

This document was provided, as is, to the California Department of Education (CDE) by **Academia Avance Charter** for the April 2025 Advisory Commission on Charter Schools meeting agenda. This document is posted to the CDE website to meet the legal requirements of California *Education Code* Section 33009.5. Minor formatting changes may have occurred during document remediation.

For more information regarding the content of this material, please contact the Charter Schools Division by email at [charters@cde.ca.gov](mailto:charters@cde.ca.gov).

# Academia Avance Charter School Reserve Restoration Plan

**Effective Date:** [Pending Board Approval 3/20/25]

## Purpose

This plan outlines immediate and long-term corrective actions to maintain at least a 5% reserve for economic uncertainty within 12 to 24 months while ensuring financial stability.

## Current Reserve Deficiency & Recovery Goal

- The school's current fund balance reserve is below the required 5% threshold.
- Goal: Restore the reserve to 5% of total unrestricted General Fund revenues within 12-24 months through a combination of expense reductions, revenue increases, and financial restructuring.

## Immediate Actions (Next 3-6 Months)

### A. Expense Reductions & Cost Containment (Effective Immediately)

#### ▶ Freeze all non-essential spending

- Discretionary budgets (travel, conferences, supplies) will be paused or reduced by 50%.
- Consultant contracts will be re-evaluated to determine necessity.
- All non-essential hiring is on hold unless Board-approved.

#### ▶ Renegotiate vendor contracts & payment terms

- Work with existing vendors to restructure outstanding debt.
- Prioritize payments for essential services while delaying non-critical expenses.

#### ▶ Review staffing allocations for efficiency

- Staffing costs will be reviewed to determine if adjustments are needed without impacting student services.

#### ▶ Deferring capital expenditures

- Any planned capital investments will be postponed until the reserve is restored.

### B. Revenue Enhancement & Funding Diversification

#### ▶ Identify & apply for additional grants

- Leverage existing relationships with local, state, and federal funding sources.

- Seek emergency grants that can offset operational costs.
- ▶ **Maximize ADA (Average Daily Attendance) Funding**
  - Implement attendance initiatives to increase per-pupil funding.
  - Improve student retention strategies to prevent further enrollment loss.
- ▶ **Fundraising & Community Contributions**
  - Engage local businesses, alumni, and community members in fundraising efforts.
- ▶ **Explore short-term financing options (if necessary)**
  - Carefully assess potential credit lines or loans to temporarily stabilize cash flow while maintaining reserve-building commitments.

## Mid-Term Actions (6-12 Months)

### A. Reserve Growth Through Budget Surpluses

- ▶ **Prioritize any budget surpluses toward rebuilding the reserve**
  - Implement strict spending discipline to ensure that any unspent funds from cost-saving measures are redirected to reserves.
- ▶ **Reallocation of existing funds**
  - Identify underutilized budget areas where funds can be reallocated to reserves without impacting operations.
- ▶ **Optimize grant expenditures**
  - Ensure that grant-funded expenses are maximized so general fund dollars can be redirected to reserves.

## Long-Term Actions (12-24 Months)

### A. Sustainable Reserve Replenishment Plan

- ▶ **Commit to maintaining a minimum 5% reserve**
  - The Board will ensure that all future budgets include a reserve allocation of at least 5% of unrestricted revenues.
- ▶ **Develop a multi-year financial sustainability plan**

- Project future **ADA-based funding** based on realistic enrollment trends.
- Establish a **3-year fiscal strategy** that ensures the reserve is maintained beyond the recovery period.

◆ **Quarterly Monitoring & Adjustments**

- The Board Finance Committee and Interim CFO will review reserve progress quarterly.
- Adjustments to spending, revenue collection, and funding applications will be made as needed.

## Reserve Restoration Timeline & Milestones

Phase	Timeframe	Target Reserve %	Key Actions
Immediate Recovery	0-6 months	1.5%-2%	Cost containment, vendor negotiations, freeze discretionary spending, increase ADA, secure emergency grants
Mid-Term Growth	6-12 months	3%-4%	Budget surpluses directed to reserves, optimize grant usage, increase enrollment retention
Full Restoration	12-24 months	5%+	Ensure reserves are maintained in all future budgets, develop long-term fiscal sustainability plan

## Governance & Monitoring

- The Interim CFO and Board Finance Committee will track reserve levels monthly.
- Weekly meeting with the financial office and Interim CFO will ensure timely and accurate reconciliation of accounting reports
- The Governing Board will receive quarterly reports detailing:
  - Current reserve levels
  - Status of cost-saving measures
  - Revenue growth progress
- If reserves fail to meet the restoration timeline and milestones, the Board will implement additional corrective actions.

## Governing Board Approval & Enforcement

This Reserve Restoration Plan will be presented to the Academia Avance Governing Board for review and approval on March 20, 2025.