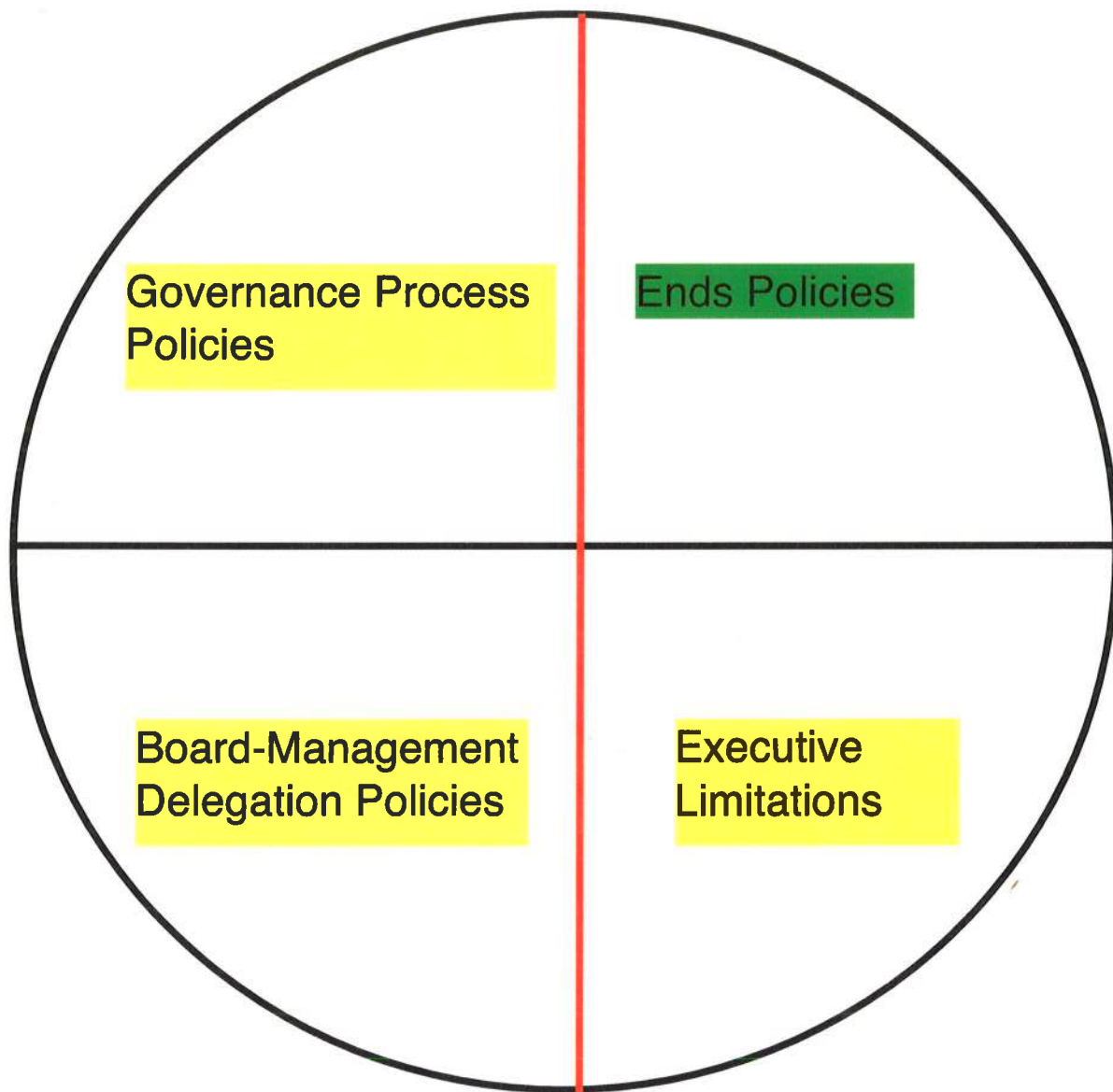


Keys to Understanding the Policy Governance® Diagram

1. PG policies are always diagrammed in the quadrants shown below.
2. Even though the quadrants are equal in size, the number of policies in each varies.
3. Ends policies are one set of policies. They are in highlighted green.
4. Three sets of policies are means policies. They are in highlighted in yellow.
5. All policies to the right of the red vertical line constitute the board's complete instructions to its executive from whom it will accept any reasonable interpretation.
5. All policies to the left of the red vertical line constitute the board's instructions to itself and its individual members.



Policy Governance is a registered trademark of John and Miriam Carver. The diagram above is an adaptation of the Carver's diagram and was reprinted with permission.

Temporary Ends Statement for Michigan Virtual Charter Academy

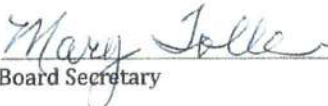


Temporary Ends Policy

As summarized in the MVCA charter, the board's ultimate intent is that the school's graduates are academically ready and able to pursue a future of their choosing.

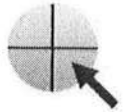
My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

June 27, 2012
Date


Board Secretary

Policy Governance is a registered trademark of John & Miriam Carver. This policy was adapted from John Carver's book "Reinventing Your Board."

