



BUDGET PROCESS AND POLICY OF KIPP CHARLOTTE

I. Introduction

The budget process is designed to provide

- A means for translating organizational goals and priorities into financial (and human resource) plans.
- A means by which spending limits are set based on expected revenue levels.
- A system to allow for procedures to compare actual results to the set spending limits.
- A means for comparison of actual financial results to budgeted amounts and analysis of differences from those budgeted amounts.

II. Preparation of budget

Prior to the end of the fiscal year, key stakeholders, including the School Leader and key staff members, will prepare their projections of revenues, expenditures and cash flow for planned services, projects and programs. They will consider historical data, future growth plans, and changes in staffing levels.

KIPP Charlotte has a revenue spending policy that provides guidance for programs with multiple revenue resources. The Board, or its delegated agent, will use resources in the following hierarchy: bond proceeds, loan proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by: committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Board, or its delegated agent, has the authority to deviate from this policy if it is in the best interest of KIPP Charlotte.

III. Approval of budget

Copies of the proposed budget shall be sent to all board members. The Board shall meet to discuss and approve or reject the budget before the start of the fiscal year. If the budget is rejected, the Board shall direct the School Leader to amend the budget for changes as directed by the Board.

IV. Review of budget

Once the budget has been set for the fiscal year, the budget shall be included in the accounting system of KIPP Charlotte. As monthly financial statements are prepared, a comparison of actual monthly results of operations to budget figures shall also be prepared. The financial statements and budget variances (with detailed explanations) shall be reviewed by the Board. Monthly Cash Flow Statements are also created and reviewed. When deemed necessary, the Board shall revise the budget to fund additional services or make allowances for other unbudgeted revenues or expenses.



V. Financial audit

In order to ensure financial accountability, KIPP Charlotte will have its financial statements audited by an independent auditing firm on an annual basis. The selection of the firm to conduct the audit will be approved by the board. The auditor's report, management letter, and IRS Form 90 will be presented to the board for approval. A copy of the audited statement will be distributed to the full board and the School Leader. The audited financial statements will also be made available to anyone else who requests them.

VI. Financial expenditure authorization

Financial controls and the authority to enter into financial commitments is established in the bylaws for KIPP Charlotte.

VII. Effective date

This policy is effective July 1, 2009.