

## Gradalis Waldorf Consulting & Services, LLC STANDARD III—A, B, C, D FINANCIAL CAPACITY & RESPONSIBILITY

### GENERAL PURPOSE

The purpose of these policies is to establish guidelines for developing financial goals and objectives, making financial decisions, reporting the financial status and managing funds of GRADALIS Waldorf Consulting & Services, LLC (“GRADALIS”).

### FINANCIAL III-A – STABILITY

It shall be the responsibility of the Board of Stewards to provide responsible financial management, a sound annual budget – maintained through monthly payables – periodic financials and daily oversight. Moreover, GRADALIS dedication to our organization’s values creates focus and consistency through solid guidance, planning for the near and long-term future. It shall be the responsibility of the Board of Stewards through its Finance Committee, including the Business Manager and the Executive Director of which the Treasurer is the Chair, to manage the annual audit process, external financial reporting, financial analysis and absorption modeling – i.e., enrollment increases – financial feasibility as well as managing administrative tasks and services attendant to bookkeeping, financial management, money and banking.

GRADALIS shall demonstrate use of its resources qualitatively and quantitatively – fair/ethical plus fiscally sound practices – in its provision of quality education, training and student services. At all times, GRADALIS financial statements will be transparent of financial stability in clear evidence. **NOTE:** GRADALIS seeks to adhere to tenets – in alignment with ACCET terms – set forth in ACCET Document 27 – Policy on Financial Reporting and Financial Stability.

### III-A.1 BUDGET PROCESS

The GRADALIS Executive Director, Business Manager and Treasurer shall be responsible for conducting identified activities of the Finance Committee as delegated with accountability to the GRADALIS Board of Stewards providing an annual operating budget draft within the first quarter (90 days) following the end of the prior fiscal year and thirty (30) days prior to its submission to the Board of Stewards.

The Finance Committee shall review and approve the recommended fiscal year budget revenues, expenditures and cash flow and submit it for approval to the Board of Stewards in the first quarter of new fiscal year. The Budget shall contain revenues and expenses forecasted by semester on an annualized basis. A chart describing an annualized cash flow shall be included in addition to a periodic 3-year financial pro forma (completed at an interval of at least every two years).

The Board of Stewards in conjunction with the GRADALIS Executive Director develops and proposes revenue goals and objectives, following Board of Stewards discussion and approval, at least on an annual basis (agenda at Annual Meeting). Though not fully anticipated on an annual basis, grants and/or contributions may be forthcoming, in which case they shall be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117. Contributions are recorded as pledged or received in accordance with FASB 116, and must be credited to the appropriate revenue lines as presented in the annual budget and coded with appropriate account code number as designated in the GRADALIS Chart of Accounts.

### III-A.2 CONFLICTS OF INTEREST

Members of the Board of Stewards are prohibited from activities that might present conflicts of interest. The powers of Stewardship may not be used to personally benefit any Steward at the LLC's expense. If a Steward has a financial interest in an LLC transaction, the Steward must fully disclose the interest and abstain from voting. Loans to Stewards themselves are prohibited.

### III-A.3 FINANCIAL STATEMENTS

The GRADALIS's financial statements shall be prepared on an accrual basis in accordance with Generally Accepted Accounting Principles ("GAAP"). GRADALIS adheres to ACCET's approach to accounting. Under the *accrual* basis of accounting, **revenues are reported on the income statement when they are earned**, unlike *cash* basis when revenues are reported on the income statement when cash is received. As per the *accrual* basis of accounting, expenses are matched with the related revenues and are reported when the expense occurs, not when the cash is paid.

The presentation of the Financial Statements shall follow the recommendation of the Financial Accounting Standards for Colorado Limited Liability Companies reporting as Subchapter S Corporations to the Internal Revenue Service. Under GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of GRADALIS and changes shall be classified as unrestricted, temporarily restricted and permanently restricted (i.e., proprietary curriculum as defined by course syllabi).

GRADALIS Chart of Account Revenues and Expenses for various purposes are classified for accounting and maintained for each training component. There are five (5) main components in place for this purpose including but not limited to: (a) Summer Intensive Session (June-July, two-week Semester set forth as either Semester I, IV or VI); (b) Practicum Weekends; (c) Webinars (Philosophical & Grade Level-specific); and, (d) Field Mentoring.

As well, a Pre-Contracted Tuition (AKA Balance Sheet Liability Account) Account, Ready-Reserve (as appropriate), Property and Equipment Fund, etc. may also be in place. The Business Manager shall prepare and present Monthly Financial Statements in a format approved by GRADALIS. The statements shall be presented to the GRADALIS Executive Director, Treasurer and the Board of Stewards for review, comment and acceptance.

## FINANCIAL III-B – FINANCIAL PROCEDURES & POLICIES

### III-B.1 FINANCIAL CONTROL & SUPERVISION OF FINANCIAL MANAGEMENT STAFF

It shall be the responsibility of the Board of Stewards to formulate financial policies and review operations and activities on a periodic basis, no less than quarterly.

The Board of Stewards delegates this oversight accountability to Treasurer of Board of Stewards working with its Finance Committee including the Business Manager and the Executive Director of which the Treasurer is the Chair. This responsibility shall be shared through delegation with GRADALIS's Executive Director and Business Manager.

The GRADALIS Executive Director acts as the primary fiscal agent, implementing all financial policies and procedures as well as being solely responsible for all check-writing. The GRADALIS Board of Stewards Treasurer, with oversight of the Finance Committee, is responsible for the coordination of the

following: Annual budget presentation, management of the reserve funds and other fund investments (as available and appropriate), selection of the outside auditor as well as approving revenue and expenditure objectives in accordance with the Board of Stewards approved long-term plans.