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #1: Global Executive Limitations Policy

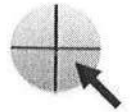
K12 shall not cause or allow any organizational practice, activity, decision, or circumstance that is either unlawful, imprudent, a material deviation of the school's bylaws, articles of incorporation and charter, or commonly accepted business and professional ethics and practices.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #2a: Treatment of Families & Prospective Families

With respect to interactions with parents and students (including prospective, exiting, and former families), K12 shall not cause or allow operational conditions, procedures, or decisions that are unsafe, untimely, undignified, or unnecessarily intrusive.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Jolle
Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy

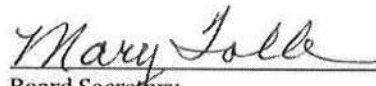


Policy EL #2b: Treatment of Faculty & Staff

With respect to the treatment of paid and volunteer faculty & staff, K12 may not cause or allow conditions that are unfair, undignified, disorganized, or unclear.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy




Policy EL #2c: Financial Planning/Budgeting

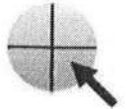
K12 shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to deviate materially from the board's Ends (identified in the charter), risk financial jeopardy, or fail to be derived from a multiyear plan.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy

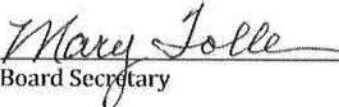


Policy EL #2d: Financial Condition and Activities

With respect to the actual, ongoing financial conditions and activities, K12 shall not cause or allow the development of financial jeopardy or material deviation of actual expenditures from board priorities established in its Ends policies.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #2e: Emergency K12 Succession

This policy intentionally left blank.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolk
Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy

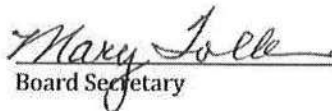


Policy EL #2f: Asset Protection

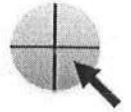
K12 shall not cause or allow MCVA assets to be unprotected, inadequately maintained, or unnecessarily risked.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy

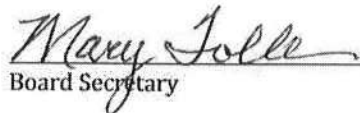


Policy EL #2g: Compensation and Benefits

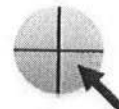
With respect to employment, compensation and benefits to employees, consultants, contract workers, and volunteers, K12 shall not cause or allow jeopardy to financial integrity or to public image.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #2h: Communication and Support to The Board

K12 shall not cause or allow the board to be uninformed or unsupported in its work.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Toek
Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy

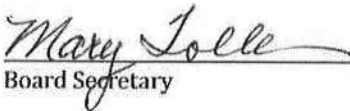


Policy EL #21: Ends Focus on Grants or Contracts

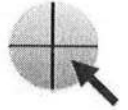
K12 may not enter into any grant or contract arrangements that fail to emphasize primarily the production of the board's stated Ends.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



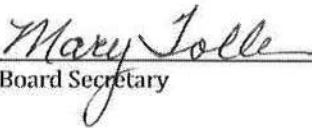
Policy EL #3a: Treatment of Families & Prospective Families

K12 shall not:

1. Elicit information for which there is no clear necessity.
2. Use methods of collecting, reviewing, transmitting, or storing student information that fail to protect against improper access to the data.
3. Fail to operate facilities with appropriate accessibility.
4. Fail to establish with families and prospective families a clear understanding of what may be expected and what may not be expected from the programs offered by the school.
5. Fail to establish and adhere to a fair lottery system in the event that the school is oversubscribed.
6. Fail to inform families and prospective families of this policy or to provide a way to be heard for persons who believe they have not been accorded a reasonable interpretation of their rights under this policy.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



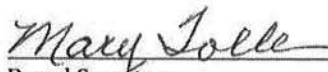
Policy EL #3b: Treatment of Faculty & Staff

The K12 shall not:

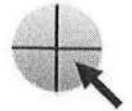
1. Operate without written personnel rules that (a) clarify rules for faculty and staff, (b) provide for effective handling of grievances, and (c) protect against wrongful conditions such as nepotism and grossly preferential treatment for personal reasons.
2. Retaliate against any staff member for non-disruptive expression of dissent.
3. Fail to acquaint faculty and staff with K12's interpretation of their protections under this policy.
4. Allow faculty or staff to be unprepared to deal with emergency situations.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



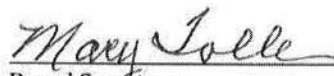
Policy EL #3c: Financial Planning/Budgeting

The K12 shall not make plans that:

1. Risk incurring those situations or conditions described as unacceptable in the board policy "Financial Condition and Activities."
2. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Provide less for board prerogatives during the year than is set forth in the "Cost of Governance Policy."

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #3d: Financial Condition and Activities

K12 shall not:

1. Expend more funds than have been received in the fiscal year to date unless the board's debt guideline is met.
2. Incur debt in an amount greater than can be repaid by certain and otherwise unencumbered revenues within sixty days.
3. Use any long-term reserves without prior board approval.
4. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain and otherwise unencumbered revenues within thirty days.
5. Fail to settle payroll and debts in a timely manner.
6. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
7. Make a single purchase commitment of greater than \$5,000.00. Splitting orders to avoid this limit is not acceptable.
8. Acquire, encumber, or dispose of real estate or other significant assets.
9. Fail to aggressively pursue receivables after a reasonable grace period.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Lolle
Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #3f: Asset Protection

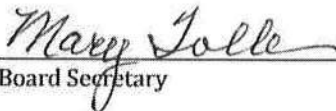
K12 shall not:

1. Fail to insure adequately against theft and casualty to the school and against liability losses to board members, staff, and the organization itself.
2. Allow unbonded personnel access to material amounts of school funds.
3. Subject facilities and equipment to improper wear and tear or insufficient maintenance.
4. Unnecessarily expose the organization, its board, or faculty and staff to claims of public liability.
5. Make any purchase wherein normally prudent protection has not been given against conflict of interest.
6. Fail to protect information and files from loss or significant damage.
7. Receive, process, or disburse funds under controls insufficient to meet the board-appointed auditor's standards.
8. Compromise the independence of the board's audit or other external monitoring or advice, such as by engaging parties already chosen by the board as consultants or advisors.

