

DES MOINES CHRISTIAN SCHOOL POLICIES
BUSINESS PROCEDURES
Series 800

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DES MOINES CHRISTIAN SCHOOL POLICIES
BUSINESS PROCEDURES
STATEMENTS OF GUIDING PRINCIPLES Code No. 800.1

THE ROLE OF THE BOARD

The Board of Directors recognizes its responsibility to the members of the Des Moines Christian School Association for the stewardship of the funds used for current operations, facilities, and long term planning. It will, therefore, be the duty of the Board of Directors, with regard to business procedures

- (1) To ensure that funds are provided for and used effectively in programming, facilities, and staffing.
- (2) To ensure that funds are allocated and expended in a manner congruent with the mission, strategic goals, and objectives of the school; and
- (3) To report to the Association annually about such use.

STRATEGIC PLANNING

The Board of Directors will approve and maintain a multi-year strategic plan that includes an approved Strategic Financial Plan (SFP). The SFP will define the funding allocated by year for each priority included in the Strategic Plan. The updated SFP will also define the source of funding of each initiative to be either tuition or cash reserves.

The Superintendent, Administrative team, and the Financial Committee will budget for and implement the SFP initiatives.

The Strategic Plan and the SFP will be formally updated annually and will include changes to assumptions in enrollment projections.

FINANCIAL REPORTING

The Board of Directors adopts a fiscal year reporting period, beginning on July 1 and ending on June 30. The financial statements shall be prepared in on an accrual basis in accordance with Generally Accepted Accounting Procedures (GAAP)

The Superintendent, or designee, will engage an independent auditing firm to perform an annual financial audit and to prepare the annual tax return. The annual audit report will remain on permanent file in the Administrative Offices of the school, and will be available to Association Members upon request.

The Finance Committee will review the detailed financial statements prepared by the Administrative Office at their scheduled monthly meetings. The Superintendent, or designee, will provide a quarterly, summarized financial report to the Board of directors.

RECORD RETENTION

The Administrative Offices will retain, according to the schedule below, the following records:

Type of Record	Length of Preservation
Minutes of the Board of Directors	Permanently
Annual audit reports	Permanently
Real Estate Transactions	Permanently
Tax returns	10 years
Personnel Records	10 years from separation date
Records of payment of judgments against the school	20 years
Bonds and bond coupons	7 years from date of maturity
Written contracts including tuition contracts	7 years
Canceled warrants, bank statements, invoices	7 years
Fixed Asset Records (non real estate)	Until disposal

CAPITALIZED PROPERTY

The purchase, construction, renovation, or disposal of real property in excess of \$100,000 requires approval by the Board of Directors.

CASH ACCOUNTS AND LINE OF CREDITS

The Board will approve all new cash and cash equivalent accounts and the authorized signers on those accounts, including available lines of credit.

LONG TERM DEBT

All new debt and early retirement of debt requires approval by the Board of Directors. Maximum annual debt service should not exceed 10% of annual operating expenses.

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Revised: April 23, 2002

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Revised: September 4, 2012

Revised: December 18, 2017

DES MOINES CHRISTIAN SCHOOL POLICIES
BUSINESS PROCEDURES
THE OPERATING BUDGET - Code No. 801.1

The preparation of the formal budget will be the responsibility of the Superintendent and the Director of Business. The Finance Committee will review the detailed budget and recommend an operating budget to the Board. The Board of Directors will approve tuition and fee schedule, total operating revenue, total operating expenses, annual fund contribution revenue, and estimated deposits into reserves.

Preparing the budget will be done in major phases:

1. Review of the strategic plan by the Board, the Administrative team, and the Finance Committee.
2. Implementation of initiatives funded in the strategic financial plan.
3. Estimating income from tuition and fees based on projected enrollment as defined in the strategic financial plan. Discounts for needs based financial assistance and incentives will be reported as contra revenue accounts.
4. Estimating the school's income from annual fund fundraising;
5. Estimating the school's expenditures, including salary schedules to be used in the budget year.
6. Planning for restricted and unrestricted deposits into reserves.

The Superintendent and the Director of Business will present a detailed budget to the Finance Committee. The presented budget will include the following information:

1. A complete tuition and fee schedule
2. The estimated amount of revenue from tuition, fees, and miscellaneous income
3. Estimated enrollment numbers by grade
4. Expenditures by department
5. Salary schedules to be used in the budget year
6. A detailed development budget for the annual fund
7. A comparison of the amounts proposed to be expended with amounts expended for like purposes during the two preceding years
8. A brief explanatory section demonstrating major program changes that are being implemented as defined by the strategic plan and funded by the strategic financial plan.

CASH RESERVES

The operating budget will plan for total cash reserve balances to be between 15% and 25% of annual operating expenses. The total cash reserves can include funds restricted for specific asset replacement and unrestricted funds.

When total annual operating income exceeds budget and/or expense are under budget, the surplus at the end of the fiscal year will be added to unrestricted reserves and will be used or retained in accordance with the Strategic Financial Plan.

The Superintendent and the Director of Business will notify the Board of any anticipated annual deficits through the quarterly reports.

Date of Adoption: December 18, 2017

DES MOINES CHRISTIAN SCHOOL POLICIES
BUSINESS PROCEDURES
FINANCIAL ASSISTANCE Code No. 802.1

ANNUAL NEEDS-BASED TUITION ASSISTANCE

The School provides funding to a needs-based scholarship fund that is awarded to students by a Scholarship Committee and distributed by the Business Office. The Scholarship Committee is formed by the Superintendent, and the names of the members are confidential.