The Business Manager/EA-Bookkeeper with oversight by the Executive Director shall have the day-to-day financial accounting responsibility for tracking GRADALIS funds, ensuring the accuracy of the accounting records, financial statement preparation and bank reconciliation review. The Executive Director manages GRADALIS funds for internal controls, financial objectives and policies for final Board of Stewards approval. All expenditures, tax payments and expenses' payments, including payroll, are routinely reviewed by the Finance Committee. All Quarterly Tax Filings & Payments are prepared by the Business Manager for ratification, check-writing and mailing to federal and state agencies.

The Business Manager/EA-Bookkeeper shall be directly supervised by the Executive Director and shall be responsible for the preparation of the Chart of Accounts, Reporting Formats, Accounts Payable Processing, Payroll input and Payroll processing, Cash Receipts input, Journal Entries for General Ledger, Form 1099 reporting, Form 5500 reporting, and Form 990 reporting as well as Bank Reconciliations.

### III-B.2 CANCELLATION & REFUND POLICY (RE: ACCET Doc 31)

The GRADALIS Cancellation and Refund Policy shall comply with applicable federal and state laws and regulations, as well as ACCET policies. This policy has been compared to Colorado State and ACCET policies and follows the policies most lenient to the student.

**Rationale:** GRADALIS seeks to promote goodwill through the use of explicitly stated fair and equitable cancellation and refund practices pertaining to cancellations, withdrawals, and terminations. GRADALIS takes into consideration: 1. Legitimate reasons why an applicant or student may not be able to either start or complete the training; and, 2. Reasonable expenses incurred by the institution.

**Tuition Agreements:** Student will be required to sign a Tuition Agreement before being admitted to the program. GRADALIS may hold student accountable financially for each 12-month period of the 26-month training, as required by ACCET. All charges attributable to each 12-month period are stated in the Tuition Agreement.

**Application Fee:** An initial non-refundable application processing fee of \$50 is due at the time of application. Upon application, the applicant will receive an invoice for \$50 after which the application will be processed for acceptance.

#### **Refunds for Cancellations:**

- 1. Rejection of Applicant:** If GRADALIS rejects a student, a full refund of all monies paid will be made to the applicant, less a non-refundable application fee of \$50.
- 2. Program Cancellation:** If GRADALIS cancels a program subsequent to a student's enrollment, GRADALIS will refund all monies paid by the student.
- 3. Cancellation Prior to the Start of Class or No Show:** If an applicant accepted by GRADALIS cancels prior to the start of scheduled classes or never attends class (no-show), GRADALIS will refund all monies paid, less non-refundable application fee. (See this fee above)
- 4. Cancellation After the Start of Class:** For enrolled and attending students, refunds are calculated using the Last Day of Attendance (LDA) and paid within forty-five (45) calendar days from the documented Date of Determination (DOD). The DOD is the date the student gives written or verbal notice of withdrawal to GRADALIS

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or the date GRADALIS terminates the student by applying GRADALIS' attendance, conduct or Satisfactory Academic Progress policy. A refund will be given based on a pro-rata basis (see full policy below) less the non-refundable application processing fee of \$50.

**5. Cooling off Period:** a 'three-business-day' cooling-off period, shall be honored, commencing with the day an enrollment agreement with the applicant is signed or an initial deposit or payment toward tuition and fees is made, until midnight of the third business day following such date or from the date that the students first visited the institution on-line or in-person, whichever is later, during which time the contract may be rescinded and all monies paid refunded. Evidence of personal appearance at the institution or deposit of a written statement of withdrawal for delivery by mail or other means shall be deemed as meeting the terms of the cooling-off period.

All refunds are paid by GRADALIS within forty-five (45) calendar days. Refund amounts for enrolled and attending students are based on a student's LDA and the number of days completed by the student. A partial day is considered the same as a whole day provided the student was present. After the first week and through fifty percent (50%) of the period of financial obligation, tuition charges retained will not exceed a pro rata portion of tuition for the training period completed, plus ten percent (10%) of the unearned tuition for the period of training that was not completed up to a maximum of \$1,000. After fifty percent (50%) of the year's training days are completed by the student, GRADALIS will retain the full tuition for this 12-month period of financial obligation.

### III-B.3 PROCESSING FUNDS

#### (i) Recording Receipts

The following procedures for cash or checks received through the mail or given to a staff person shall be in place:

- Mail should be opened by Executive Director, checks and/or cash receipts copied to document deposits and delivered to the Business Manager involved in the accounting function.
- All checks shall be endorsed with the Bank's official stamp – full deposits made; no cash disbursements.
- A copy of the bank deposit slip is retained in chronological order with copies of the deposited checks. All cash and checks shall be deposited the same business day if possible, and no later than five (5) business days into the GRADALIS's Bank Account.
- All cash and checks received through the mail shall be deposited by the Executive Director and hard-copies of the deposit slips and checks forwarded to the Business Manager for accrual accounting entries/recognition.
- Business Manager records all checks and cash with date, name of school/GRADALIS or student/individual or other source, with payment plan designation and amount.
- After recording checks, or cash, Business Manager/EA-Bookkeeper enters into online QuickBooks for accounting purposes. Online QuickBooks also produce invoices for online tuition payments and late fees.
- The same procedures followed for checks/cash receipts shall be followed when monies are received by employees for Training-Related Consulting or contributions for special events.
- In the event that Gifts might be received electronically, such as stock transfers or on-line contributions will be properly recorded by the Business Manager/Accountant. Transactions should be periodically rechecked by the Business Manager.

The Business Manager/EA-Bookkeeper shall make the appropriate entries in the General Ledger books. The Business Manager/EA-Bookkeeper shall reconcile all logs of incoming cash/checks with the deposit slips, and with the record of receipts maintained routinely.

**(ii) Expenditures Procedures & Credit/Debit Care Expenditures**

All expenditures shall be approved by the GRADALIS’s Executive Director or Board of Stewards in amounts exceeding \$5,000.00. All expenditures shall be coded by account number using the GRADALIS’s Chart of Accounts.