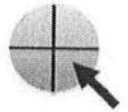
Policy EL #3f continued on next page

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #3f continued from previous page

9. Invest or hold operating capital in insecure instruments, including uninsured checking accounts or in non-interest bearing accounts except when necessary to facilitate ease in operational transactions.
10. Endanger MCVA's public image, its credibility within the Michigan chartering community or its ability to accomplish its Ends.
11. Change MCVA's name or substantially alter its identity in the community.
12. Cause or allow facilities, buildings, rooms, departments, programs, grounds to be named or renamed without prior board approval.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #3g: Compensation and Benefits

K12 shall not:

1. Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
2. Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy



Policy EL #3h: Communication and Support to The Board

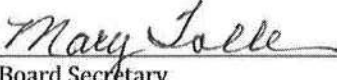
K12 shall not:

1. Neglect to submit monitoring data or evidence required by the board in Board-Management Delegation Policy "Monitoring K12 Performance" in a timely, accurate, and understandable fashion, directly addressing provisions of board policies being monitored, including K12 interpretations consistent with Board-Management Delegation Policy "Delegation to K12," as well as relevant data or evidence.
2. Allow the board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy regardless of the board's monitoring schedule.
3. Allow the board to be without decision information required periodically by the board or let the board be unaware of relevant trends.
4. Let the board be unaware of any significant incidental information it requires including anticipated media coverage, threatened or pending lawsuits, and material internal and external changes.
5. Allow the board to be unaware that, in K12's opinion, the board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of board or board member behavior that is detrimental to the work relationship between the board and K12.
6. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.

Policy EL #3h continued on next page

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Executive Limitations Policies for Michigan Virtual Charter Academy

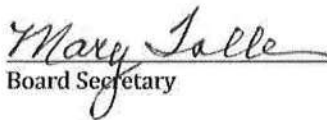


Policy EL #3h continued from previous page

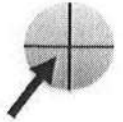
7. Allow the board to be without a workable mechanism for official board, officer, or committee communications.
8. Deal with the board in a way that favors or privileges certain board members over others, except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the board.
9. Fail to submit to the board consent agenda containing items delegated to K12 yet required by law, regulation, or contract to be board-approved, along with applicable monitoring information.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Board-Management Delegation for Michigan Virtual Charter Academy



Policy BMD #1: Global Board-Management Delegation Policy

The board's official connection to operational organization, its achievements, and conduct will be through K12.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Policy Governance is a registered trademark of John & Miriam Carver. This policy was adapted from John Carver's book "Reinventing Your Board."

Board-Management Delegation for Michigan Virtual Charter Academy



Policy BMD #2a: Unity of Control

Only officially passed motions of the board are binding on K12.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Board-Management Delegation for Michigan Virtual Charter Academy



Policy BMD #2b: Accountability of K12

K12 is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of K12.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Board-Management Delegation for Michigan Virtual Charter Academy



Policy BMD #2c: Delegation to K12

The board will instruct K12 through written policies that prescribe the organizational Ends to be achieved and proscribe organizational situations and actions to be avoided (Executive Limitations), allowing K12 to use any reasonable interpretation of these policies.

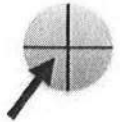
My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Policy Governance is a registered trademark of John & Miriam Carver. This policy was adapted from John Carver's book "Reinventing Your Board."

Board-Management Delegation for Michigan Virtual Charter Academy



Policy BMD #2d: Monitoring K12 Performance

Systematic and rigorous monitoring of K12 performance will be solely against the only expected K12 job outputs: organizational accomplishment of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Policy Governance is a registered trademark of John & Miriam Carver. This policy was adapted from John Carver's book "Reinventing Your Board."

Board-Management Delegation for Michigan Virtual Charter Academy



Policy BMD #3a: Unity of Control

1. Decisions or instructions of individual board members, officers, or committees are not binding on K12 except in rare instances when the board has specifically authorized such exercise of authority.
2. In the case of board members or committees requesting information or assistance without board authorization, K12 can refuse such requests that require, in K12's opinion, a material amount of staff time or funds, or are disruptive, or are in violation of FERPA.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Solle
Board Secretary

Board-Management Delegation for Michigan Virtual Charter Academy

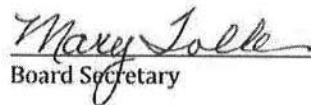


Policy BMD #3b: Accountability of K12

1. The board will never give instructions to persons who report directly or indirectly to K12.
2. The board will not evaluate, either formally or informally, any faculty or staff member other than the K12 onsite head of school.
3. The board will view K12 performance as identical to organizational performance so that organizational accomplishment of board-stated Ends and avoidance of board-proscribed means will be viewed as successful K12 performance.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Board-Management Delegation for Michigan Virtual Charter Academy



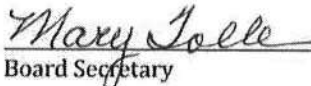
Policy BMD #3c: Delegation to K12

1. The board will develop policies directing K12 to achieve specified results, for specified recipients, at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels and will be called Ends policies. All issues that are not ends issues as defined here are means issues.
2. The board will develop policies that limit the latitude K12 may exercise in choosing organizational means. These limiting policies will describe those practices, activities, decisions, and circumstances that would be unacceptable to the board even if they were to be effective. Policies developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies. The board will never prescribe organizational means delegated K12.
 - a. Below the global level, a single limitation at any given level does not limit the scope of the forgoing level.
 - b. Below the global level, the aggregate of limitations on any given level may embrace the scope of the forgoing level, but only if justified by K12 to the board's satisfaction.
3. As long as K12 uses any reasonable interpretation of the board's Ends and Executive Limitations policies, K12 is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and pursue all activities. Such decisions of K12 shall have full force and authority as if decided by the board.
4. The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between the board and K12 domains. By doing so, the board changes the latitude of choice given to K12. But as long as any particular delegation is in place, the board will respect and support the K12's choices.

