

Motion to Address SMPO Cash Reserves and Handling of Future Funds

Approved January 20, 2015

Proposal:

The following is proposed as it pertains to the handling of the financial affairs of the Sands Montessori Parent Organization (SMPO), including the immediate cash reserves on hand as well as plans for handling of future funds:

1. Establish an **Operating Expense Fund**, which shall require a minimum balance of **\$10,000** (a change from \$7,000 per the Bylaws) PLUS the budgeted total Teacher/Direct Classroom Support obligation (see ** below) at the beginning of each school year. (Note: the required minimum balance is NOT to be taken as a mandate to spend-down. This minimum was put in place as per the By-Laws of the SMPO to ensure that, in the event of a very poor year of income generation, there is a policy in place to prevent depleting the organization's resources thereby compromising the organization's integrity.)

The addition of the budgeted total Teacher/Direct Classroom Support obligation (see ** below) to the operating expense fund is due to the fact that if all teachers request reimbursement in full on the latter of the first day of the fiscal year (July 1) or the day after the budget is approved.

** This number includes the amount in the Annual Operating Budget plus the amount recorded as other current liabilities as of June 30 for silent auction teacher parties/projects.

2. That the **Annual Operating Budget** of the SMPO shall be developed by the Business Manager with outside consultation from prior Business Managers and any other interested parties and shall stipulate the amount to be allotted for Operating Income and Expenses for the following budgeted fiscal year. This operating budget should net to zero (i.e. the operating budget shall not net to a loss). As given in the SMPO By-Laws, after development, the Budget shall be recommended to the Rudder for majority vote; and presented to the general membership in a well publicized General Parent Meeting. Note: If in any given year there is an actual operating loss as of June 30, the following year's budget shall reflect this loss by reducing Teacher/Direct Classroom Support by the amount of this loss (as opposed to dipping into the Yearly Reserve Fund).
3. That we continue to solicit funds from the school community via the **Education/Technology Fund Drive** to provide means to cover unbudgeted expenditures. These funds will be collected and spent within the same fiscal year. Any remaining unspent funds as of June 30 will be rolled over into the **Yearly Reserve Fund**.
4. That a reserve amount of money be set aside into a **Yearly Reserve Fund**. This shall be a low-risk savings or investment account that provides for cash flow on demand (i.e. money is easily liquidated). The purpose of this fund is to cover large, typically one-time expenses that benefit a significant portion of the school community. Examples from past history might include: playground equipment, garden sheds, technology equipment, durable curriculum materials, etc. Monies from this fund will be disbursed via an application process, which will be reviewed by the Business Manager and recommended to Rudder for majority vote. These monies shall not be used to cover any expenses that should rightly be the responsibility of Cincinnati Public Schools (as determined by review by the Principal of Sands, to verify relevance within CPS policy and/or applicability of CPS funds prior to SMPO funds being considered for allocation) nor shall it be used to fund personnel. The Yearly Reserve Fund is available each year in an amount not to exceed \$7,500 during the 2014-15 school year and

\$5,000 during subsequent years, **unless Rudder approves removal or changes to this restriction.** It is not necessary that this fund be tapped every year, but that it be used only upon submission of a meritorious application. The amount to start this Yearly Reserve Fund is **\$21,000**. Each succeeding year, any surplus income over and above what is budgeted for operating expenses shall be placed into this Yearly Reserve Fund up to the amount of the \$25,000. When this fund reaches \$25,000, any surplus income shall be placed in the Yearly Reserve Fund. A progression of this fund will be presented to the general membership in a well publicized General Parent Meeting once a year.

5. That a long-term investment fund be set aside as the beginning of a **Capital Reserve Fund**. The purpose of this fund shall be to generate income through investment and to build up a reserve fund for use **only for projects that require substantial funds.** The capital portion of this fund would only be drawn upon in the case of extreme financial need. A proposal would be presented to Rudder and, if approved, would go before a combined meeting of the ILT, LSDMC, and the Rudder. Once a supermajority approves the motion, it can be presented to the General Membership at a well-publicized General Parent Meeting for approval.

The Capital Reserve Fund fund will allow the SMPO to provide good stewardship of the funds already in reserve as well as provide the beginnings of a source of self-sustaining income. At the start of this fund, any interest earned will go back into the Capital Reserve Fund in order to grow the capital. Furthermore, any annual SMPO income earned above and beyond the year's Operating Expenses and maximum amount deposited in the Capital Reserve Fund shall also be added to the Capital Reserve Fund. The recommended amount to start this fund is **\$15,000**. Decisions regarding investment of this fund will be the purview of the Rudder, **and presented to the General Membership at a well-publicized General Parent Meeting for approval;** however it is expected that investment decisions will be cognizant of the School's mission; the appropriateness of the investment vehicle will be reviewed before funds are committed; and any investments will not represent any conflict of interest with members of the SMPO, School staff or administration. A progression of this fund will be presented to the general membership in a well publicized General Parent Meeting once a year.