The Excalibur Charter School, Inc.

Financial Performance Framework Response

Response: Near Term Indicators

1b. Unrestricted Days Liquidity

The Statement of Financial Position included in the Audited Financials for Fiscal Year 2013 includes a receivable described as Due from State of Arizona as of 6/30/2013 in the amount of $171,081.00 of which $159,107.01 was the State Equalization payment made to schools on 6/28/2013.

As referenced under Note 6 of Audited Financials for FY 2013, in 2003 the Excalibur Charter School, Inc. funded the construction of it's facilities through a bond transaction with the Pima County Industrial Development Authority (Pima IDA). As part of the loan indenture, an intercept was established on all State Equalization payments, managed by the bond trustee through the Bank of New York Mellon. State Equalization is deposited first into non-reversionary accounts held by The Excalibur Charter School, Inc. on the day of State Equalization payment. All debt service and bond related costs are subtracted from the State Equalization payment, and the net amount (State Equalization minus note payment and trustee related costs) is deposited into the school's operating account. The process to clear this transaction takes one business day on average.

In the case of the 6/28/2013 State Equalization payment of $159,107.01 referenced above, the net payment (after note payment and trustee costs) was deposited into the school's operating account on 7/1/2013.

The State Equalization amount of $159,107.01 could have alternatively been stated on the financials as un-deposited funds. Applying this treatment to the financials would move $159,107.01 from the classification of Receivable (Due from State of Arizona) to the classification of Cash. This would result in an Unrestricted Days Liquidity measurement of **32.61 Days**, which would meet the standard of 30 or more days liquidity.

Response: Sustainability Indicators

2a. Net Income

The Audited Financials for Fiscal Year 2013 state a Change in Net Assets of ($18,129). The Audited Financials for the prior fiscal period (Fiscal Year 2012) stated a positive Change in Net Assets of $10,841.

The net operating loss for FY 2013 was a result of a combination of factors that are highly unlikely to reoccur, and are explained as follows. Primarily, spending was $20,886.94 higher on Information Technology and Software (see Exhibit A) in FY 2013 than it was in FY 2012. This spending was necessary to address technology infrastructure emergencies. Additionally the spending occurred at a point in the year where budget capacity could not be reallocated from another budget line item to offset the unscheduled expenses.

This spending was an isolated occurrence. The school does not foresee the likelihood of unscheduled expenses of this nature in the future. Nonetheless, additional budget capacity has been allocated for contingency for FY 2014, in order to ensure positive Net Income in future operating periods.

Revenue from Local Sources in FY 2013 was $10,600 less than originally anticipated. A portion of monies pledged from local donations, that the school has traditionally received, was not received during the FY 2013 operating period.

The school does not foresee the likelihood of reduced revenue of this nature in the future. Nonetheless anticipated revenue from local sources has been reduced in the school's operating budget beginning in FY 2014 in order to ensure positive Net Income in future operating periods.

Net Income Year to Date for FY 2014 is significantly improved over the same period last year (see Exhibit B) due to planned reduction in expenses, and increased revenue due to increased student enrollment and attendance 299.962 FTE in FY 2013 to 316.575 FTE in FY 2014 YTD (see Exhibit C).

Based on current budgetary projections, the school will record a Net Income in FY 2014 in excess of $80,000. Based on the school's ongoing financial plan, this will serve to ensure the sustainability of the organization.

The adjustments needed in order to achieve the outcomes described above are made on a weekly basis by Administration, and reviewed monthly by the Board of Directors who monitors the Statement of Activities, Budget Performance, and Statement of Cash Flows as part of their regular session meetings.

Should the school continue to perform to plan for the remainder of FY 2014, a Net Income in excess of $80,000 will be achieved. This would increase the school's rating to "Meets Standard" for item 2a. Net Income.

2b. Cash Flow

The Audited Financials for Fiscal Year 2013 state a Net Change in Cash of ($14,843). This decrease in Cash was the result of factors addressed under the Net Income response above, and are highly unlikely to reoccur.

Net Income Year to Date for FY 2014 is significantly improved over the same period last year (see Exhibit B) due to planned reduction in expenses, and increased revenue due to increased student enrollment and attendance 299.962 FTE in FY 2013 to 316.575 FTE in FY 2014 YTD (see Exhibit C).

Based on current budgetary projections, the school will record a planned Net Income for FY 2014 in excess of $80,000. Based on the school's ongoing financial plan, this will serve to ensure the sustainability of the organization. This should result in a Net Change in Cash of approximately $52,000 after service of liabilities from a prior period currently on the balance sheet.

Adjustments needed to achieve the outcome described above are made on a weekly basis by Administration, and reviewed monthly by the Board of Directors who monitors the Statement of Activities, Budget Performance, and Statement of Cash Flows as part of their regular session meetings.