Policy BMD #3d: Monitoring CEO Performance

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

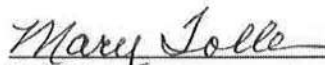
Board-Management Delegation for Michigan Virtual Charter Academy



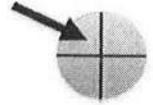
1. Monitoring is simply to determine the degree to which board policies are being met. Information that does not do this will not be considered to be monitoring information.
2. The board will acquire monitoring information by one or more of three methods:
 - a. By internal report, in which K12 discloses interpretations and compliance information to the board.
 - b. By external report, in which an external, disinterested third party selected by the board assesses compliance with board policies.
 - c. By direct board inspection, in which a designated member or members of the board assess compliance with the appropriate criteria.
3. In every case, the board will judge (a) the reasonableness of K12's interpretation and (b) whether data or other evidence demonstrates accomplishment of the interpretation.
4. The standard of compliance shall be any reasonable K12 interpretation of the board policy being monitored. The board is the final arbiter of reasonableness, but will always judge with "reasonable person" test rather than with an interpretation favored by board members or by the board as a whole.
5. All policies that instruct K12 will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #1: Global Governance Process Policy

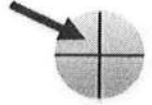
The purpose of the board, on behalf of the taxpayers of Michigan, is to ensure that Michigan Virtual Charter Academy (a) achieves appropriate results for students for an appropriate cost (as specified in its charter and its board Ends policies) and (b) avoids unacceptable actions and situations (as specified in board Executive Limitations policies).

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy




Policy GP #2a: Governing Style

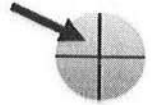
The board will govern lawfully, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of board and chief executive roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #2b: Board Job Description

Specific job outputs of the board as an informed agent of the ownership are those that ensure appropriate school performance.

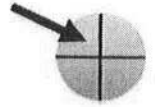
My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Policy Governance is a registered trademark of John & Miriam Carver. This policy was adapted from John Carver's book "Reinventing Your Board."

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #2c: Chief Governance Officer's Role

The chief governance officer (CGO), a specially empowered member of the board, ensures the integrity of the board's processes and, secondarily, occasionally represents the board to outside parties.

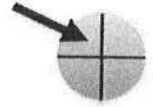
My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Policy Governance is a registered trademark of John & Miriam Carver. This policy was adapted from John Carver's book "Reinventing Your Board."

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #2d: Board Secretary's Role

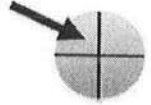
The board secretary is an officer of the board whose purpose is to ensure the integrity of the board's documents.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #2e: Board Member's Code of Conduct

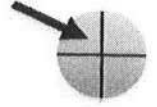
The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Talle
Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #2f: Board Committee Principles

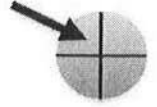
Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to K12.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #2g: Cost of Governance

Because poor governance costs more than learning to govern well, the board will invest in its governance capacity.

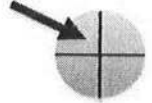
My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

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Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #2h: Board Treasurer

The board treasurer is an officer of the board whose purpose is to help the board ensure the proper governance of financial management.

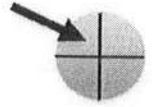
My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

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Governance Process Policies for Michigan Virtual Charter Academy

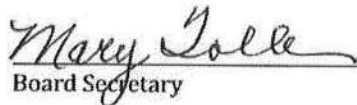


Policy GP #3a: Governing Style

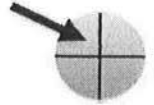
1. The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the board as a body.
2. The board will direct, control, and inspire the school through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the intended long-term impacts in the lives of students, not on the administrative or programmatic means of attaining those effects inside the school.
3. The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the board can change its Governance Process policies at any time, it will scrupulously observe those currently in force.
4. Continual board development will include orientation of new board members in the board's governance process and periodic board discussion of process improvement.
5. The board will allow no officer, individual, or committee of the board to hinder or serve as an excuse for not fulfilling group obligations.
6. The board will monitor and discuss the board's process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to its policies in the Governance Process and Board-Management Delegation categories.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #3b: Governing Style

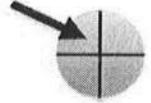
1. Authoritative link between the ownership and the operational organization.
2. Written governing policies that realistically address the broadest levels of all organizational decisions and situations to include:
 - a. Ends: The organizational impacts, benefits, outcomes; recipients, beneficiaries, impacted groups; and their relative worth in cost or priority
 - b. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place
 - c. Governance Process: Specifications of how the board conceives, carries out, and monitors its own task.
 - d. Board-Management Delegation: How power is delegated and its proper use monitored; K12's role, authority, and accountability.
3. Assurance of successful organizational performance on Ends and Executive Limitations.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #4b: Board Job Description

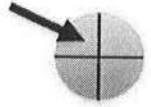
To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda that (a) completes a re-exploration of Ends policies annually and (b) continually improves board performance through board education and enriched input and deliberation.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Tolle
Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy




Policy GP #3c: Chief Governance Officer's Role

1. The assigned result of the CGO's job is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 - a. Meeting discussion content solely of issues that clearly belong to the board to decide or to monitor according to board policy.
 - b. Information that is neither for monitoring performance nor for board decisions will be avoided or minimized and always noted as such in the minutes.
 - c. Deliberation will be fair, open, and thorough but also timely, orderly, and kept to the point.
2. The authority of the CGO consists in making decisions that fall within topics covered by board policies on Governance Process and Board-Management Delegation, with the exception that (a) contract renewal or termination of K12 and (b) areas where the board specifically delegates portions of this authority to others. The CGO is authorized to use any reasonable interpretation of the provisions of these policies.
 - a. The CGO is empowered to chair board meetings with all the commonly accepted powers of that position, such as ruling and recognizing.
 - b. The CGO has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the CGO has no authority to supervise or direct K12.
 - c. The CGO may represent the board to outside parties in announcing board-stated positions and stating CGO decisions and interpretations within the area delegated to that role.
 - d. The CGO may delegate this authority but remains accountable for its use.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #3d: Board Secretary's Role

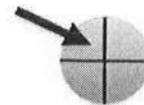
1. The assigned result of the secretary's job is to see to it that all board documents and filings are accurate and timely.
 - a. Policies will be current in their reflection of board decisions. Decisions upon which no subsequent decisions are to be based, such as consent agenda decisions, motions to adjourn, and staff or board member recognitions, need not be placed in policy.
 - b. Policies will rigorously follow Policy Governance principles.
 - c. Bylaw elements necessary for legal compliance and for consistency with the principles of Policy Governance will be known to the board.
 - d. Requirements for format, brevity, and accuracy of board minutes will be known to K12.
2. The authority of the secretary is access to and control over board documents, and the use of staff time not to exceed 60 hours per year.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Telle
Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



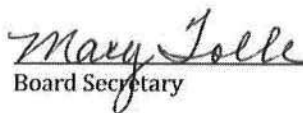
Policy GP #3e: Board Member's Code of Conduct

1. Members must demonstrate loyalty to the ownership, unconflicted by loyalties to staff, other organizations, or any personal interest such as families with children in the school.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
 - a. There will be no self-dealing or business by a member with the organization. Members will annually disclose their involvement with other organizations or with vendors and any associations that might be reasonably seen as representing a conflict of interest.
 - b. When the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall withdraw without comment not only from the vote but also the discussion.
 - c. Board members will not use their board position to obtain employment in the organization for themselves, family members, or close associates. A board member who applies for employment in MVCA must first resign from the board.
3. Board members may not attempt to exercise individual authority over the organization.
 - a. Members' interaction with K12 or with staff must recognize the lack of authority vested in individuals except when explicitly authorized by the board.
 - b. Members' interaction with the public, the press, or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
 - c. Except for participation in board deliberation about whether K12 has achieved any reasonable interpretation of board policy, members will not express individual judgments of performance of employees or K12.

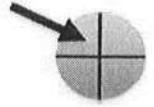
Policy GP #3e continued on next page

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy



Policy GP #3e continued from previous page

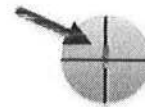
4. Members will respect the confidentiality appropriate to issues of a sensitive nature.
5. Members will be properly prepared for board deliberation.
6. Members will support the legitimacy and authority of the final determination of the board on any matter, without regard to the member's personal position on the issue.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date

Mary Joelle
Board Secretary

Governance Process Policies for Michigan Virtual Charter Academy

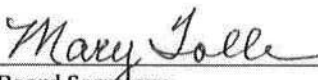


Policy GP #3f: Board Committee Principles

1. Board committees are to help the board do its job, never to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board's broader focus, board committees will normally not have direct dealings with current faculty and staff operations.
2. Board committees may not speak or act for the board except where formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order to prevent conflict with authority delegated to K12.
3. Board committees will not exercise authority over staff. K12 works for the full board, and will therefore not be required to obtain the approval of a board committee before or after an executive action.
4. Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore a board committee that has helped the board create policy on some topic will not be used to monitor organizational performance on that same topic.
5. Committees will be used sparingly and ordinarily in an ad hoc capacity.
6. This policy applies to any group that is formed by board action, whether it is called a committee and regardless of whether the group includes board members. It does not apply to committees formed under the authority of K12.

My signature as board secretary hereby certifies that this policy was adopted by the board on the date shown below:

May 23, 2012
Date


Board Secretary

**Original/Subsequent Board Policy Reporting Requirements
July 1, 2010 – June 30, 2011**

The following documents do not have a set calendar date; however, they require an original submission and subsequent submission if Board action is taken making amendments/changes.

REPORT DESCRIPTION	SUBMIT TO:
Articles of Incorporation. Must have GVSU Board approval before modifying.	CSO
Board of Director Bylaws.	CSO
Educational Service Provider Agreements/Amendments	CSO
Academy's Educational Goals.	CSO
Office of Fire Safety (OFS-40) – original occupancy permit and permits for renovations/additions, etc.	CSO
Lease, Deed of Premises or Rental Agreement and subsequent amendments (includes modular units).	CSO
Curriculum including any additions/deletions.	CSO
Asbestos Hazardous Emergency Response Act (AHERA) Management Plan. Visit www.michigan.gov/asbestos for Michigan's model management plan. A copy of the "acceptance" letter sent by MIOSHA is also required.	CSO
Communicable Disease Curriculum (including minutes of board approval).	CSO
Job Descriptions for all employee groups	CSO
REQUIRED BOARD POLICIES	
Board adopted Purchasing Policy (date of approval). Reference: MCL 380.1267, MCL 380.1274	CSO
Administration of Medications Policy (date of approval). Reference: MCL 380.1178, 380.1178a, 380.1179	CSO
Harassment of Staff or Applicant Policy (date of approval). Harassment of Students Policy (date of approval) Reference: MCL 380.1300a	CSO
Search and Seizure Policy (date of approval). Reference: MCL 380.1306	CSO
Emergency Removal, Suspension and Expulsion of Students Policy (date of approval). Reference: MCL 380.1309; MCL 380.1312(8)&(9); MCL 37.1402	CSO
Parent/Guardian Review of Instructional Materials & Observation of Instructional Activity Policy Reference: MCL 380.1137	CSO
Board Member Reimbursement of Expenses Policy (date of approval). Reference: MCL 380.1254; MCL 388.1764b	CSO
Equal Access for Non-School Sponsored Student Clubs and Activities Policy (date of approval). Reference: MCL 380.1299	CSO
Electronic or Wireless Communication Devices Policy (date of approval).	CSO
Preparedness for Toxic Hazard and Asbestos Hazard Policy (date of approval).	CSO

