mission and vision of the school, always keeping in mind the interest of students.

**2.03 - Public Attendance at Board Meetings**

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1. Nashville Classical desires to provide opportunities for any member of the community to express interest in and concern for the school. Accordingly, the public is cordially invited to attend all open meetings of the Board. A pre-scheduled time for public comment shall be a part of every regular Board meeting. The Board reserves the right to establish reasonable time limits for such public comment.
2. Meetings are closed to the public only when the Board is meeting in executive session. An executive session may be called only to discuss matters not appropriate for public discussion. An executive session may be called only upon the affirmative vote of two-thirds of the quorum present. No formal action of the Board may be taken in any executive session.
3. Persons who wish to make requests, presentations, or proposals to the Board should direct any inquiry to the School Director, who will respond according to the following procedures:
  - (a) The School Director will consult with the Board Chair and, if appropriate, other Board members about including the request on the agenda for the next regularly scheduled Board meeting.
  - (b) If the item is included on the agenda, the Board will receive in their packet for the next regularly scheduled meeting written information directly from the person making the request. If specific Board action is being requested, that action should be in the written document.
  - (c) The person may present their information orally to the Board when the agenda item is discussed. The Board reserves the right to establish reasonable time limits for public comment and presentations.
4. Notice of meetings of the Nashville Classical Board shall be posted in the school offices and on the school website at least two days prior to the meeting in full compliance with all public meeting laws in the state of Tennessee.

**2.04– Policy Making**

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1. The Board shall be solely responsible for adopting, repealing or amending policies for Nashville Classical Charter School. Action by the Board shall be accomplished as set forth in the bylaws.
2. Proposals for adopting, repealing or amending policies for Nashville Classical may be made in writing by any member of the Board or by any parent or student submitted through an administrator of the schools. When appropriate policy change proposals shall include adequate information concerning potential fiscal impact on the school.
3. Except in cases of special need, the Board shall follow the following procedure in adopting, repealing or amending policies at Nashville Classical:
  - a. The First Reading. The proposed policy shall be submitted for approval on first reading at a regular or special meeting of the Board called for that purpose. The

proposed policy shall be contained in the Board packet distributed prior to the meeting. At first reading the Board shall receive public comment and comments from the sponsor of the proposed policy. A vote of the Board will be taken after the reading, and if the amendment receives a simple majority vote of the Directors present at the meeting, it will be placed on the agenda for a second reading at the next meeting of the Board.

- b. The Second Reading. If the proposed policy is approved on first reading, it will be placed on the agenda and considered at the next regular or special meeting of the Board called for that purpose. No amendment shall be adopted at second reading unless the amendment receives a two-thirds vote of the Directors present at the meeting. If the proposed policy is adopted upon second reading it shall become a policy of Nashville Classical, and the Policy Manual shall be amended accordingly.
- c. Special Need. Upon a two-thirds (2/3) vote of the Directors present at a regular or special meeting called for that purpose, a special need may be declared. If a special need is declared, a policy may be adopted on first reading.
- d. Proposed policies should reference the policy provision it will be amending. Ideally, the entire policy will be reprinted with new language in all caps, and language to be deleted lined out. New policies should include the proposed table of contents policy title and code number.

## **2.05 – Board Member Conflicts of Interest**

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- 1. Board members shall serve without compensation, but may be reimbursed, with prior approval, for any necessary expenses incurred by them in performing their duties as members of the Board.
- 2. Any contract with the school involving a member of the Board, the Board member's family, or the Board member's place of work shall be approved by the full Board with the interested member abstaining. Each Board member is responsible to make known to the Board any circumstances that could involve a potential conflict of interest.
- 3. Salary and other remuneration received from the school by ex-officio Board members shall not be considered a conflict of interest for the purposes of this policy. However, ex-officio members shall abstain from votes involving the level of such remuneration.
- 4. A full Conflict of Interest Policy containing Board Member signatures shall be on file at all times.

## 2.06- Board Review of Administrative Procedures

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1. The Board recognizes that its role is to ensure that Nashville Classical is well managed, not to manage Nashville Classical. The School Director shall be responsible for the day-to-day administration of affairs of Nashville Classical and shall manage all activities of the school as prescribed by the Board. As a result, the Board need not review administrative policies and regulations in advance of issuance except as required by law. However, the Board should approve in advance any highly sensitive matters of policy and/or regulations that have the potential to impact its duties and obligations to Nashville Classical and/or the Metropolitan Nashville Public School Board. To that end, the School Director shall exercise his or her discretion to identify and bring to the Board's attention any such policies and regulations prior to issuance.
2. Administrative policies and regulations should reference existing Board policy when applicable.
3. The Board reserves the right to review administrative policies and regulations at its discretion. However, the Board shall revise or veto such regulations only when, in its judgment, such regulations are inconsistent with the Board's policies.