Should the school continue to perform to plan for the remainder of FY 2014, a Net Change in Cash of approximately $52,000 will be achieved. This would increase the school's rating to "Meets Standard" for item 2b. Cash Flow.

2c. Fixed Charge Coverage Ratio

The Audited Financials for Fiscal Year 2013 indicate a Fixed Charge Coverage Ratio of 1.09. An increase of $5,000 in Net Income would have resulted in a rating of "Meets Standard".

Net Income Year to Date for FY 2014 is significantly improved over the same period last year (see Exhibit B) due to planned reduction in expenses, and increased revenue due to increased student enrollment and attendance 299.962 FTE in FY 2013 to 316.575 FTE in FY 2014 YTD (see Exhibit C).

Based on current budgetary projections, the school will record a Change in Net Assets in FY 2014 in excess of $80,000. Based on the school's ongoing financial plan, this will serve to ensure the sustainability of the organization.

The adjustments needed in order to achieve the outcomes described above are made on a weekly basis by Administration, and reviewed monthly by the Board of Directors who monitors the Statement of Activities, Budget Performance, and Statement of Cash Flows as part of their regular session meetings.

Should the school continue to perform to plan for the remainder of FY 2014, a Change in Net Assets in excess of $80,000 will be achieved, resulting in a Fixed Charge Coverage Ratio of 1.28 (see Exhibit D). This would increase the school's rating to "Meets Standard" for item 2c. Fixed Charge Coverage Ratio.

EXHIBIT A

The Excalibur Charter School, Inc.
Profit & Loss
July 2012 through June 2013

	Jul '12 - Jun 13	Jul '11 - Jun 12	$ Change
Ordinary Income/Expense			
Expense			
6300 · Professional Services			
6310 · IT Support	51,210.09	41,549.55	9,660.54
6325 · Software Services	20,462.19	9,235.79	11,226.40
Total 6300 · Professional Services	71,672.28	50,785.34	20,886.94
Total Expense	71,672.28	50,785.34	20,886.94
Net Ordinary Income	-71,672.28	-50,785.34	-20,886.94
Net Income	**-71,672.28**	**-50,785.34**	**-20,886.94**

EXHIBIT B

The Excalibur Charter School, Inc.
Profit & Loss
July 2013 through January 2014

	Jul '13 - Jan 14	Jul '12 - Jan 13	$ Change
Ordinary Income/Expense			
Income			
1000 · Revenue from Local Sources	18,012.41	26,028.20	-8,015.79
3000 · Revenue from State Sources	1,091,354.30	965,729.34	125,624.96
4000 · Revenue from Federal Sources	247,759.04	224,592.73	23,166.31
Total Income	1,357,125.75	1,216,350.27	140,775.48
Gross Profit	1,357,125.75	1,216,350.27	140,775.48
Expense			
6100 · Personal Services	620,647.26	359,946.64	260,700.62
6200 · Personal Services - Benefits	194,230.15	142,591.55	51,638.60
6300 · Professional Services	86,283.77	426,056.14	-339,772.37
6400 · Purchased Property Services	46,404.66	27,008.29	19,396.37
6500 · Other Purchased Services	27,536.17	40,042.48	-12,506.31
6600 · Supplies	152,194.52	140,655.21	11,539.31
6800 · Other Expenses	181,746.52	199,685.72	-17,939.20
Total Expense	1,309,043.05	1,335,986.03	-26,942.98
Net Ordinary Income	48,082.70	-119,635.76	167,718.46

Arizona Department Of Education
Basic Calculations For Equalization Assistance For Charter Schools
FY 2012-13

07-89-01 Excalibur Charter Schools, Inc.

Non-AOI Student Counts	K-8	9-12	Total
FY 2011-12 Average Daily Membership (100th Day)	256.109	17.865	273.974
FY 2012-13 Estimated Student Count	276.500	27.000	303.500
40th Day Actual	268.751	27.875	296.626
* 100th Day Actual	269.685	30.277	299.962
Enrollment Cap			1000

**** Student count used to calculate equalization assistance***

Weighted Student Counts	Student Count		Support Level Weight		Weighted Student Count
K-8	269.685	X	1.347	=	363.266
9-12	30.277	X	1.559	=	47.202
SubTotal	**299.962**				**410.468**

