HOWARD GARDNER MULTIPLE INTELLIGENCE CHARTER SCHOOL

	Finance/Business	FB18-0801
	Solvency	ADOPTED DATE: August 21, 2018 REVIEWED DATE: REVISED DATE: August 18, 2026

Policy

It is the policy of the Board of Trustees that Howard Gardner MI Charter School (HGMICS) shall be managed in a fiscally responsible manner designed to maintain solvency, adequate liquidity, and the ability to meet its financial obligations as they become due. The Board directs the CEO and Business Manager to manage the School's finances in accordance with the Board-approved budget, applicable law, Board policy, and sound fiscal practices. The School shall avoid recurring structural operating deficits unless the Board expressly authorizes temporary deficit spending supported by adequate available resources and a plan to restore structural balance. The School shall not incur obligations that available and reasonably anticipated resources cannot support.

Revenues, Billing and Fiscal Administration

HGMICS receives the majority of its income through student tuition payments from the respective home school districts and may also receive state subsidy redirections or other payments administered by the Pennsylvania Department of Education (PDE). The Business Manager shall oversee tuition billing, collections, accounting procedures, and day-to-day fiscal operations and shall pursue amounts due to the School in a timely manner. Billing and accounting records shall be maintained in accordance with applicable legal and PDE requirements and in a manner intended to promote adequate and predictable cash flow.

Finance Committee Oversight

The School's fiscal administration shall work closely with the Board Finance Committee, which is comprised of members of the Board of Trustees. The Finance Committee shall receive regular reports concerning the School's fiscal status, review significant financial trends and risks, and review proposals for major service contracts, including auditing, insurance, and other professional services, before Board action when appropriate. Committee oversight does not replace the authority or responsibility of the full Board of Trustees.

Annual Budget

The annual budget shall be developed by the CEO and Business Manager using reasonable enrollment, revenue, expenditure, and cash flow assumptions. The proposed budget shall be reviewed by the Finance Committee before submission to the Board of Trustees for final approval. The CEO and Business Manager shall monitor financial matters throughout the year against the approved budget and shall recommend budget amendments or other corrective action when material changes in revenues, expenditures, enrollment, or other financial conditions warrant Board consideration.

Ongoing Financial Monitoring

The Board of Trustees shall receive monthly financial reports that include, at a minimum, monthly and year-to-date budget-to-actual operating revenues and expenses, a balance sheet, cash flow information, current cash position, material receivables and liabilities, and any other information reasonably necessary to evaluate the School's financial condition. The reports shall be prepared by the Business Manager, reviewed by the CEO and Finance Committee, and presented to the Board. Material unfavorable variances, cash flow concerns, or adverse financial trends shall be specifically identified and explained.

Financial Warning Conditions

If the CEO or Business Manager determines that actual or projected financial conditions create a material risk to the School's continued fiscal stability or its ability to timely satisfy payroll, taxes, debt service, vendor obligations, or other material commitments, the CEO and Business Manager shall promptly notify the Chair of the Finance Committee and the President of the Board. Such conditions may include a significant decline in enrollment or revenue, a material negative budget variance, recurring operating deficits, substantial depletion of unrestricted cash or reserves, an unexpected material liability, or any other circumstance that may reasonably threaten the School's solvency or liquidity.

Financial Stabilization Plan

Upon identification of a financial warning condition, the CEO and Business Manager shall promptly prepare a written financial stabilization plan for review by the Finance Committee and Board of Trustees. The plan shall identify the cause and projected magnitude of the financial concern, the anticipated duration of the condition, and recommended corrective measures. Depending upon the circumstances, corrective measures may include accelerated collection of amounts due, restrictions on discretionary spending, deferral or cancellation of nonessential expenditures, vacancy or hiring controls, operational or staffing adjustments consistent with applicable law and contractual obligations, renegotiation of vendor arrangements, use of Board-authorized reserves, a budget amendment, lawful financing, or other measures reasonably necessary to restore financial stability.

Board Action During Financial Distress

The Board shall review any financial stabilization plan promptly and shall determine what corrective action is appropriate. The Board may require more frequent financial reporting, establish spending or commitment limitations, amend the budget, authorize the use of reserves or other available resources, direct operational changes, or take any other lawful action reasonably necessary to preserve the School's financial viability. Pending Board review, the CEO may impose temporary restrictions on discretionary expenditures within the CEO's existing authority and shall avoid new nonessential financial commitments. If the School faces a material risk that it will be unable to meet obligations as they become due, the Board and administration shall consult promptly with the School's solicitor, independent auditor, and other financial professionals as appropriate and shall consider whether a special Board meeting or other immediate action is necessary.

Annual Audit and Corrective Action

The Board Secretary and CEO shall annually execute, as authorized by the Board, the letter of engagement with the independent certified public accounting firm selected to perform the School's annual external audit and other approved services. The annual audit shall be reviewed by the appropriate Board committee and presented to the Board of Trustees. Any material audit finding, internal control deficiency, going-concern issue, or other significant fiscal concern identified by the auditor shall be reported to the Board and addressed through a documented corrective action process with follow-up reporting until the matter is resolved.