The Business Manager/Accountant maintains standard accounting records containing all aspects of the GRADALIS’s financial operations. They include but are not limited to: A general ledger, a check register, and a payroll register.

Invoices shall be approved by either the GRADALIS’s Executive Director or Board of Stewards. Following the review and approval, check payment vouchers shall be prepared and the invoices (requests for pay) shall be distributed to the GRADALIS’s Business Manager/Accountant for check payment preparation. Upon payment of a bill, a check number coinciding with the bill is entered into the check register. The paid invoices shall be filed alphabetically in the Business Manager/Accountant’s GRADALIS-specific binder at the Business Manager/Accountant’s office according to school/individual name and shall be kept on a fiscal-year-basis.

The Board of Stewards will approve the issuance of a GRADALIS-issued debit card for GRADALIS Leadership who travels frequently. GRADALIS Leadership must utilize that card only for business travel and must submit a voucher that explains the business reason for items purchased using the debit card. The Executive Director must approve the voucher, which is then submitted to the Business Manager/EA-Bookkeeper for recording and reconciliation.

**III-B.4 STUDENT FINANCIAL RECORDS DOCUMENTATION**

GRADALIS shall keep comprehensive, accurate program and fiscal records related to each of its enrolled students specific to documentation of student financial records. There is an account for each enrollee kept by the Business Manager tracking tuition payments and semester by semester participation recorded in terms of “days” of involvement. The importance of maintaining complete, accurate records cannot be overemphasized.

Program and fiscal records shall demonstrate GRADALIS is capable of meeting administrative and fiscal requirements usual and customary for teacher-training programs. In addition, records shall demonstrate proper administration and ability to show a clear audit trail for program expenditures.

Records for each enrollee shall clearly show student eligibility, funds received, and that funds were disbursed in accordance with accrual accounting dictates. Each student’s “Tuition Agreement” sets forth a determined total tuition, of which in each student account carries a running balance-due until full payment is attained.

GRADALIS shall keep fiscal records to demonstrate its proper use of tuition funds. Moreover, GRADALIS fiscal records must provide a clear audit trail that shows funds were received, managed, disbursed, and returned in accordance with fair and ethical requirements. GRADALIS shall recognize, as



required by an enrollee’s termination, to account for receipt and expenditure of tuition-paid funds in accordance with generally accepted accounting principles.

GRADALIS shall have the ability on a current basis to produce and verify:

- financial records that reflect each FSA program transaction;
- consistency of tuition and fees for all students who might enroll at the same time, as well as, accounting for incentive discounts, e.g., paying all tuition in a full, up-front payment, etc.;
- establish general ledger control accounts and related subsidiary accounts that identify each tuition transaction and have wherewithal to separate each student’s transactions, as necessary, from all other GRADALIS financial activity; and,
- maintenance of a refund calculation analysis worksheet for each student who withdraws.

### III-B.5 STUDENT CONDUCT & TERMINATIONS

The GRADALIS Student Conduct Code shall be set forth in the Student Handbook inclusive of student disciplinary policies intended to foster ethical development, academic integrity, personal accountability and civility toward others. The Student Conduct Code sets forth standards and expectations of behavior applicable to all GRADALIS students. The Code shall embrace several core philosophies:

- preservation of the rights of free speech and peaceable assembly;
- **respect for freedom of inquiry and constructive criticism;**
- **a conviction that honesty and integrity are key values to the GRADALIS community; and,**
- **the belief that all student-enrollees of the GRADALIS program shall be part of a “community” that respects diversity including but not limited to differences of culture, gender, gender identity, religion, race, age, sexual orientation, and/or ability.**

#### (i) Responsibility for Implementation

The Executive Director shall have overall responsibility for implementation of the Student Conduct Code and student disciplinary process and shall from time to time delegate overall management to qualified faculty members as well as other GRADALIS Stewards as appropriate. Student Conduct – i.e., GRADALIS Community Standards – are directly correlated to responsibility of Executive Director as per daily administration of GRADALIS’s student conduct system.

#### (ii) Behavioral Violations – Terminations

The following behavior shall be subject to disciplinary action under Student Conduct Code. An individual, a group of individuals or a student organization may be charged with any of the violations under the Student Conduct Code. In situations cases where a violation is committed by an individual member of a student organization, the entire organization may be held responsible, in addition to the individual member, when those members not directly involved participate in the activity by encouraging, witnessing or condoning the act in any manner.

(iii) **Academic Dishonesty** in any form with respect to examinations, course assignments, research projects, grades, and/or academic records, including, but not limited to the following:

**(1). Cheating using or attempting to use unauthorized materials, information or study aids** in any academic assignment, e.g., looking on someone else’s paper; using any kind of “cheat” sheet or other

enhancement during a test; allowing someone else to take an exam in one's place; submitting the same work more than once for credit; using someone else's homework or lab assignments; collaborating with another student on any assignment or take-home test if told that collaboration was not allowed; assisting another student in committing an act of academic dishonesty by allowing another student to copy homework or an exam; taking an exam for someone else; or giving test information to students in other sections of the same.

**(2). Falsification or invention of any information or academic citation**, e.g., falsification include: making up data on an assignment; making up a source to cite in a paper; unauthorized altering then resubmitting returned academic work; giving false information to a faculty or staff member to increase one's grade; or attempting to change, actually changing, altering grades or any other unauthorized tampering with grades.

**(3). Plagiarism** or use of someone else's work or ideas as one's own, e.g., quoting a source verbatim, or paraphrasing text from a given source, without properly citing the source; turning in a research paper that was written by someone else; or in any other way passing off someone else's work as one's own; or failing to give credit for ideas or materials taken from someone else.

**(4). Other Academic Dishonesty** – public posting, selling of, or in any other way, distribution of notes of class lectures, course handouts and outlines, and/or any other GRADALIS-supplied materials without the express written permission of the instructor.