Add-Ons	Estimated 40th Day FY 2012-13 ADM	40th Day FY 2012-13 ADM	* *100th Day FY 2012-13 ADM		Support Level Weight		Estimated Student Count	40th Day Student Count	100th Day Student Count		Total Student Count Add-On
K-3 Reading	145.500	145.500	143.062	X	0.040	=	5.820	5.820	5.722	=	5.722
K-3	145.500	144.481 *	143.062	X	0.060	=	8.730	8.669	8.584	=	8.584
ELL	0.000	13.125 *	13.650	X	0.115	=	0.000	1.509	1.570	=	1.570
HI	0.000	0.000	0.000	X	4.771	=	0.000	0.000	0.000	=	0.000
MD-R,A-R,SMR-R	0.000	0.000	0.000	X	6.024	=	0.000	0.000	0.000	=	0.000
MD-SC,A-SC,SMR-SC	1.000	0.000	0.000	X	5.833	=	5.833	0.000	0.000	=	0.000
MDSSI	0.000	0.000	0.000	X	7.947	=	0.000	0.000	0.000	=	0.000
OI R	0.000	0.000	0.000	X	3.158	=	0.000	0.000	0.000	=	0.000
OI SC	0.000	1.000	1.000	X	6.773	=	0.000	6.773	6.773	=	6.773
DD,ED,MIMR,SLD,SLI,OHI	19.500	26.236	29.149	X	0.003	=	0.059	0.079	0.087	=	0.087
EDP	0.000	0.000	0.000	X	4.822	=	0.000	0.000	0.000	=	0.000
MOMR	0.000	0.000	0.000	X	4.421	=	0.000	0.000	0.000	=	0.000
VI	0.000	0.000	0.000	X	4.806	=	0.000	0.000	0.000	=	0.000
Total Weighted Add-On Count											**22.736**

EXHIBIT C

Arizona Department Of Education
Basic Calculations For Equalization Assistance For Charter Schools
FY 2013-14

Apportionment Date: 02/03/2014
Run Date: 01/21/2014

07-89-01 Excalibur Charter Schools, Inc.

Non-AOI Student Counts	K-8	9-12	Total
FY 2012-13 Average Daily Membership (100th Day)	269.685	30.277	299.962
FY 2013-14 Estimated Student Count	280.500	42.000	322.500
* 40th Day Actual	274.400	42.175	316.575
100th Day Actual	0.000	0.000	0.000
Enrollment Cap			1000

**** Student count used to calculate equalization assistance***

Weighted Student Counts	Student Count		Support Level Weight		Weighted Student Count
K-8	274.400	X	1.346	=	369.342
9-12	42.175	X	1.559	=	65.751
SubTotal	**316.575**				**435.093**

Add-Ons	Estimated 40th Day FY 2013-14 ADM *	40th Day FY 2013-14 ADM	*100th Day FY 2013-14 ADM		Support Level Weight		Estimated Student Count	40th Day Student Count	100th Day Student Count		Total Student Count Add-On
K-3 Reading	161.500	160.950	0.000	X	0.040	=	6.460	6.438	0.000	=	6.438
K-3	161.500 *	160.950	0.000	X	0.060	=	9.690	9.657	0.000	=	9.657
ELL	0.000	0.000 *	0.000	X	0.115	=	0.000	0.000	0.000	=	0.000
HI	0.000	0.000	0.000	X	4.771	=	0.000	0.000	0.000	=	0.000
MD-R,A-R,SMR-R	0.000	1.175	0.000	X	6.024	=	0.000	7.078	0.000	=	7.078
MD-SC,A-SC,SMR-SC	0.000	0.000	0.000	X	5.833	=	0.000	0.000	0.000	=	0.000
MDSSI	0.000	0.000	0.000	X	7.947	=	0.000	0.000	0.000	=	0.000
OI R	0.000	0.000	0.000	X	3.158	=	0.000	0.000	0.000	=	0.000
OI SC	0.000	0.000	0.000	X	6.773	=	0.000	0.000	0.000	=	0.000
DD,ED,MIMR,SLD,SLI,OHI	1.000	28.725	0.000	X	0.003	=	0.003	0.086	0.000	=	0.086
EDP	0.000	0.000	0.000	X	4.822	=	0.000	0.000	0.000	=	0.000
MOMR	0.000	0.000	0.000	X	4.421	=	0.000	0.000	0.000	=	0.000
VI	0.000	0.000	0.000	X	4.806	=	0.000	0.000	0.000	=	0.000
Total Weighted Add-On Count											**23.259**

EXHIBIT C

EXHIBIT D

The Excalibur Charter School, Inc.
Fixed Charge Coverage Ratio Comparison
FY 2013 and FY 2014

	Jul '13 - Jan 14	Jul '12 - Jan 13
Ordinary Income/Expense		
Adjusted Earnings		
Change in Net Assets	80,000.00	-18,129.00
Deprecitaion & Amortization	143,168.00	143,168.00
Interest Expense	344,967.00	354,134.00
Lease Expense	7,800.00	15,000.00
Total Adjusted Earnings	575,935.00	494,173.00
Fixed Costs		
Interest Expense	344,967.00	354,134.00
Lease Expense	7,800.00	15,000.00
Current Portion	98,333.00	84,167.00
Total Fixed Costs	451,100.00	453,301.00
Fixed Charge Coverage Ratio	**1.28**	**1.09**