

The Bryan Allen Stevenson School of Excellence

Section 10 - Attachment 24 - Business Plan

- a. **Expected Funding Sources.** Indicate the amount and sources of funds, property, or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated, and include evidence of firm commitments, where applicable. Describe the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than the estimated budget.

The Bryan Allen Stevenson School of Excellence (BASSE) will be deriving its revenue from the following sources:

- state and local appropriations based on a unit count scenario;
- federal funds for mandated programs, such as Title I, Title II, Title III, Title IV, and Free and Reduced Lunch programs (Free and Reduced Lunch revenue and expenditures are captured in Other Funds Tab);
- private donations, foundation giving, and grants.

It is the intent of The Bryan Allen Stevenson School of Excellence that the operating costs of the school, primarily personnel costs and fringe benefits, contracts, facility lease, and transportation, be paid through State and Local Appropriations unless otherwise specified by federal law in the case of federal funding. Private funds will be used to provide specific programming (for now, foundation contributions in the startup year and year 1 of operations to defer the cost of rent) and can be changed if funding does not materialize so that the academic fidelity of the program does not suffer. A minimum 2% contingent reserve will be available in each of the four projection years.

Money raised through fundraising activities will be collected by a Fundraising Committee of the BASSE board and deposited into the school's fundraising bank account, in accordance with required procedures. Decisions for the use of these funds will become part of the school's overall financial planning process, subject to review by the Board, and will be included in the school's annual financial audit. Currently, BASSE has received \$1,381,583 amount of funding through a combination of fundraising efforts such as grants, individual donors, and corporate donors. BASSE's development team is gearing up to increase their fundraising to prepare for the 2023 school year. Once BASSE has been approved as a State Charter school, we will then apply for all funding streams that are targeted for State Charter Schools. BASSE will be applying for two separate grants in January of 2022 to the New School Venture Fund and the Charter School Growth Fund, which can be accessed prior to approval. BASSE currently has received funding from the Kim ad Evans Family Foundation, GLOW Fund, Mildred H. and Ray A. Thompson Fund, Jordyn K. Owens Memorial Foundation Fund, Young Conaway Stargatt and Taylor, Delmarva Power, individual giving campaigns, the Longwood Foundation, and the Welfare Foundation. BASSE knows the importance of maintaining financial stability by braiding federal, state, and local funding as well as creating a prospects list for prime candidates that support our mission in vision. Please find a dynamic development plan [here](#).

- b. **Operations Overview.** Describe the systems and processes by which the school will manage accounting, purchasing, payroll, and audits, pursuant to 14 Del. C. § 512(8) and (9). Specify

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any administrative services expected to be contracted for the school and describe the criteria and procedures for the selection of contractors. Provide details on how financial, personnel, and administrative support will be provided to the charter school and how internal controls will be maintained.

Financial operations, including payroll and accounts payable for The Bryan Allen Stevenson School of Excellence, will be under the direction of the Executive Director, with the assistance of the Treasurer of the Operating Board, and ultimately, the entire Board. The school will also be supported by two independent financial services contractors. One (MJL, see [proposal](#)) will assist with financial accounting, reporting, payroll, budgeting, and compliance reporting. The other contractor (OmniVest) will provide the school with all financial reports to the School Leadership Team, Board Treasurer, and Board on a monthly basis. The Executive Director will provide oversight to all contracts negotiated for the school, such as professional vendor contracting, transportation, and food services.

Decisions regarding financial, personnel, and administrative support contracts will be initiated by the founding Board upon approval of the application and finalized by the Executive Director. All selections will be made via a Request for Proposal process. The firm or persons contracted by BASSE for this support will need to demonstrate an understanding of the State of Delaware financial system, especially pertaining to charter schools, human resources experience, and someone with public school finance experience.

The Bryan Allen Stevenson School of Excellence will follow the State Budget and Accounting Policy Manual as it relates to all transaction regulations, guidelines, and filing procedures. The school will use the First State Financials (FSF) system for all financial, accounting, and purchasing transactions. BASSE's financial reports will be posted on the school's website on a monthly basis following Board approval. Financial Position Reports, required by Title 14, will be prepared and submitted to the Department of Education. In addition, the school will commission an annual independent financial audit and single audit, if necessary, to ensure compliance with the standards of the State Auditor's Office with respect to process controls and segregation of duties.

BASSE will utilize the Payroll Human Resource Statewide Technology (PHRST) system to manage and report compensation, payroll, personnel information, and employee benefits. All pension-related functions, from the initial actuarial form at the time of employment through the pension application at retirement, will be processed by the third-party independent vendor, who will be properly credentialed in accordance with state requirements.

BASSE intends to hire its teachers as state employees, and as such, will offer compensation packages, retirement, and benefits through the State of Delaware. The school will take advantage of the state purchasing system in order to maximize its buying power. The school may independently contract for certain goods and services as needed and appropriate.

In order to maintain responsible fiscal accounting, planning, and management practices and to comply with the requirements of Title 14, Sec 736 of the Delaware Administrative Code, an

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Oversight Committee will be established prior to Year 1 to review and analyze all financial expenditures, management practices, and budgeting. This committee will have five or more members, including one educator from BASSE, one board member, at least two parents or community members who are not school employees or board members, and a representative from the DDOE. Training for the CBOC will be provided by DDOE. The CBOC will regularly consult with the Board and school leader. The committee will remain active during each year of school operation and will comply with the regulatory requirements for membership, training, and operations.