## 2.07 – Special Task Forces

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1. The primary purpose of any special task force to the Board is to contribute to the overall mission of the school by conducting studies, identifying problems, or developing recommendations to assist the Board in making decisions. The ultimate authority to make those decisions, however, will be the Board's as required by law.
2. A special task force may be formed by the Board at such times and for such purposes as the Board may deem necessary. They will be given a clear objective, and will be dissolved upon accomplishing that objective.
3. Members of a special task force will be chosen by the Board and should include individuals who have shown an interest or who have special knowledge or expertise related to the task force's objective.

## 2.08 – Standing Committees

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1. **Academic Achievement Committee** – responsible for reviewing school assessment policies and procedures and ensuring that those policies conform to district and state standards. Also responsible for reviewing results of school assessment programs, reporting findings to the Board and, when applicable, proposing changes in policy indicated by assessment findings
2. **Finance Committee** – responsible for reviewing and submitting an annual balanced budget to the Board and, after Board approval, making the budget available to the public. The Finance Committee will also oversee preparation of the annual report, including audited financial statements, and other exhibits required by the Metropolitan Nashville Public School district, and make them available to the public. A Resource Development Committee will serve as a standing sub-committee of the Finance Committee whose responsibilities include fundraising, building relationships in the community and facility study.

3. **Governance Committee** - The Governance/Nominating Committee will be responsible for setting criteria for Board election, and identifying and evaluating candidates for the Board of Directors. The Governance/Nominating Committee will present a slate of candidates for election to the Board at least once annually. Election will be by a simple majority of the sitting Board. The Governance/Nominating Committee will also conduct the Board self-evaluation, described in **Section 2.10**.

## **2.09 – Board Election Procedures**

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The Governance/Nominating committee shall prepare and submit to the Board a report of the nominees it recommends for election. The number of seats available shall be determined in accordance with the by-laws. Whenever possible, nominated board member credentials will be presented one meeting prior to their election. Board members will be elected by a simple majority of the quorum present at the meeting during which elections are held. Each director shall serve from the next scheduled Board meeting after the election until the end of his or her term as determined by the Board.

## **2.10 – Board Self Evaluation**

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The Board believes that efficient and effective performance of the Board itself can have a significant impact on the overall success of the school and is an essential component of good governance. Therefore, the Board will conduct an annual evaluation of its own work. The Governance Committee will conduct the evaluation. This Committee shall determine the format of the evaluation, but it must include a formal written evaluation. The evaluation process should be designed to encourage constructive feedback aimed at improvement.

## **Section 3 – Administration**

### **3.01– Administrative Structure**

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1. The Board shall rely on its Chair and the School Director to provide professional and administrative leadership. The School Director shall be hired by and report directly to the Board of Directors.
2. The School Director will, directly or indirectly, supervise all other staff members employed by the school. He or she will be ultimately responsible for selecting staff members, conducting staff reviews and recommending compensation levels.
3. Annually, the board will compose a School Director Evaluation Committee, to consist of three members that include the Board Chair.

## **Section 4 – Enrollment**

#### 4.01 – Enrollment and Waiting List

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Nashville Classical will recruit students in a manner that ensures equal access to the school and does not discriminate against students of a particular race, color, age, sex, religion, national origin, disability, gender identity, sexual orientation, or any other characteristic protected by law.

All students residing within the jurisdiction of the authorizing LEA may attend Nashville Classical assuming they are the right age.

Subject to T.C.A. § 49-13-113, if the number of applicants exceeds the capacity of the school, then preference must be given to students in the following order:

- *Charter schools shall conduct an initial student application period of at least thirty (30) days. During this period, all eligible students may apply.*
- *If, at the end of the initial student application period, the number of eligible students seeking to be enrolled exceeds the school's capacity or the capacity of a program, class, grade level or building, then the enrollment of eligible students shall be determined on the basis of a lottery. Any such lottery shall be conducted within seven (7) calendar days of the close of the initial student application period. Charter schools must either have an independent accounting firm or law firm certify that each lottery conducted complied with the statutory requirements or, prior to the lottery, have their lottery process approved by the department of education.*
- *If, at the end of the initial student application period, the number of eligible students seeking to be enrolled does not exceed the school's capacity or the capacity of a program, class, grade level or building, then the enrollment of eligible students may proceed on a first come, first served basis.*

In December of each year, the school will release a simple application which asks only for basic contact information and verifies that students will enter kindergarten in the fall of the next year. A specific description of the school program will accompany the application. This application will be mailed to parents who completed letters of intent to enroll, distributed throughout the community, and posted on the internet. An application window of at least 30 days will be made available.