**(iv) Other Violations include the following:**

- 1. Misuse of Alcohol** – possession, creation, distribution, or consumption of alcoholic beverages, in violation of local, state, or federal law, or GRADALIS policies and procedures.
- 2. Violation of any section of the Student Conduct Code while under the influence of alcohol.**
- 3. Misuse of Drugs** – possession, creation, distribution, or use of illegal drugs, prescription drugs or other controlled substances, in violation of local, state, or federal laws. Possession or use of drug paraphernalia. 3. Misuse or distribution of over the counter drugs, or substances used as drugs. Violation of Student Conduct Code while under the influence of legal or illegal drugs, or other controlled substances.
- 4. Computer Misuse** via any unauthorized access, entry or use of a computer, computer system, network, software, password, account or data. Unauthorized alteration or tampering with computer equipment, software, network, or, unauthorized copying or distribution of computer software or data; use of computing facilities or equipment to send obscene, harassing, threatening or abusive messages. Use of computers to falsify records, tamper with records or commit any act of academic dishonesty.
- 5. Any other act in violation of law** and/or GRADALIS policies and guidelines regulating computer-related Disruptive Conduct, e.g., actions that impair, interfere with, or obstruct the normal event activities of GRADALIS and/or interfere with the rights of other students, faculty or Stewards of the GRADALIS community or visitors. This includes intentional occupation of or blocking the entry or exit of GRADALIS facilities, including but not limited to, buildings, classrooms, offices, hallways, entryways, conference rooms and campus grounds. Actions that impair, interfere with, or obstruct the orderly conduct, processes and functions within the GRADALIS community. Participating in, leading or inciting others to disrupt scheduled and/or normal GRADALIS activities, events and programs. Solicitation on campus without prior approval from appropriate GRADALIS officials. This includes, but is not limited to, the disbursement of any forms of promotional/informational material on University property or on items (e.g. motor vehicles) on GRADALIS property, requests for donations, or the selling or vending of any merchandise or services. Failure to Comply with a lawful order or

directive of a GRADALIS official, in the performance of his/her duty. Furnishing false information to GRADALIS, including false reporting of emergencies, knowingly making false accusations or giving false testimony during the disciplinary process. Misuse, reproduction, alteration or forgery of any GRADALIS-related documents, records, identification, keys, identification cards, access codes or property, e.g., providing a worthless check or money order in payment to the GRADALIS.; gambling participation in games of chance on a GRADALIS campus for money or other things of value except as provided by local, state, or federal law.

6. **GRADALIS’s Sexual Misconduct and Interpersonal Violence Policy** governs conduct of a sexual or gender based nature. This section of the Student Conduct Code applies only to conduct that is not covered by the Sexual Misconduct Policy.
7. **Intimidating conduct** which would cause a reasonable person to feel as though there was an imminent threat to the health and safety, or personal property, of themselves or another individual.
8. **Pervasive conduct** directed toward another person or group that results in the intimidating, humiliating, degrading, or otherwise harming of another person or group.
9. **Discrimination** upon the basis of race, religion, color, national origin, gender, age, sexual orientation, gender identity or disability.
10. **Hazing** by any individual will be subject to a minimum penalty of suspension. Hazing is any action or activity committed by participants – anyone involved in GRADALIS – which inflicts or intends to cause physical or mental harm or anxieties; which may demean, degrade, or disgrace any person, regardless of location, intent or consent of participants. Hazing includes, but is not limited to: a. Interference with a student’s academic or work performance. b. Forced consumption of any food, alcohol, other drugs, or any other substance. c. Forced physical activity. d. Deprivation of food or sleep. e. Physical acts of violence.
11. **Physical Abuse, Endangerment, Sexual Misconduct and Interpersonal Violence** includes any action that endangers the health, or safety, or welfare of a person or group.
12. **Property/Facilities/Services Destruction** includes theft, damage, destruction, littering, or defacement of a school’s property or property of a GRADALIS participant or visitor, including littering, wrongful appropriation (including unauthorized possession) of property or property of a GRADALIS participant or visitor – including unauthorized use of vehicles, equipment, services, and the GRADALIS name and logo. This policy inclusion also involves unauthorized entry into GRADALIS designated school facilities, including but not limited to buildings, classrooms, hallways, entryways, conference rooms, and campus grounds. Bringing animals and/or pets into school buildings, except where properly authorized.
13. **Weapons/Firearms/Explosives** including possession, sale, storage or use of firearms and other weapons, including nonlethal weapons, e.g., pellet guns, airsoft guns and paintball guns. This also includes possession, sale, storage or use of firecrackers, gunpowder, ammunition, explosives or incendiary devices, or other articles or substances which could endanger health or safety. policies and procedures.

#### (v) Interim Sanctions

For alleged violations of the Student Conduct Code, interim sanctions, including but not limited to, interim suspension, reassignment to alternate housing, limitation of access to designated GRADALIS housing facilities and/or campus facilities by time and location, and limitation of privilege to engage in specified GRADALIS activities may be imposed by the Executive Director or her designee. Such interim sanctions are to be utilized only when there is reason to believe that the student/s conduct poses a substantial threat



of harm to oneself or others, threatens or endangers GRADALIS and/or school property, or disrupts the stability and continuance of normal GRADALIS event activities, operations or functions.

#### (vi) Interim Suspensions

Student/s will be denied access to the visiting residences identified by GRADALIS and/or to the campus (including classes), and to all other GRADALIS activities or events, which the student might otherwise be eligible to participate in or attend. Student/s will be notified of an interim sanction or interim suspension, orally, by written notice served on the student/s, and/or by written notice sent to the last address on record. The interim sanctions or interim suspension takes effect the day it is issued by the GRADALIS Executive Director.

### III-B.6 PROCEDURES FOR PROCESSING REFUNDS (Sample Refund Analysis Worksheet)

GRADALIS shall maintain effective oversight of financial status vis-à-vis students in good standing with the teacher training program and, as well, shall implement procedures to timely determine enrollment status of students relative to financial obligations and graduation processes both for GRADALIS and students.

