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From: **PAUL SPITZER** (thirdplanet_30@msn.com)
Sent: Fri 4/25/14 1:34 PM
To: stone141@hotmail.com (stone141@hotmail.com)

Hello Rich,

As a response to your e-mail of today (thank you by the way) please read through the following messages. In my own inimitable style I guess it is made clear that this issue became something that was totally unnecessary. Anyhow this is the response I would present to the board if asked.

Paul

From: thirdplanet_30@msn.com
To: bshaw@f-cpc.com
CC: andrea.leder@asbcs.az.gov
Subject: RE: DINE's FY 2013 Financial Performance Notification
Date: Fri, 25 Apr 2014 01:03:02 +0000

Brian,

Andrea's description is exactly what I've pointed out consistently over many years. DINE, Inc. is a 501(c)(3) non profit corporation that operates federally / state funded programs for the benefit of the area communities, a charter school being one of the programs. DINE, Inc. is not a charter school which applies for and receives other community based programs as a part of school operations. All programs are independent and operated as autonomous units the charter school being one of them. Federal grant awards prohibit program funds from being spent on other programs as you are well aware. This was and has been the basis for our operations since inception. Contracts and their activities having nothing to do with school operations should not be made a part of any performance evaluation of the charter school.

Our representation to the Board would be what's been stated above. I'd believed that our past audits had made it clear as to the independent program nature of our operations. While a completely separate audit package may not be practical it seems there should be an acceptable presentation that in essence accomplishes the same thing.

Thanks for taking the time to contact Andrea and provide a more realistic statement of the position of our charter school operations.

Paul Spitzer, Treasurer
DINE, Inc.

From: Andrea.Leder@asbcs.az.gov
To: bshaw@f-cpc.com
CC: thirdplanet_30@msn.com
Subject: RE: DINE's FY 2013 Financial Performance Notification
Date: Thu, 24 Apr 2014 20:58:19 +0000

Hi Brian,
Except in situations where the audit covers multiple and different charter holders, the audited entity is the entity for which financial performance is determined using the Board's framework. In most cases, the audited entity is the charter holder (the entity the Board has the charter contract with). Off the top of my head, I can think of one instance where the Board receives audited financial statements/an audit reporting package for the charter school and not the charter holder. In that case, the charter school is a division of the charter holder. If a similar situation exists for DINE Southwest High School, then the Board would accept an audit reporting package for DINE Southwest High School. If a similar situation does not exist for DINE Southwest High, the charter holder could submit supplemental schedules of revenues and expenses and financial position, but financial performance would still be determined based on the information provided for Developing Innovations in Navajo Education, Inc.

Regarding your first paragraph below, this is the type of information, along with information that addresses Developing Innovations in Navajo Education's performance, that could be included in a financial performance response submitted as part of the renewal application package or shared verbally with the Board when it considers the renewal application package.

If you have any other questions, please let me know.

Thanks,
Andrea

From: Brian Shaw [mailto:bshaw@f-cpc.com]
Sent: Thursday, April 24, 2014 12:52 PM
To: Andrea Leder
Cc: PAUL SPITZER (thirdplanet_30@msn.com)
Subject: FW: DINE's FY 2013 Financial Performance Notification

Hi Andrea,

I have read through the memo to DINE about their financial framework performance and I would like to add something for you and/or the Board to consider. When evaluating DINE based on their financial statements, this includes all of their operations. However, DINE has accounted for charter school activity by using separate accounts, which allows for the charter school activity to be separately evaluated. I have attached the 6/30/13 bank reconciliation for the charter school account, which shows a balance of $39,819. I've also attached the 6/30/13 audited financial statements, which includes a supplementary schedule on page 11. This shows total charter school expenses of $381,801. Based on these figures, days cash on hand for DINE is 38.07, which is greater than the requirement of 30 days. You'll also notice on page 11 that net income for the charter school is $687,254, which meets the requirement. In reviewing the year end cash balances from

FY10-FY13, DINE would still be out of compliance in the cash flow requirement. However, since there is no going concern or default and the fixed charge coverage ratio is not applicable, DINE would only be out of compliance with 1 measure and would "meet the Board's financial performance expectations".

Paul Spitzer, Treasurer for DINE, and I appreciate you reviewing this and would like to know if the Board would consider the charter school operations separately? If so, in future audits, we can add a supplemental schedule of the statement of financial position to go along with the supplemental schedule of the statement of activities for the charter school.

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