Applications will be received by the school and all information will be collected in a central database. Date of receipt will be tracked.

Should there be more applicants than seats available, Nashville Classical will hold an admissions lottery within seven days of the application deadline that complies with lottery regulations outlined in Tennessee Rules and Regulations 0520-14-01-.04.

After all seats have been assigned, a waiting list will be established for the remaining students who have registered in the event that a seat should open up. If there are still seats available after the application deadline, we shall accept applications on an ongoing basis, and students will be admitted to the school on a first come-first served basis until all seats are filled.

**Section 5 – Finances and Accounting**

**5.01 Accounting Policies**

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It shall be the policy of Nashville Classical Charter School ("Nashville Classical") to create and maintain accounting, billing, and cash control policies, procedures and records which are consistent with Generally Accepted Accounting Principles (GAAP) and which meet the requirements of state and federal statutes and regulations.

These accounting, audit, and financial management policies are designed to:

- 1. Protect and secure the assets of Nashville Classical;
- 2. Ensure the maintenance of accurate records of Nashville Classical's financial activities;
- 3. Ensure compliance with governmental and private funder reporting requirements.

Nashville Classical shall engage the services of persons or entities which will provide necessary financial and accounting services required by these policies (the "Accounting Specialist").

**Cash**

- 1. Bank accounts are established as required by donors and funding requirements.
- 2. All checks for \$5,000 or more written on Nashville Classical accounts require two signatures.
- 3. Individuals authorized to sign checks may include the School Director of Nashville Classical (the "School Director"), the Chair, Vice-Chair, and Treasurer of the Board, and such other persons who have been authorized to sign checks by formal approval of the Board of Directors.
- 4. Banks are promptly notified of all changes of authorized check signers.
- 5. All checks are to be pre-numbered and accounted for (used, voided, not used).
- 6. Voided checks are to be properly defaced and maintained.
- 7. Bank reconciliations to the general ledger are to be done monthly and provided to the School Director and Treasurer.

**Petty Cash**

- 1. Petty cash should be used for such things as small and odd jobs, local travel and sundry items. It is not intended for purchases that can be made with designated suppliers. Activities or needs should be planned ahead so necessary funds will be available in the petty cash account.

2. Whenever petty cash is used, a pre-numbered "Petty Cash Request/Cash Advance" form must be filled out. A completed slip will include date, the amount taken and returned, the cash category and the total spent. When a staff person receives cash, he/she will sign on the "Received By" line of the petty cash log. Items purchased should also be listed on the log, unless the receipt that must always be clipped to the log lists items purchased. The School Director or his/her designee will sign on the "Approved By" line of the petty cash log.
3. The Accounting Specialist will be responsible for the reconciliation and replenishment of the petty cash fund.

### **Cash Receipts**

1. Someone other than the person making deposits is responsible for opening the daily mail, making a log of cash receipts, restrictively endorsing the payment, making note of any restrictions on the log entry, and account coding the receipt by receivable or revenue account.
2. The School Director or designee prepares a bank deposit slip, listing each item.
3. Receipts are deposited daily. The bank's stamped duplicate deposit slip is attached to the remittance documentation.
4. The daily deposit log and duplicate deposit slip are forwarded to the Financial Officer for verification and data entry.
5. Cash is deposited in the appropriate bank account based on funding restrictions.

### **Cash Disbursements**

1. Cash disbursements are made by check (with the exception of petty cash).
2. The School Director approves all invoices for payment.
3. Vendor invoices are recalculated on site to ensure accuracy. This recalculation must occur prior to the preparation of a check to pay the invoice. After the recalculation is complete, the employee who performed the recalculation must initial the vendor invoice, indicating that the amount is correct and the invoice can be paid.
4. Checks for payment are signed only when supported by approved invoices (checks will not be processed and signed in advance of proper invoicing approval procedures).
5. Check signers compare data on supporting documents to checks presented for their signature.
6. Bank transfers are scheduled and investigated to ascertain that both sides of the transaction are recorded.
7. The employee responsible for mailing checks will not be responsible for recording cash disbursements. These two functions must be handled by different employees to ensure that the appropriate checks and balances are in place.
8. Supporting documentation is noted as paid, check number, date paid, and general ledger account code. Supporting documentation is noted as approved for payment.
9. Account codings for each payment are reviewed for accuracy.
10. Finance and accounting staff and/or the Accounting Specialist will ensure that all costs paid through the utilization of external funding sources are recognized as

ordinary, necessary, within the budget, are arm's length transactions, and do not deviate from established practices of the organization.

