Detailed Business Plan Section Checklist

Charter Holder: Edkey, Inc. – Sequoia Ranch School (Entity ID 81052)

Each Detailed Business Plan will be reviewed to determine if all of the required elements have been addressed:

Yes – Required element addressed.
No – Required element not addressed.
Not **A**pplicable – Required element not applicable to the charter holder.

Arizona State Board for Charter Schools (Board) staff will complete the Detailed Business Plan Section Checklist. The Checklist will be used by the Board in its consideration of the charter holder's request for charter renewal. "No" answers may adversely affect the Board's decision regarding a charter holder's request for charter renewal.

II b.1. CHARTER HOLDER'S ORGANIZATIONAL MEMBERSHIP				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ Evidence of the appropriate filings with either the Board, Arizona Corporation Commission or both submitted.			X	
II b.2. CHARTER HOLDER'S FINANCIAL SUSTAINABILITY PART A – RENEWAL BUDGET PLAN				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ Completed Renewal Budget Plan submitted.	X			The Renewal Budget Plan was completed for the charter schools operated under this charter contract. The charter holder has three charter contracts with the Board.
○ 4 years of financial information provided as required by the *Renewal Instructions* with fiscal years clearly identified.		X		The Renewal Budget Plan includes four years of financial information. However, instead of including actual information for fiscal year 2011 and projecting the next three fiscal years, the Renewal Budget Plan uses fiscal year 2012 as the "actual" year and includes financial information for the next three fiscal years.

○ Renewal Budget Plan includes average daily membership (ADM) used in each fiscal year and the basis for projected ADM.	X			The Renewal Budget Plan includes the projected ADM for each fiscal year. According to Arizona Department of Education reports, as of June 11, 2012, the charter holder's fiscal year 2012 ADM is 1,252.309, which is approximately 68 ADM lower than the number included in the Renewal Budget Plan for fiscal year 2012. For fiscal year 2013, the schools have built their projections based on ADM growth of more than 21% (using actual fiscal year 2012 information obtained from ADE's website). The Renewal Budget Plan attributes the ADM growth in fiscal year 2013 to an additional 200 students at the Sequoia Pathways site, which will result in the site being completely utilized. Additionally, the Renewal Budget Plan indicates that the growth is based on growth in students in the prior two years. Based on information obtained through ADE's website, the schools experienced ADM growth of approximately 11% and 15%, respectively, from fiscal year 2010 to fiscal year 2011 and from fiscal year 2011 to fiscal year 2012. For fiscal year 2012, the Renewal Budget Plan includes $16,000 in the advertising/marketing line item. This line item increases to $18,790 for fiscal year 2013. The schools' current enrollment cap is 1,500. For more information about the charter holder's ADM history, please see the "Profile" section of the Renewal Executive Summary.

○ Assumptions provided for key components of the Renewal Budget Plan, including the basis for all projected revenue line items used.		X		With the exception of the Contributions and Donations line item, the schools explain the revenue increases for fiscal year 2013. The revenue increases included for fiscal years 2014 and 2015 are not explained.
○ Increases or decreases of 10% or more in the "total expenses" line item from year to year in the Renewal Budget Plan are explained in the "Assumptions/Notes" section.	X			Increases in expenses are attributed to the projected increase in students.
○ Each "Other" line item used is explained in the "Assumptions/Notes" section to specify what is included.		X		The Renewal Budget Plan does not include an explanation for the two "Other" line items used.
○ For those required to submit the Academic Performance Section of the renewal application, the charter holder's previous two audits and the Renewal Budget Plan demonstrate the charter holder has the financial capacity to implement the "budget" as detailed in the Academic Performance Section.	X			As identified by the charter, the first year of performance management plan (PMP) expenses for the two Children First Academy campuses is fiscal year 2013 ($146,050). Beginning with fiscal year 2013, the Renewal Budget Plan is based on the schools' ADM increasing to 1,520. To the extent that the schools realize their revenue projections, the schools could generate sufficient equalization to be able to implement its PMP. However, this section received a "yes" due to the charter holder ending fiscal year 2011 with approximately $1 million in unrestricted cash and cash equivalents.
○ Renewal Budget Plan is mathematically correct.	X			Taking into account rounding issues, the Renewal Budget Plan is mathematically correct.
II b.2. CHARTER HOLDER'S FINANCIAL SUSTAINABILITY PART B – FINANCIAL SUSTAINABILITY NARRATIVE				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**

○ For those required to complete the renewal application's " Charter Holder's Financial Sustainability" section because at least one of the two previous audits identified a going concern or identified negative net assets or negative members'/stockholders' equity at year end, a narrative is provided.			X	
○ Narrative does not exceed one page in length.			X	
○ Narrative explains the charter holder's current financial situation.			X	
○ Narrative includes the specific steps the charter holder has already taken to improve its financial situation and ensure the continued financial sustainability of the charter school(s).			X	
○ Evidence provided that supports each of the steps already taken by the charter holder to improve its financial situation and ensure the continued financial sustainability of the charter school(s).			X	
TOTAL (Sections II b.1, II b.2 Part A, and II b.2 Part B)	5	3	6	

Check one *(required)*:

☐ MEETS THE REQUIREMENTS (All applicable " Required Elements" received a " Yes" .)

☒ DOES NOT MEET THE REQUIREMENTS (One or more applicable " Required Elements" received a " No" .)

Board Staff Review Date: June 20, 2012