With specific notation of III-B.2 preceding (*Cancellation and Refund Policy – ACCET Doc 31* referenced), all refunds are paid by GRADALIS within forty-five (45) calendar days. Refund amounts for enrolled and attending students are based on a student’s LDA (Last Day of Attendance) and the number of days completed by the student specific to each Semester. A partial day is considered the same as a whole day provided the student was present.

After the first week and through fifty percent (50%) of the period of financial obligation i.e., one year, tuition charges retained will not exceed a pro rata portion of tuition for the training period completed, plus ten percent (10%) of the unearned tuition for the period of training that was not completed up to a maximum of \$1,000. After fifty percent (50%) of the year’s training days are completed by the student, GRADALIS will retain the full tuition for this 12-month period of financial obligation, i.e., if the total amount of tuition payments made on behalf of the student exceeds the amount owed, a refund will be generated and shall be disbursed within 45 calendar days.

For such tuition disbursements of tuition refunds within the allowed time frame, GRADALIS Business Manager in collaboration with the Executive Director (overseen by the Stewards’ Treasurer) provides for a calculation as part of a specific-student, personalized letter describing the GRADALIS refund management program. An appropriate refund check is mailed to the student.

These procedures were established to ensure timely delivery of student account refunds resulting from a direct payment by check which exceeds the total charges on the student account.

### III-B.7 PROCESSING FOR DETERMINING LAST DATE OF ATTENDANCE (LDA) AND DATE OF DETERMINATION (DOD)

GRADALIS shall keep comprehensive, accurate program and fiscal records related to each of its enrolled students specific to documentation of student financial records. There is a Student Enrollment Tracking Document maintained by the Executive Director and a financial account for each enrollee kept by the Business Manager tracking tuition payments and semester by semester participation recorded in terms of “days” of involvement. This policy coincides with specific notation of III-B.2 preceding (*Cancellation and Refund Policy – ACCET Doc 31* referenced).

- **LDA and DOD**

To this end, for enrolled and attending students, refunds are calculated using the Last Day of Attendance (LDA) and paid within forty-five (45) calendar days from the documented Date of Determination (DOD). The DOD is the date the student gives written or verbal notice of withdrawal to GRADALIS or the date GRADALIS terminates the student by applying GRADALIS' attendance, conduct or Satisfactory Academic Progress policy. A refund will be given based on a pro-rata basis (see full policy below) less the non-refundable application processing fee of \$50.

LDA reflects the last day the student was in attendance in a class (a GRADALIS event/program activity) – i.e., Two-week Summer Intensive, Webinars, Mentoring Visits or Practicum Weekends – recorded in the Attendance Records. The DOD occurs when the student provides formal notification – either verbally or in writing – or, GRADALIS Administration receives a communication from a Faculty Instructor or the School employer. When so notified, this becomes memorialized in writing by the Executive Director and located in the Student's File (both electronically and hard copy). Notwithstanding personal crisis, this process transpires in order for a student to receive a refund, i.e., the student must officially drop from the GRADALIS teacher training program.

- **Enrollment Tracking**

There shall be retained by the Executive Director a “Student Enrollment Tracking Document” (AKA a ‘running-enrollment file’) in an EXCEL spreadsheet for the entire GRADALIS “student body” since inception – Summer 2015.

- **Personal Crisis Exception/s**

The Executive Director in consultation with the student's key faculty-instructor and collaboration with the Board of Stewards – either individually or as timing might allow, an agenda item of a Board meeting – may consider a fair and equitable refund of tuition and fees after the annual refund deadline if a student withdraws due to death of an immediate family member, involuntary call to active military duty, or other personal crisis, or takes a short (not to exceed 2 semesters) “Leave of Absence” in which fund balance will be retained by GRADALIS, subsequently carried forward and applied once the student returns to attend/resume program semester events.

## FINANCIAL III-C – FINANCIAL ASSISTANCE/SCHOLARSHIPS POLICY

### III-C.1.1 STUDENT ASSISTANCE

GRADALIS will upon evaluation of its own financial wherewithal (funds available) by GRADALIS Board of Stewards, provide financial assistance when possible to its cadre of working, full-time Waldorf teachers. GRADALIS will work in collaboration with the not-for-profit, 501(c)(3), “Friends of Gradalis” organization established to receive donations from private parties, organizations and by grants from various foundations for this purpose. Whenever possible, it shall be incumbent upon the GRADALIS Board of Stewards, and by extension its Executive Director, in coordination with participating schools and working teachers affiliated with GRADALIS, to identify potential teacher education loan sources, foundations and grant organizations. It shall be deemed prudent for GRADALIS to review amounts of loans and grants each year as student assistance depends upon the funding available.

- **Participating Waldorf Schools.**

GRADALIS shall provide a pathway for working teachers to have their tuition paid for by their employer-schools – whole or in part. GRADALIS has designed its Training Program for teachers already working in Schools.

- **School Budgeted Continuing Education & Teacher Training.**

GRADALIS shall enter into agreements with Waldorf Schools wherein the Schools intend to provide continuing education seeking Waldorf Training for their working-employed teachers. In turn, GRADALIS-affiliate Waldorf-inspired schools realize their success is tied intrinsically to the essential substance of the Waldorf curriculum – by extension, this essence resides with Waldorf-trained teachers. It shall follow that a School shall enter into a Memorandum of Agreement with GRADALIS having set its school budget for continuing education/teacher training.

It follows then that GRADALIS shall remain flexible with school budget planning at either all or in part – full-tuition or partial-tuition – wherein the students can be asked to provide matching funds to the “grant” provided by the School. GRADALIS provides optional payment plans depending upon the school’s and the teacher-student’s financial planning and circumstances. The arrangement is memorialized in agreements – both the school and the teacher-student – specifying maximum amount of matching funds the school will commit.