A cost will be considered reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

### **General Ledger Account Coding**

1. All cash receipts and disbursements are account coded and reviewed by the School Director.
2. A policy will be followed that documents the rationale used to allocate shared expenses among functions, grants, and/or contracts and reviewed periodically.
3. Funding from multiple sources may be kept in an account with other funding; however, it must be tracked independently.

### **Revenue**

1. Revenue is earned using the accrual basis of accounting.
2. Cost reimbursement grants or contracts earn revenue when the expenses are incurred (not committed).
3. When the Nashville Classical Charter School Board of Directors deems it either necessary or prudent to do so, the Board of Directors may, to the extent permitted by applicable law or regulation, remove restrictions placed on any revenue by the donor(s) of that revenue.

### **Expenses**

1. Expenses are charged directly to programs when specific identification is available.
2. Expenses are charged to programs based upon a shared cost rationale when the direct charge cannot be established.
3. Expenses are prohibited to be used for any purpose that is ineligible under a funding award.
4. Expenditures for each grant, loan, or contract are to be recorded according to the budget categories for that particular funding source. For each funding award, Nashville Classical Charter School will maintain records that allow for a comparison of outlays with approved budget amounts.
5. When there are government funds involved, Nashville Classical Charter School will follow applicable OMB cost principles.
6. When there are government funds involved, programs and grants will not be charged for items which are un-reimbursable under applicable OMB principles or policies such as, but not limited to: entertainment, fundraising expenses, bad debts, fines or penalties or interest on debt.
5. Before Nashville Classical seeks reimbursement from a funder, it will ensure that the costs for which it is seeking reimbursement are allocable to that funder. A cost will be considered allocable to an external funding source (unless otherwise prohibited) if it is treated consistently with other costs incurred for the same purpose in like circumstances and if:
  - a) the cost is incurred specifically for the award.



- b) The cost benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
  - c) Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.
6. Any cost allocable to a particular award or other cost objective may not be shifted to other awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of any award of funds.

### **Collection of Delinquent Accounts**

1. Nashville Classical Charter School may utilize outside collection agencies if diligent efforts to collect money due have been unsuccessful.
2. The School Director has discretionary authority to submit delinquent debts (over 90 days) to an outside collection agency.

### **Write-off of Delinquent Debts/Charges**

1. Records must indicate that diligent efforts to obtain payment have been exercised before the decision is made to write off any debt.
2. The request for approval of a write-off must include a short narrative of actions taken to collect and the rationale for the debt being considered uncollectable.
3. The School Director has the discretion to approve debt write-offs of a board-authorized amount. Any amount above the board-authorized amount that is requested to be considered a write-off must be approved by a 2/3 vote of the Board of Directors. Reference to this action will be included in the board packet for the next regularly scheduled Board of Directors Meeting.
4. The budget line item for fees and collections must be updated by means of a budget revision to reflect uncollectable fees/debts.
5. If collection is made of a debt previously written-off as uncollectable, it will be recognized as revenue in the current period.

### **Fixed Assets**

1. Fixed assets refer to Nashville Classical Charter School tangible properties that have useful lives that benefit the school over a period of years. These properties include all equipment, textbooks, computers, and vehicles.
2. Purchase of fixed assets should be made in accordance with account payable procedures.
3. Individual assets with an acquisition cost in excess of \$5,000, or asset classes (e.g., furniture) with an aggregate cost in excess \$5,000, should be capitalized and depreciated over the appropriate number of years.

## **5.02 – Financial Reporting Procedures**

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1. The Accounting Specialist will be responsible for compiling monthly and year-to-date reports on all cost centers by revenue source, expense code, and asset and liability account balances.
2. Financial reports are reconciled to the general ledger and accounting records prior to submission to the funding source.
3. If expenditure is different from an external funding source's approved budget, prior approval must be obtained from the funding source prior to the submission of the financial report.
4. Monthly financial reports which analyze Nashville Classical Charter School's financial position and the effectiveness of its management and programs will be presented to the Finance Committee of the Board of Directors and also reported within the board packets.
5. Periodic reports will be provided to all funding sources as requested or required by contract.
6. Finance and accounting staff and/or the Accounting Specialist will maintain records that identify adequately the source and application of funds for all activities. These records shall contain information pertaining to awards, authorizations, obligations, assets, outlays, income and interest. Records to be maintained include copies of contracts, invoices, proof of payments and allocation tracking when costs are distributed among several funding sources.

