Financial Performance Response Evaluation Instrument

Charter Holder Name: Ha:san Educational Services
Charter Holder Entity ID: 6369

Required for: Failing School Designation
Audit Year: 2013

Arizona State Board for Charter Schools (Board) staff completed the Financial Performance Response Evaluation Instrument for the Board in its consideration of applicable requests made by the charter holder. "Not Acceptable" answers may adversely affect the Board's decision regarding a charter holder's request.

Measure	Reason(s) for "Not Acceptable" Rating
1a. Going Concern Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	The response identifies reductions in pension, bus lease and copier lease expenses in fiscal year 2014 and mentions "other cost-cutting measures", but does not provide support. The response mentions "continuing deferrals and shortfalls" in federal Impact Aid, which the response indicates accounts for nearly 40% of Ha:san's funding, but does not provide support. Ha:san does not support the assertion that its student count in fiscal year 2014 went from 145 to 158. Arizona Department of Education (ADE) reports support Ha:san beginning fiscal year 2014 with 145 students, but do not support Ha:san ending the year with 158 students. According to ADE report, Ha:san ended fiscal year 2014 with 126 enrolled students. Ha:san does not support the assertion that it had "positive net income of over $140,000" in fiscal year 2014. Ha:san does not support the assertion that it has budgeted for net income of over $100,000 in fiscal year 2015.
1b. Unrestricted Days Liquidity Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	Ha:san does not support the assertion that its performance on this measure is "showing gradual improvement" and is currently at 17 days. Ha:san indicates that certain items should allow for further improvement on this measure in the second half of fiscal year 2015, but provides no support for this assertion.
1c. Default Acceptable ☐ Not Acceptable ☐ Not Applicable ☒	

Measure	Reason(s) for "Not Acceptable" Rating
2a. Net Income Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	Ha:san does not support the reasons provided for negative net income in fiscal year 2013. Ha:san does not support the assertion that its fiscal year 2014 "net operating income" was $142,395. Ha:san does not support the assertion that for the first four months of fiscal year 2015 its "net operating income" exceeded $200,000 and that its budget for the full year anticipates "net income" in excess of $100,000.
2b. Cash Flow Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	Ha:san does not support the assertion that its fiscal year 2014 cash flow was negative, but that the decline was more than cut in half. Ha:san does not support the assertion that fiscal year 2015 cash flows "to date" are positive and are expected to be positive at the end of fiscal year 2015 and for subsequent years.
2c. Fixed Charge Coverage Ratio Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	Ha:san does not support the assertion that the ratio "continued weak into f/y 14 due to net losses and other factors leading to a decline in net assets". Additionally, the reference to "net losses" in fiscal year 2014 contradicts the statement made by Ha:san in the going concern section that Ha:san had "positive net income of over $140,000" in fiscal year 2014. Ha:san does not support the assertion that a 1.1 coverage ratio is "achievable" in fiscal year 2015.