Reference: MCL 324.8316, 380.1256	
Nondiscrimination Policy (date of approval) Including, but not limited to, Michigan Constitution, Article I, §26, Elliott-Larsen Civil Rights Act, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.	CSO
Academy Deposit Policy (date of approval). PA 105 of 1855, being MCL 21.146, Section 11.10 of the Charter Contract	CSO
Parental Involvement Policy (date of approval). Reference: MCL 380.1294	CSO
Wellness Policy (date of approval). Reference: 42 USC §§ 1751, 1758, 1766; 42 USC § 1773	CSO



MICHIGAN
VIRTUAL CHARTER ACADEMYSM

**MICHIGAN VIRTUAL CHARTER
ACADEMY**

FISCAL POLICIES & PROCEDURES

Michigan Virtual Charter Academy (MVCA) Internal Control Guidelines

Internal controls are the methods and procedures used to provide reasonable assurance to:

- 1 Safeguard assets
- 2 Ensure validity of financial reports and records
- 3 Promote adherence to policies, procedures, regulations and laws
- 4 Promote effectiveness and efficiency of operations
- 5 Ensure financial systems are secure and backed up as needed.

CONTROL PRINCIPALS

Segregation of Duties: Duties are divided so that no one person has complete control over a key function or activity.

Authorization and Approval: Proposed transactions are authorized when they are consistent with policies, procedures, regulations and laws.

Custodial and Security Arrangements: Responsibility for custody of assets is separated from the related record keeping.

Review and Reconciliation: Records are examined and reconciled to determine that transactions were properly processed and approved.

Physical Controls: Equipment, inventories, and other assets are secured physically, counted periodically and compared with amounts shown on control records.

INTERNAL CONTROL PRACTICES

Banking

Authorization and Approval:

- Bank Signatory Authority – the Head of School (HOS) and the Operations Manager, designated board member, and designated financial manager from K12 Inc.) are the signatory/agents for all MVCA bank accounts. Two signatures are required for expenditures greater than \$5,000 with one of the signatures being either the Board President or Board Treasurer.
- The cash balance may not be reduced below zero.
- Checks outstanding and unpaid for a period of two or more years shall be declared void, included as receipts and removed from the outstanding check listing.
- Any adjustments to cash, such as the write-off of old outstanding checks, must be approved by the HOS or Operations Manager.

Segregation of Duties:

- Bank Reconciliations
 - The HOS opens the monthly bank statements and reviews the activity. Prior to sending a copy to K¹² Shared Services Group the HOS dates the statement to indicate that it has been reviewed. If the HOS has questions or would like to see more detail on any of the transactions, the HOS indicates his request on the statement.
 - K¹² Shared Services follows up on any questions the HOS may have and performs the monthly bank reconciliation. The bank reconciliation must include the beginning cash balance, a listing of all cleared checks/payments and deposits/credits, a listing of all un-cleared checks/payments and deposits/credits and the ending cash balance.

Review and Reconciliation:

- Bank Reconciliations
 - The HOS and Board Treasurer review and approve the bank reconciliations prepared by K¹² Shared Services prior to the board adopting the bank reconciliation resolution. As part of the review, the HOS and Board Treasurer shall note that check sequence was maintained from the prior month.

Custodial and Security Arrangements:

- K¹² Incorporated – Shared Services maintains the majority of the MVCA's check stock. Access to the check stock is separated from those with the ability to write checks.
- A record of the check sequence supplied to K¹² Corp. Shared Services.
- Checks voided for any reason are maintained. The signature section is marked out or removed and the reason the check was voided is noted on the check.
- No petty cash is maintained by the MVCA

Revenue

Segregation of Duties:

- Direct Deposits: The deposits related to state student funding and federal grants will automatically be deposited into the MVCA bank account. The Operations Manager will send a copy of all backup documentation for these direct deposits to K¹² Corp Shared Services for posting.
- Other Deposits: The Administrative Assistant will open all mail and keep a ledger of all checks and cash received for the Academy and forward to K¹² Corp. Shared Services to reconcile to the actual deposits made per the bank reconciliation. Any deposits in the form of cash or check will be deposited into the MVCA bank account by the Operations Manager or HOS. The Operations Manager will send

a copy of all backup documentation for these deposits to K¹² Corp. – Shared Services for posting.

Custodial and Security Arrangements:

- All cash and checks are kept in a fireproof safe until deposited. Deposits will be made no later than the business day following the receipt of funds and in the same form in which the funds were received.
- Any compensation, premium, bonus or product earned as a result of the purchase of goods or services by the school becomes the property of the school.

Review and Reconciliation:

- The Administrative Assistant will issue a receipt immediately upon receipt of cash or checks.
- The Operations Manager and K¹² Shared Services will reconcile the revenue accounts on a monthly basis to ensure that all deposits were recorded correctly. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and the corresponding names of the payee.
- The Operations Manager will maintain a listing of open accounts receivable. The listing will be reviewed and reconciled monthly. Any delinquent receivables shall be reviewed and investigated. Any write-offs must be approved by the Board.
- The HOS will approve the revenue as a part of the monthly financial closing process.