### **5.03 – Investment Policy**

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The Nashville Classical Board of Directors will approve the placement of assets not needed for immediate operations assuring compliance with all contractual requirements and using the principles identified below.

#### **Principles**

1. **Minimize Risk:** The Board will define a minimum risk strategy that will be reviewed annually to ensure appropriate discharge of responsibilities to donors, lenders, and contractual relationships.
2. **Maximize Investment Return:** Within the parameters defined as “minimum risk,” funds will be invested at the highest area interest/return available at the time of decision.
3. **Support Local Banks and Institutions if Economically Feasible:** “Local” is defined as having a physical presence for customer service within Davidson County, Tennessee, service area.

#### **Procedures**

1. Each month, the School Director or his/her designee will review with the Finance Committee the projected cash needs of the corporation and the assets available for investment.
2. Each month, the Finance Committee will provide the School Director or his/her designee with guidance regarding investment and institutions.
3. The Finance Committee will designate a representative to consult with the School Director or his/her designee between meetings on such matters as investment period timeliness and institutional issues.
4. The School Director or his/her designee will contact local institutions as needed to determine the best rate of return for investments.

5. The Board of Directors will define, annually, a policy for minimizing risk.

#### **5.04 - Banking Policy**

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1. Nashville Classical Charter School will keep all funds available not already invested in a federally insured bank.
2. Support Local Banks if Economically Feasible: All assets kept in bank accounts will be in banks defined as local. "Local" is defined as having a physical presence for customer service within the Davidson County, Tennessee, service area.

#### **5.05 - Budget Principles/Procedure**

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Structure of the budgetary process shall evolve from the mission and by-laws of Nashville Classical Charter School with consideration given to the requirements of any of the organization's funding partners.

##### **Budget Principles**

1. The budgetary process shall comply with the organization's funding partners and in accordance with applicable state and federal laws and with Nashville Classical Charter School's charter.
2. The budgetary process shall comply with the guidelines and principles set forth by the Board of Directors.
3. Annually, each program area shall identify and develop a plan for its operation. Appropriate personnel shall develop the budgets needed to execute the plan, with concurrence from the School Director.

##### **Procedures**

1. The organization's School Director will prepare and submit an operating budget to the Board of Director's 30-60 days prior to the beginning of the new fiscal year and prior to submission to funding sources.
2. If budget submission is due to funding sources prior to 60 days before the beginning of the fiscal year, the organization's Board of Directors will review a preliminary budget and adopt it if necessary.
3. The approved preliminary or final operating budget will become the blueprint for the budget submission to all outside funders.
4. Differences in budget line items between the organization's operating budget and a funder's approved budgets will be resolved in negotiations between the School Director and the funding agency.

##### **Adjustments in Budget/Spending Plans**

1. Any adjustments or changes in spending policies/budget plans that vary by more than 10% from the original approved budget will be initiated by the School Director and submitted for approval to the Board of Directors.
2. These changes will be communicated in writing to funding sources as required by contractual agreements.

3. If proposed changes are unsatisfactory to the funder, the School Director will communicate this response to the Board of Directors, who may authorize:
  - a. Changing the budget/plan to one which is satisfactory to the funder, or
  - b. Entering into negotiations to develop a compromise satisfactory to the funder and the Board of Directors.
4. After approval of the changes by all parties, the changes will be communicated in writing to all affected management staff.

#### **5.06 - Audit Procedure**

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1. Nashville Classical Charter School will contract for an independent audit to be performed by a Certified Public Accountant (CPA) at the conclusion of each fiscal year.
2. The auditor(s) will complete the audit within four months of the conclusion of the fiscal year.
3. The auditor(s) will test accounting mechanisms in accordance with generally accepted auditing standards for not-for-profit organizations and as contractually required by funding sources.
4. If during its established fiscal year, Nashville Classical Charter School expends over \$300,000 in federal funding, it will contract for an audit that meets the requirements of applicable OMB guidelines or policies.
5. A formal written report of the audit will be presented to the Board of Directors and to each funding source to whom delivery is either prudent or required.