- **School Discount Incentive** For participating Waldorf Schools – either Public Waldorf Schools or Independent Waldorf Schools – there will be a discount incentive available when four (4) or more students are enrolled in the GRADALIS teacher training. The School incentive discount applies to either full or partial (defined as 50%) tuition payments being provided by the Waldorf School itself. In such a case a discount up to \$2,400 (Two Thousand Four Hundred Dollars) or 15.6%, is awarded as a tuition discount per each enrolled student. The attendant agreement with the Waldorf School is for the payment plan to include a 25% upfront payment made by the school at the time of the agreement’s signing with subsequent payments divided into eight (8) equal quarterly payments, e.g., the student agreement, after discount and 25% upfront payment, would be \$5,000 per each quarter.

**(1) GRADALIS Incentive Discounts.**

- **Tuition discounts** shall be fair and equitable and made available for all students who qualify for them. Potential discounts are given in the following instances: Full tuition discounts set forth in this description shall not exceed \$3,400 (Three Thousand Four Hundred Dollars) in the aggregate. A cumulative discount taken from the options below shall be no more than a maximum of \$3,400 possible for any one student.
- **Prior Waldorf Training** – Foundation Year and/or partial Waldorf Training Discounts are possible for prior completion of the “Foundation Year” (i.e., philosophical foundation of Waldorf education) and/or for partial Waldorf training at other recognized Waldorf institutions. Such qualifying Waldorf institutions are determined by GRADALIS Board of Stewards. The discount ascribed to this category is up to \$3,000 (Three Thousand Dollars).
- **Applicants for Discounts** for prior Waldorf Training shall provide transcripts of courses, and number of hours per class, from an approved Waldorf training institution and, proof the coursework was completed. Once submitted to the GRADALIS Executive Director, the full or partial discount established by the GRADALIS Board of Stewards will be determined and applied to the student’s account. To receive the

discount, the student must sign a Memorandum of Understanding acknowledging the discount applies for students who complete the full training.

### III-C.1.2 STUDENT SCHOLARSHIP

#### **GRADALIS Founder’s Fellowship Award**

As part of the GRADALIS commitment to ensuring the success of students in Independent/Private and Charter/Public Waldorf schools, a Founder’s Fellowship Award of full tuition will be made to a working teacher in a “Waldorf School,” whether urban or rural school district. Contingent to this Founder’s Fellowship Award is the continuation of the recipient as a teacher-of-record attending the GRADALIS 26-month teacher-training program to completion and maintaining appropriate teaching licensure.

The GRADALIS eligibility requirements is underscored by a student’s financial need, good-standing in his/her school employment status, is a U.S. citizen – or eligible non-citizen – be enrolled in the GRADALIS teacher-training program along with a personal interview with the GRADALIS Founder (Ms. Bonnie River) or her assign/s.

### III-C.2 SCHOLARSHIP CRITERIA & SELECTION PROCESS

#### Selection Criteria

The GRADALIS general eligibility requirements for student scholarship shall include the following:

- Demonstrate financial need (for current and most anticipated future support);
- be a U.S. citizen or an eligible non-citizen;
- have a valid Social Security number;
- be enrolled or accepted for enrollment as a teacher-student in GRADALIS teacher-training program;
- be enrolled full-time;
- maintain satisfactory academic progress;
- demonstrate teacher-student is qualified having obtained a college degree;
- enrolled in Waldorf Teacher Training with intention of making it a career pathway, meeting an “ability-to-benefit” both in terms of future employment and personal circumstances.

#### Selection Process

The GRADALIS Board of Stewards shall have a selection process for the Founder’s Fellowship Award and evaluate each candidate by at least three (3) Stewards based upon the five (5) following standard requirements for student scholarship/s:

1. **High Academic Achievement:** This is based upon academic transcript and/or achievements, and by testimony to scholarly excellence provided by a letter of recommendation from an educationally-respected source.
2. **Financial Need:** This is based on financial information and/or status and/or description provided in letter/s of recommendation (recognized source), plus any reinforcing narrative the teacher-student is willing to provide.
3. **Recognized Contribution to the Waldorf School Community:** This is based on information presented in a letter of application, by information provided by letter/s of recommendation, by teacher-student resume, plus any reinforcing narrative that might be provided, preferably in a teacher-student letter to Board of Stewards.

4. **Donor Determined – Board of Stewards:** This selection criterion is uniquely determined by and at discretion of GRADALIS Board of Stewards in the circumstance/s that GRADALIS is acting as the donor (i.e., **Founder’s Fellowship Award**). These unique criteria may include: (i) enrollment in a particular field of study; (ii) personal attributes and achievements such as leadership; (iii) special community service or volunteerism; (iv) overcoming certain life challenges; (v) residence in a specific geographic area; or, (vi) other distinctions.
5. **Decision Making:** Using information gathered in requirements (1) through (4) preceding, the Stewards, most of whom are current or former educators/administrators from Waldorf Schools, will determine which candidates should be assigned a specific scholarship. In the case wherein the funds are not being solely provided from GRADALIS resources, such that other Donors may be involved, said Donors who may request participation in the final decision for their particular scholarship, may be party to the decision.

## FINANCIAL III-D – FINANCIAL STATEMENTS & PROTOCOLS

### III-D.1 FINANCIAL AUDIT

GRADALIS will have an audit of its financial statements annually, within six (6) months – if not earlier – after the end of each fiscal year. The audit shall be completed by a firm of Independent Certified Public Accountants. GRADALIS Executive Director and the Treasurer shall have direct responsibility in overseeing the implementation of the Annual Financial Audit.

The GRADALIS Executive Director, Treasurer and the Business Manager shall recommend to the Board of Stewards for approval, the selection of a firm to perform the annual audit. In addition, the Finance Committee shall assist when necessary in the audit preparation, and report the final results to the Board of Stewards.