Expenditures

Authorization and Approval:

The HOS and Operations Manager are approved by the Board to approve and make expenditures on behalf of the MVCA for the following purposes: insurance coverage as required to comply with MVCA agreements; payroll expenses and payroll taxes or other required taxes; and for any payment required to comply with any agreement approved by the Board of the MVCA, including sponsor-oversight fees and management/technology fees. Further, the Board has authorized the HOS in conjunction with the Operations Manager to approve and make expenditures for all MVCA operational needs up to \$10,000. Any expenditure of greater than \$10,000 that does not meet the requirements defined in the previous paragraph will require Board approval in advance of payment.

- All purchase requisitions should be approved by the HOS or Operations Manager if under \$5,000. All purchase requisitions greater than \$5,000 shall be approved by the HOS and Operations Manager.
- The Academy shall get three quotes for purchases greater than \$10,000. Three competitive bids should be obtained for purchases greater than \$20,000.
- All service contracts should be supported by a current written contract.
- Loans to employees and Board members are prohibited.
- Compensation and any other payments for goods and services shall not be paid in advance of receipt of goods or services.

- All invoices must be paid in a timely manner and within 30 days when possible. The Academy may not pay finance fees for late payment.
- For payment to be processed, there should be a fully itemized invoice, the invoice should be approved by the appropriate person as itemized below and matched to a purchase requisition, if required.
- If gift cards are purchased, documentation will be maintained including the purpose of the gift card and to whom the gift cards were provided.

Segregation of Duties:

K¹² Shared Services creates all checks and records the payment, but does not have signatory authority. Checks are generated only against approved expenses. If an invoice is presented for payment without approval, it is returned.

- Payroll and benefits
 - Payroll and benefits are administered the assistance of the Operations Manager and the K12 Payroll Manager. Payroll is run twice per month.
 - A Master Salary spreadsheet is maintained by the Operations Manager. New hires, salary changes and terminations are all updated based on approved Board information.
 - A payroll spreadsheet is generated by the Operations Manager to capture all changes in payroll information from payday to payday, such as new hires, terms, changes, bonuses, hourly employee hours if applicable, etc. Once completed, the Operations Manager forwards the payroll spreadsheet to the K12 Payroll Manager. The K12 Payroll Manager looks the data over for reasonableness and keys it into a web-based payroll system.
- Expense reports
 - The Operations Manager receives invoices, reviews them to make sure they are in compliance with the board approved Travel and General Expenses policy, in accordance with federal or state requirements if applicable and for complete backup documentation. Once reviewed and approved by the Operations Manager, copies of the invoices and any backup documents are sent to K¹² Shared Services for check writing.
 - K¹² Shared Services writes the checks and sends them back to the school. The HOS reviews all supporting documentation, signs the checks, stamps the invoice paid to prevent paying the same invoice twice and forwards them to the Operations Manager. The Operations Manager photocopies the signed checks and files them with their respective invoices.
 - The HOS must approve the Operations Manager expense reports and the Regional VP must approve the HOS expense reports.
 - If the Operations Manager isn't available to approve the invoices, the HOS can approve invoices.
- K12 invoices
 - Management and technology fees

- Management and technology fee invoices are reviewed by the HOS and Operations Manager to make sure that they are in compliance with the Board approved management agreement. Currently, management fees are 15% and technology fees are 7% of federal and state student revenue and grants. Once approved by the HOS and Operations Manager, the invoices are forwarded to K¹² Shared Services for check processing.
 - Student computer, On-line School (OLS) invoices and materials invoices are reviewed against student records and approved by the Operations Manager. In addition, the Board Treasurer and HOS must approve all student invoices prior to forwarding to K¹² Shared Services for check processing.
- Oversight fees
 - Oversight invoices are reviewed by the HOS and Operations Manager to make sure that they are in compliance with the Charter Agreement. Currently, oversight fees are 3% of federal and state student revenue. Once approved by the HOS and Operations Manager, the invoices are forwarded to K¹² Shared Services to process the related check.
- Internet Service Provider (ISP) payments
 - The Operations Manager processes ISP payments twice a year. Payments are processed in February for September through January services and in July for February through June services.
 - The Operations Manager downloads student and family information and completes a payment report based on approved enrollment dates and withdrawal dates, as well as the grade level students. Payments are pro-rated if students have not been enrolled during the entire service period. Students are reimbursed at the current approved rate
 - The HOS reviews and approves the payment document prior to sending to K¹² Shared Services to prepare the checks.
 - Once Shared Services has prepared the checks, they are returned to the school and the Operations Manager matches the checks to the payment report. Once reviewed and approved, the HOS signs the checks and they are mailed to each family.
- Other
 - Grant purchases and other one-time purchases
 - Purchase requisitions shall be completed for all grant purchases and other one-time purchases. All purchase requisitions must show the amount of the purchase, if known, or if not known an estimate should be made. Prior to approving grant expenditures, the HOS and Operations Manager must be certain that the expenditures are in accordance with federal or state requirements. Approvals must be secured.

- Prior to purchase. Quotes and/or other backup information should be attached to the purchase requisition. Items requiring purchase requisitions include but are not limited to the following: technology purchases such as computers, printers and software, fixed assets, furniture and equipment such as file cabinets, memberships and training or professional development costs.
- All technology purchases should be approved by the Regional Technology Manager and either the HOS or Operations Manager.
- All special education provider payments shall be approved by the Operations Manager.
- Checks are never written to cash.
- General operating expenses
 - Normal monthly operating expenses, such as utilities, rent and phone invoices shall be approved by the HOS or Operations Manager prior to submitting to K¹² Shared Services for check processing.

