



## Doris Topsy-Elvord Academy

a Micro-Enterprise Public School

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March 14, 2012

Mr. Stephen Work  
Charter School Division  
California Department of Education  
1430 N. Street, Suite 5401  
Sacramento, CA 95814

Dear Mr. Work:

This letter is in response to CDE's fiscal review concerns requesting additional information to our response letter dated November 3, 2011, addressing CDE's original letter of concern dated October 19, 2011.

Our board is truly concerned about our bottom line. Addressing our budget concerns and the elimination of our negative fund balance is a priority action item of our board. Various options are being explored. Our board is acting upon the issues noted.

The original request was based upon... **Adjustment and Balance of the Budget**

- **Problem**
  - Budget did not adequately address average daily attendance (ADA) requirements
- **Background**
  - ADA was misaligned due to reduction in students and ADA prior year trend of 91%
  - Student/Teacher Ratio out of proportion
- **Corrective Action**
  - Eliminated two teacher positions
  - Reduction of executive director's salary by 20%
  - Reduction in all staff salaries by 7%
- **Results Achieved**
  - Balanced Budget
  - Small Cash Reserve

The following additional information is supplied in response to your request:

- CDE request information regarding the "program" that will be used to augment the budget and help eliminate the negative fund balance.
  - In understanding the urgency of the fiscal matters of our school, the "program" that is being used at this time is board members personal commitment giving level. The board has pushed to be committed to maximum giving over the next 3 years. Each board member is required to give to the best of their ability, but at a minimum of \$2,500 per year.

- Relationship Gifts Solicitation - Our board is focused on reaching out/solicit to strategic individuals who they have personal relationships that can help support our plan of reaching other individuals to support our needs.
- Partnered with Claremont Graduate University, School of Education. We are in discussion of fundraising efforts to create a cash reserve to help support growth and our teacher training program that was implemented this school year. As details are completed on the fund development program, it will be reported to CDE as our on-going effort to communicate our progress.
- Fundraising Carnival – April 15-18, we are hosting a fundraising carnival in the local neighbor supported by the city councilmember of our district. This event is estimated to net our school between \$15,000 to \$20,000.
- As of to date, we are actively in the submittal windows for grants from the following organizations:
  - \$5,000 donation received from Doris Topsy-Elvord
  - Edison Grant - \$5,000: Ben Harvey, Region Manager
  - Verizon Foundation - \$20,000: Mike Murphy, Regional Director
  - Majestic Realty Foundation - \$10,000: John Semeken, Vice President
  - Capital Group Companies - \$5,000 Employee Giving, \$10,000 Grant: Jason Bolden, Capital Group Associate
  - Angels Baseball Foundation - \$10,000: Tim Mead, Board Member
  - NFLPA Pro Athletes Foundation - \$15,000: Demurice Smith, Exec. Director
- Major efforts have been employed to recruit students to raise our enrollment and major emphasis have been placed on raising ADA percentages by engaging parents and students, reminding them of the importance of being at school on time to learn. To date, we have increased our enrollment an additional 20 students, now at 108.
- Detailed sources of local revenues can be seen on the detailed cash-flow budget.
- The salary reduction was a back-office tabulation error. The request from administration went to the back-office and the report received was calculated at 8%, on that report was a mistake for the executive director's salary where the request was made again to be at 20%. Back-office implemented change into the budget.
- From information supplied by the back-office, there was no salary reductions applied to the months of July through October. The timing of salary reductions were made based on budget adjustments at that time.
- Actual cash flow details to date for all revenues and expenditures are attached.
- Attached are support documents.

Again, we thank you for taking the time to review the needs of our school and the students that we are mutually concerned for. It is our hope that you will agree that our plan forward is a living and active plan based on human capital acting upon the issues at hand and sufficiently analyzing data making corrections, while at the same time, allowing us to maintain the integrity of our mission and our charter. Should you have any questions, please don't hesitate to contact me.

Sincerely,

*Marvin L. Smith*

Marvin L. Smith, M.A.  
Executive Director  
Doris Topsy-Elvord Academy

Attachments: 2<sup>nd</sup> Interim Report, Cash Flow, General Ledger, CSMCI Salary Reductions Worksheet