A representative of the audit firm shall be invited to attend the annual Board of Stewards meeting providing a presentation both written and verbal; and, to make a presentation to the Board of Stewards if the audit report is other than unqualified, or if the auditor’s report material weaknesses in internal controls or reportable conditions.

The Business Manager or the Auditor shall prepare the appropriate tax reporting form and it shall be reviewed by GRADALIS Executive Director and the Board of Stewards before submission to the IRS.

### III-D.2 RECEIPTS TO DONORS

The Executive Director shall ensure that all donors and contributors shall receive proper acknowledgement of their contributions in accordance with IRS Guidelines.

### III-D.3 SIGNATURE POLICY

The GRADALIS Executive Director and the Board of Stewards’ President (two signatories) shall, unless otherwise decided by the Board of Stewards, sign all checks, drafts, or orders for payment of money, contracts, and commitments for services issued in the name of the GRADALIS. In the absence of either individual, the signature of the Treasurer of the Board of Stewards must be obtained.

### III-D.4 COMPENSATION AND PAYROLL

Payroll is executed semi-monthly. Paychecks will be calculated for each employee by the Business Manager/EA-Bookkeeper, signed and mailed by the Executive Director. Monthly payroll expenses shall



be verified against payroll reports and reconciled with checking account reports. Reporting is significant in that employee-faculty-instructors reside in several states – as such, state-specific financial/tax reporting is produced on a case-by-case basis.

The compensation of the GRADALIS’s Executive Director shall be determined by the Board of Stewards. Executive Director compensation is based on a Board of Stewards-approved process that considers comparable data and Executive Director performance. The compensation of all other employees shall be determined by the GRADALIS Executive Director in consultation with the Board of Stewards on a case-by-case basis.

Compensation ranges for all staff positions shall be approved by the GRADALIS Board of Stewards. No employee of GRADALIS may be compensated outside of the approved range, without approval of the GRADALIS Executive Director in conjunction with the Board of Stewards.

#### III-D.5 TRAVEL AND EXPENSE REIMBURSEMENTS

Employees must abide by the GRADALIS’s Travel and Expense policy. Travel and expense reports for mileage, meals, per diems, hotel, supplies, etc., will be maintained by each employee and then submitted to the Executive Director for approval and payment on a monthly basis by the Business Manager/Accountant. Mileage to and from the employee’s residence to the place of work will not be paid by the GRADALIS.

Reimbursements will be based on the travel rate established by the GRADALIS Executive Director and the Business Manager and approved through the budgeting process. Travel reimbursement shall not be above IRS Guidelines. All parking and other expenditure receipts must be submitted to the Executive Director as a condition for payment.

#### III-D.6 PURCHASING

Any expenditure in excess of an amount determined by the Board of Stewards for the purchase of a single item and shall have bids from three (3) suppliers if possible. These bids are reviewed by the Executive Director with review and comment from the Treasurer. Bid award must be specifically approved in advance by the GRADALIS’s Executive Director. Purchase of less than the approved amount may be made at the discretion of the GRADALIS’s Executive Director without competitive bids. However, for fixed assets, reasonable diligence should be exercised to comparatively shop for available sources. Any purchase made by a Board of Stewards member on behalf of GRADALIS will require prior approval by the Board of Stewards in consultation with GRADALIS Executive Director.

#### III-D.7 LEASES AND OTHER CONTRACTUAL AGREEMENTS

GRADALIS may conduct a major part of its operations from leased facilities. Leases and other contractual agreements are negotiated by the Executive Director and executed with the approval of the Board of Stewards. New leases in excess of an amount determined by the Board of Stewards require the approval of the Board of Stewards.

The GRADALIS Executive Director shall be, and the Business Manager may be, authorized to develop and enter into contractual agreements with vendors, bankers, and third parties for the purpose of ensuring GRADALIS’s general operations. Board of Stewards shall review from time to time such agreements, make recommendations and/or ratify approvals as necessary.

### III-D.8 NOTES, LOANS, ETC.

All notes, loans and other indebtedness to be contracted in the name of GRADALIS (except open accounts and all other routine banking transactions), shall require the signature of GRADALIS Executive Director, unless otherwise specified by the Board of Stewards or established in the present management policies and procedures. All indebtedness must be approved by the Board of Stewards in consultation with GRADALIS's Executive Director.

### III-D.9 DEEDS, CONVEYANCES, ETC.

GRADALIS Executive Director, with delegated authority from Board of Stewards, shall execute all Deeds, Conveyances, Mortgages, Leases, Contracts and other instruments in the name of GRADALIS.

### III-D.10 BANK/CHECKING AND INVESTMENT ACCOUNTS

The Executive Director, Treasurer and Business Manager/EA-Bookkeeper – as the composition of the Finance Committee – shall maintain and oversee Bank and Investment accounts, and ensure GRADALIS's day-to-day financial operations. Several accounts may be maintained by the GRADALIS as follows:

1. Checking Account
2. Money Market Account
3. Certificates of Deposit
4. Savings Account

These accounts may be changed as GRADALIS's financial conditions and requirements change. All checks, cash, money orders, and credit/debit card (with 3% fee) deposits, are reviewed by the Executive Director and Business Manager/EA-Bookkeeper and deposited in the appropriate Accounts. Monies shall be transferred from the Checking Account into the Money Market Account or the investment account when necessary and appropriate, by the Executive Director in coordination with Business Manager. Checks are written weekly to meet obligations or ongoing operational expenditures.

### III-D.11 BANK RECONCILIATIONS

Bank reconciliations shall be completed monthly by the Business Manager/EA-Bookkeeper and cross-referenced with cash and receipts logs and monthly Financial Statements. The Financial Statements shall be compiled by the Business Manager. The Statements shall be then reviewed by GRADALIS Executive Director and presented to the Board of Stewards on a quarterly basis. All Bank Statements, Credit Card Statements, and related Fund Reports will be reconciled every month by the Accountant. Records will be kept as per statutory requirements.