The purpose of needs based tuition assistance is to provide funding to enrolled families who complete a formal application process with a third party, and have demonstrated financial need based on household income, household expenses, personal assets, and personal debt. The family's calculated need is supported by tax documentation. Families requesting assistance must complete the formal application process each school year.

Tuition assistance can be awarded to families experiencing unemployment or underemployment of a parent or significant illness of a parent or sibling of a student. Families are required to complete the same formal application process when requesting funding due to these circumstances.

Needs based tuition assistance is reported as a contra revenue account in the financial statements.

OTHER TUITION ASSISTANCE

Enrollment incentives including, but not limited to multi-student discounts, early enrollment, pay in full, and alumni children, will be considered in the annual budgeting process. All discounts offered will be disclosed on the published tuition and fee schedule.

OUTSIDE FUNDS

The School may participate in outside scholarship programs which are in alignment with the mission of the School. The Superintendent and the Director of Business will review the requirements of the outside organization and approve active participation. Outside funds includes, but is not limited to state and federally funded programs.

If the outside funds require the School to define the value of a student award, the Scholarship committee will review all applications and the business office will award funds to eligible applicants.

BEREAVEMENT FUND

The purpose of the Bereavement Fund is to provide financial assistance for current students who have experienced the death of a parent or their legal guardian.

Des Moines Christian School will accept tax-deductible gifts for the Bereavement Fund and will provide an acknowledgement and tax receipt as required by Federal and State laws. The funds will be recorded in a restricted account for their stated use until distributed in accordance with the intent of this policy. Donors may not direct charitable contributions to a specific student.

A family is eligible for bereavement assistance the school year in which the loss occurs and one school year subsequent to the loss. When bereavement funds are available for an eligible family, the assistance will be directly applied to tuition on a student account by the Business Office.

Date of Adoption: December 18, 2017

DES MOINES CHRISTIAN SCHOOL POLICIES
BUSINESS PROCEDURES
FIXED ASSETS/PROPERTY Code No. 803.1

DEFINITION OF A FIXED ASSET

Assets with a useful life of greater than one year are considered fixed assets and are capitalized and depreciated. Fixed assets should be capitalized as follows:

- All land acquisitions
- All buildings/facilities acquisitions and new construction
- Facility renovation and improvement projects costing more than \$100,000
- Land improvement and infrastructure projects costing more than \$100,000
- Equipment costing more than \$5,000 with a useful life beyond a single reporting period (generally one year)
 - Uniforms for athletics and school activities are not considered equipment or fixed assets.
- Purchases of equipment and facilities acquired through a debt financing arrangement meeting the capital lease criteria.
- Capitalized interest incurred on new construction, rehabilitation, or improvement projects costing in excess of \$100,000.
- Computer software costing more than \$5,000 with a useful life beyond a single reporting period.
- Construction in Progress (CIP) for capital projects with a budget in excess of \$100,000.

ASSET VALUATION

Fixed assets shall be recorded at historic cost. Cost is defined as the cash price, or its equivalent, plus all other costs necessary to place the asset in its intended location and condition for use. All costs shall be documented, including methods and sources used to establish any estimated costs. In the case of gifts, the fixed asset should be recorded at fair market value at the date of receipt.

1. Purchased Assets – The recording of purchased assets shall be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation.
2. Constructed Assets – All direct costs (including labor) associated with the construction project shall be included in establishing the asset valuation. Capitalization of constructed and renovated assets include, but are not limited to, the following:
 - Original contract price of asset acquired or cost of design and construction
 - Expenses incurred in remodeling, reconditioning, or altering a purchased building to make it available for the purpose for which it was acquired.

- Expenses incurred for the preparation of plans, specifications, blueprints, etc.
- Cost of building permits
- Payment of noncurrent taxes accrued on the building at date of purchase, if payable by purchaser
- Architects' and engineers' fees for design and supervision
- Costs of temporary facilities used during the construction period

A construction in progress (CIP) asset reflects the cost of construction work undertaken, but not yet completed. For construction in progress assets, no depreciation is recorded until the fiscal year when the project is completed and the asset is placed in service. When construction is completed, the asset should be reclassified as building, building improvement, or land improvement and should be capitalized and depreciated.

Donated materials and services for a construction or major renovation project are recognized as in-kind contributions, valued by the donor, and are not valued by the School for capitalization purposes.

3. Donated Assets – Fixed assets acquired by gift, donation, or payment of a nominal sum not reflective of the asset's market value shall be assigned cost equal to the fair market value at the time of receipt.

DEPRECIATION

Depreciation is the process of allocating the cost of tangible property over a period of time, rather than deducting the cost as an expense in the year of acquisition. The School adopts the straight-line method of depreciation and uses the following useful lives:

Furniture and Equipment	5 years
Computer Hardware and Software	5 years
Automobiles and buses	5 years
Buildings	39 years

ASSET RETIREMENT

When retiring an entire asset or building component the entire asset and related accumulated depreciation are removed from the fixed asset accounts. Generally, at the end of an asset's life, the sum of the amounts charged for depreciation in each accounting period will equal original cost less the salvage value.

Cash received from the sale of a retired asset may be deposited into reserves or may be considered as a source of funding towards a replacement asset.

Date of Adoption: December 18, 2017