The Bryan Allen Stevenson School of Excellence Charter School, under the direction of the Board of Directors, has drafted an Internal Controls Policy (to be approved in winter of 2022) that will establish and maintain adequate accounting records and internal control procedures in order to assure compliance with generally accepted audit principles (GAAP), the requirements and regulations of the PHRST and FSF systems and the State of Delaware payroll and benefits administration. The Internal Controls Policy consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring. The financial policies and procedures outlined in this document will highlight the internal accounting procedures for The Bryan Allen Stevenson School of Excellence Charter School (BASSE) and its independent contracted financial service providers (OmniVest and MJL) to maintain governance and management regarding budgeting, accounting, and payroll procedures, financial reporting, and internal control procedures for disbursement, fixed assets, payroll, purchases, and receipts. A fundamental concept in a good system of internal control is the segregation of duties. BASSE will be utilizing its administrative staff, board, OmniVest Management, and MJL staff to implement segregation of duties in the above areas. The Internal Controls Policy will be approved by the Board of Directors and reviewed annually to ensure effectiveness and compliance. The draft Internal Control Policy can be seen in the Governance section attachments.

MJL has over 15 years of Delaware Charter School experience in the areas of budgeting, financial reporting, payroll, and accounting processing. MJL's staff has extensive experience in processing transactions in PHRST and FSF and has extensive knowledge of the State of Delaware's rules and regulations listed in the Budget and Accounting manual and the State of Delaware payroll and benefits administration. MJL staff is trained in all modules in FSF and PHRST. BASSE will contract with MJL to provide payroll, accounts payable, and accounts receivable services in the start-up of the School.

OmniVest Management, Inc. has over 20 years of experience providing comprehensive business management services to Charter Schools across the country. They provide full back office Financial and Operations services as well as Real Estate Development support. BASSE will contract with OmniVest who will provide the monthly summary of financial statements to be presented to the Board in an accrual format. MJL and OmniVest will work closely together in the annual budgeting processing monthly close, and forecasting. OmniVest will provide operational services to BASSE in federal, state, and local compliance especially in areas of federal revenue sources. OmniVest will designate employees to receive training in the FSF and PHRST programs.

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- c. Depositing Funds.** Describe the process by which funds will be deposited into the school's state account. If a state account is not used, describe where the funds will be deposited to ensure that all school funds are available for audit by the State Auditor's Office upon request.

All funds not directly uploaded into the school's FSF appropriations or delivered via Inter-Governmental Voucher, wire, or ACH will be deposited in person to the state bank account at the bank office by a member of the school staff.

- d. Audits.** Describe the financial controls that the school will have in place, including the annual audit of the financial and administrative operations of the school. Include evidence that the school will adhere to the accounting, auditing, and reporting procedures and requirements that apply to public schools operating in Delaware in accordance with the [State Budget and Accounting Manual](#) and 29 Del. C. Ch. 69.

In order to maintain responsible fiscal accounting, planning, and management practices and to comply with the requirements of Title 14, Sec 736 of the Delaware Administrative Code, a Budget Oversight Committee will be established prior to Year 1 to review and analyze all financial expenditures, management practices, and budgeting.

BASSE will follow the State Budget and Accounting Policy Manual as it relates to all transaction regulations, guidelines, and filing procedures. The school will use the First State Financials (FSF) system for all financial, accounting, and purchasing transactions. BASSE's financial reports will be posted on the school's website on a monthly basis, following board approval. Financial Position Reports, required by Title 14, will be prepared and submitted to the Department of Education. In addition, the school will commission an annual independent financial audit to ensure compliance with the standards of the State Auditor's Office with respect to process controls and segregation of duties.

- e. School closure, non-renewal, or dissolution.** Describe the plan and procedures that the school will follow in the event of the closure, non-renewal, or dissolution of the school. Also, the applicant is to put forth a reasonable plan to establish sufficient available balances pursuant to 14 Del. C. § 515(k) below.

§ 515. Oversight and revocation process.

(k) In the event that all state and local funds due to a charter school are paid timely as required by 14 Del. C. § 509, a charter school authorized to operate in the State must by December 31 of that fiscal year maintain an available balance sufficient to pay the minimum costs necessary to provide students with the minimum annual instructional hours required by the Department of Education during the remainder of that fiscal year as reasonably projected by the charter school. Such costs include, but are not limited to, all employee compensation required to attain the minimum annual instructional hours during the remainder of that fiscal year. Such costs also include all fixed and variable non-payroll expenditures incurred through the final month of that school year. A school's failure to

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maintain sufficient available funds by December 31 of its third year of operation shall be deemed a material violation of its charter.

To prepare for possible closure or dissolution of the school, BASSE will set aside adequate funds to ensure that all employees are paid according to their contractual agreements with the school; to pay any staff who would be required for close-out activities; and to pay any vendors such as auditors, movers, liquidators, etc. that would be needed. All cash and cash equivalents will be distributed first to satisfy outstanding payroll obligations for employees of the school, then to the remaining creditors of the school. To ensure that the funds are available to satisfy all closing costs, the school's Board will, over the next five fiscal years, build into its budget a cash reserve until it is at an adequate level to do so. The Board will review fund balances and financial projections on a monthly basis to ensure the school's fiscal health and the maintenance of the reserve fund. In the event that BASSE is closed for nonfinancial reasons and, following the authorizer's charter school closure protocol, the BASSE board would work closely with the DDOE concerning the steps necessary (parent notification, transfer of records, disposition of school assets, etc.) to ensure a smooth and orderly closure and transition.