### III-D.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of six months or less. GRADALIS may place its temporary cash investments with highly rated financial institutions. The Executive Director and Business Manager shall closely monitor the balances of the Checking account, Money Market and Certificates of Deposit accounts. At times such investments may not be outside of the FDIC insurance limit (\$250,000.00).

### III-D.13 INVESTMENTS REPORTS AND INVESTMENTS POLICY

Investments (as applicable and appropriate) shall be reported with the monthly financial statements at cost or market value. GRADALIS Executive Director and Business Manager/EA-Bookkeeper, with oversight of the Treasurer and Board of Stewards, shall review and determine the general investment strategy for all funds. The philosophy of GRADALIS's short-term investments is safety of principal and liquidity. Acceptable investments shall be: Certificates of Deposit and Bankers Acceptances rated A1; Domestic Corporation Commercial Paper rated A1 and/or P1 by two (2) major rating services; all short-term Securities of the U.S. Government or organization thereof. The Ready-Reserve investment strategy shall be reviewed and evaluated by the Board of Stewards annually, to ensure the portfolio's proper diversification, security and return on investments. All financial institutions shall be selected and approved by the Board of Stewards along with professional consultation – as may or may not be relevant and appropriate (attorneys and tax accountants) and must have long-term investment rating of A or higher by Standard and Poor's, or a compatible rating.

### III-D.14 INSURANCE

Reasonable and adequate coverage will be maintained to protect GRADALIS's interests as well as the Board of Stewards and GRADALIS's employees. The following insurance policies shall be kept on a yearly basis: Commercial Property Contents and Computers, General and Professional Liability Insurance, Stewards and Officers Liability Insurance, Employee's Dishonesty Bond Insurance, Employee's Life Insurance (at Board's discretion/option, also with respect to Annuity instruments), Workers Compensation Insurance, Long-Term Disability Insurance (at Board's discretion/option), and Employees Health Insurance (at Board's discretion/option). Insurance Policies shall be carefully reviewed by the GRADALIS's Executive Director, Treasurer and Business Manager before renewal each year.

### III-D.15 PROPERTY AND EQUIPMENT

Property and equipment shall be stated at historical cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Should the occasion arise for GRADALIS's ownership of assets beyond expendable supplies and minor equipment, a Depreciation Schedule shall be prepared and maintained by the GRADALIS's Business Manager on an annual basis, taking into consideration the annual equipment inventory.

### III-D.16 EQUIPMENT INSTALLATION

Purchase, installation and maintenance of telephone equipment, telephone lines, office equipment, computer equipment, etc. shall be approved by the Executive Director after discussion and approval by the Board of Stewards. Staff Instructors and other employees shall be responsible for receiving and supervising the installation and use of equipment scheduled for their work assignment or working areas, and for maintaining and protecting the equipment.

### III-D.17 DONATED MATERIALS AND SERVICES

Donated materials and equipment shall be reflected in the Financial Statements at their estimated values measured on the date of receipt. Volunteers donate time to GRADALIS's Program services on an on-going basis. Other volunteers contribute time and services or program event activities. Such contributed services are generally not reflected in GRADALIS financial statements.

### III-D.18 CONFIDENTIALITY AND RECORDS SECURITY

Financial records, bank accounts, accounting records are restricted materials with limited access. Only the Executive Director and Business Manager/EA-Bookkeeper (or others so authorized) shall have routine access to financial records (vendor files, checks, journals, payroll, etc.).

### III-D.19 DOCUMENT RETENTION

Financial documents are to be retained for a period of time in keeping with State law and the IRS.

### III-D.20 TAX REPORTING

GRADALIS is a Colorado Limited Liability Company (LLC) which elects to file its U.S. Income Tax Return for an S Corporation (Form 1120S – 2016) which is prepared by GRADALIS and submitted to the IRS within the required reporting deadline. Appendix Effective Systems of Internal Control General Internal control can be divided into two areas: accounting controls and administrative controls. Administrative controls deal with the operations of the business, whereas the accounting controls deal with accounting for such operations. Accounting controls should be designed to achieve these basic objectives: Validation is the examination of documentation by someone with an understanding of the accounting system, for evidence that a recorded transaction actually took place and that it occurred in accordance with the prescribed procedures. As systems grow more sophisticated, validation is a built-in component whereby the transactions test themselves against predetermined exceptions.

### III-D.21 ACCURACY, COMPLETENESS, MAINTENANCE & PHYSICAL SECURITY

**Accuracy.** The accuracy of amounts and account classification shall be achieved by establishing control tasks to check calculations, extensions, and additions and account classifications. The control objective shall be to be certain that each transaction is recorded at the correct amount, in the appropriate account, in the right time period.

**Completeness:** Completeness of control tasks shall ensure all transactions are initially recorded on a control document and accepted for processing. Completeness controls are needed to ensure proper summarization of information and proper preparation of financial reports. To ensure proper summarization of recorded transactions as well as a final check of completeness, subsidiary ledgers and journals with control accounts shall be maintained.

**Maintenance:** The objective of the maintenance controls shall be to monitor accounting records after the entry of transactions to ensure they continue to reflect accurately operations of GRADALIS. The control system shall provide systematic responses to errors when they occur, to changed conditions, and to new types of transactions. The maintenance function shall be accomplished principally by the operation of the system itself. Control maintenance policies require procedures, decisions, documentation, and subsequent review by responsible authorized individuals – Finance Committee Members – shall ensure the internal control system is operating as planned.

**Physical Security:** As it is important in all business organizations, assets shall be adequately protected. Physical security of assets requires that access to assets be limited to authorized personnel, e.g., locked office/s, locked personnel and student files. One means to limit access to both assets and related accounting records is through the use of physical controls. Transaction recording equipment utilized by the Executive Director in GRADALIS main office as well as the Business Manager/EA-Bookkeeper's offices, limits access to assets by limiting the number of individuals involved in recording and posting transactions.