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# OXFORD PREPARATORY ACADEMY

## Intra-Company Loan Transfers for Operational Expenditures

Updated May 8, 2018

## 1. Intracompany Loan Transfers for Operational Expenditures

### **BOARD POLICY**

**BACKGROUND:** Charter schools are highly dependent on government funding to operate, and government cuts and funding deferrals can result in cash shortages for the schools. Therefore the need arises to temporarily allocate resources from other schools to cover any cash flow shortfall, and to accurately record intra-company transactions between the charter schools. These short term intra-company loans will be used to fund legitimate educational and operational expenses in accordance with Generally Accepted Accounting Principles.

**FUNDING PROCESS:** The Chief Business Officer will request fund transfer(s) from a charter school with surplus funds into a charter school that requires temporary cash flow funds. All of these short term intra-company loans will be publicly documented through board action and will include amount owed and repayment terms.

**INTRACOMPANY LOAN REQUIREMENTS:** Intra-company loans will be used solely for the temporary assistance of OPA schools and will not be provided to any other external organization(s). The school(s) that will provide the proposed intra-company loans should have excess funds to meet all recurring obligations and will retain minimum reserve requirements in accordance with their charter petitions.

### **CURRENT PROCEDURE**

#### **Person Responsible**

- 1.1 The Chief Business Officer shall coordinate all intra-company transactions involving the transfers and deposit of intra-company funds. The Chief Business Officer will be responsible for ensuring proper documentation is in place verifying the source and amount(s) being transferred.
- 1.2 The Executive Director is responsible for the review and approval of all intra-company fund transfers.

#### **Funding Process**

- 1.3 The Chief Business Officer, with the support of the Back Office Service Provider, monitors daily cash balances for the charter schools. When a charter school realizes a need for funds, the Chief Business Officer will assess resource levels for the schools and current short term cash requirements. The Chief Business Officer may request to transfer funds from a charter school with surplus funds into a charter school that requires temporary cash flow funds.
- 1.4 All short term intra-company loans will be publicly documented through board action and will include amount owed and repayment terms.
- 1.5 The Chief Business Officer will provide an appropriate repayment plan that will be incorporated

into the Intra-Company Loan item reported to the board for review and approval.

### **Intra-company Loan Terms**

- 1.6 The terms of the intra-company loans will not exceed one year from the time that the academies have disbursed funds.

### **Intra-company Loan Purpose and Funding Requirements**

- 1.7 Intra-company loans will be used solely for the temporary assistance of OPA schools and will not be provided to any other external organization(s). These intra-company loans will be used to fund legitimate educational and operational expenses in accordance with Generally Accepted Accounting Principles.
- 1.8 The Chief Business Officer will take into consideration the specific cash requirements for each of the academies, and will ensure that each of the academies will be able to deliver high-quality education consistent with their charter.
- 1.9 The school(s) that will provide the proposed intra-company loans should have excess funds to meet all recurring obligations and will retain minimum reserve requirements in accordance with their charter petitions.