Review and Reconciliation:

- In the event of overpayment to a vendor, a refund should be collected.
- The Operations Manager shall reconcile the payroll register to the general ledger on a monthly basis.
- All Balance Sheet accounts will be reconciled by K¹² Shared Services.

Fixed Assets & Inventory

Physical Controls:

- An annual inventory must be performed by the K12 Regional Technology Manager. The physical inventory must be performed for all capitalized items, as well as, all computers that do not meet the capitalization threshold. The inventory is performed to determine that all assets are present, in usable condition, located in the assigned area, and accurately recorded on the fixed asset or inventory records.
- All fixed assets are tagged with a MVCA fixed asset tag.

Review and Reconciliation:

- A fixed assets schedule must be maintained by the Operations Manager according to the Fixed Asset Policy. The fixed asset schedule should be updated monthly to include new purchases, retirements or transfers of assets. The Operations Manager shall also reconcile the fixed asset schedule to the accounting records as part of the month-end financial reporting process.
- If an asset relates to a grant, the fixed asset tag must indicate the specific grant funds used to purchase the asset.

Segregation of Duties:

- Once the annual physical inventory is conducted by the K12 Regional Technology Manager, the Operations Manager will review and approve the results. As part of the reconciliation, the Operations Manager shall compare the physical inventory to both the accounting books and the fixed asset schedule.

- The HOS must be contacted immediately if there is concern that assets may be missing.
- All fixed assets and inventory are secured in a safe location.

Accounting, Budgetary Control & Financial Closing

Review and Reconciliation:

- MVCA uses the accrual basis of accounting.
- Fund accounting is used to account for the financial activities of the Academy.
- The Academy uses the K¹² Inc. Chart of Accounts (or State Board of Accounts master chart of accounts if applicable).
- Budgets are prepared annually by the K12 finance group and HOS based on estimates of revenues and expenses. The annual budget is reviewed and approved by the Board of Directors no later than September 30th each year.
- A financial reporting package is compiled by K¹² Shared Services on a monthly basis and forwarded to the K12 finance group and HOS by the 3rd business day after the end of each month. The financial reporting package will include at a minimum the monthly bank reconciliation with supporting detail, unaudited financial statements, any journal entries made with supporting detail and the general ledger transaction detail (revenue and expenditures) by fund. The K12 finance group then compiles a budget to actual report and forwards the report, along with any questions to the HOS. Once all variances are reviewed and reconciled and no later than the 15th business day after the month end, the budget to actual report is approved by the HOS. The most recent budget to actual report is shared with the Board of Directors at each board meeting. Written explanations of any overages greater than 5% must be investigated and included in the report.

Segregation of Duties:

- The monthly financial close is performed by K¹² Shared Services. K¹² Shared Services provides the first draft of the monthly financial packet to the HOS for review and approval. Once the reports are reviewed and approved by the HOS, K¹² Shared Services makes final adjustments, if needed, and issues the final financial reports to the HOS and K12 finance. K12 finance compiles the budget to actual report which is reviewed and approved by the HOS. Financials are provided to the Board of Directors at each board meeting.

State Reporting and Annual Audit

Review and Reconciliation:

- An annual audit will be performed by an independent external auditing firm approved by the Board of Directors. The Board Treasurer will be involved in the audit entrance and exit meetings. The final audit report will be shared with the Charter Sponsor and all government agencies required by law.

Annual Review of Fiscal Policies and Procedures

Review and Reconciliation:

- The HOS and Operations Manager will monitor changes in authoritative guidance and regulations and make changes to the Academy's fiscal policies and procedures as necessary.
- MVCA's Fiscal Policies and Procedures will be reviewed and updated by the Board annually.

FIXED ASSET POLICY

MVCA is establishing a fixed asset accounting system that will contain sufficient data to permit:

- The preparation of fiscal year-end financial statements in accordance with Generally Accepted Accounting Principles (GAAP)
- Adequate insurance coverage
- Control, accountability and security

Criteria for Fixed Asset Capitalization:

- The asset has a useful life of one (1) year or more
- The cost of the asset is greater than \$1,000.00

Valuation:

Fixed assets are to be valued at historical cost.

Donated fixed assets shall be valued at the donor's estimated fair market value at the time of gifting.

Depreciation:

Assets will be depreciated using straight-line depreciation. Estimated life for fixed assets shall follow IRS guidelines.

Classifications:

Fixed assets shall be classified as follows:

- Furniture
- Equipment
- Transportation
- Software
- Structures and improvements
- Land
- Improvements other than buildings
- Construction in progress

Information:

The following information shall be maintained for all fixed assets:

- Description
- Asset classification
- Location
- Purchase price
- Vendor
- Date purchased or leased
- Accumulated depreciation
- Method and reason of disposal, if applicable

Fixed Asset Disposal:

Any fixed asset with a fair market value greater than or equal to \$5,000 must be approved by the board prior to retirement. When equipment has been purchased with Federal or State grant funds, grant rules and regulations must be adhered to.

For assets purchased with a fair market value of less than \$5,000, the Operations Manager and Head of School need to approve prior to retirement. The Fixed Asset Inventory will then be updated to include reason for retirement and date of write-off.

Examples of reasons for retirement:

- Asset is damaged beyond repair.
- Asset is damaged and the cost to repair it exceeds the current fair market value.
- Asset is not able to support current technology needs.

When appropriate and when an asset is damaged beyond repair or when an asset is damaged and the cost to repair it exceeds the fair market value, the asset is then stripped of useful components and stored as ready service spares for other assets.