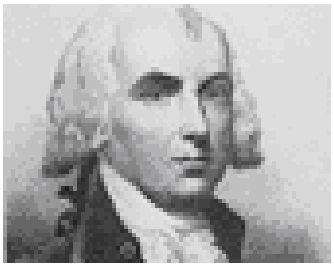

James Madison Preparatory School

Stephen C. Batchelder, Director of Curriculum and Co-founder
David M. Batchelder, Director of Family and Community Relations and Co-founder
Faith M. Drury, Director of Student Services and Co-founder
Paul F. Grant, Director of School Administration

5815 South McClintock Drive Tempe, AZ 85283

Phone 480-345-2306 www.madisonprep.org Fax 480-345-0059

Charter Contract Renewal March 2014
Financial Performance Response

Introduction

At James Madison Preparatory School, our mission is to challenge committed students with a robust, traditional education emphasizing America's history and system of government. We combine a classical course of study with real world knowledge and skills. We promote America's virtues- self-reliance, honesty, integrity, courage, respectfulness, strong work ethic, and responsibility. We offer an education that promotes history as the great teacher of life. We foster and reward positive character attributes in our students.

Thanks to the Arizona State Board for Charter Schools, James Madison Preparatory School opened its doors in the fall of 2000. From the 53 students in attendance on the first day to our current enrollment of 195, the school has been steadily adding students and families who appreciate our small school setting, the quality of the academics and extracurricular activities, and the vitality of the school community.

With a dedicated veteran staff, which includes four Madison Prep alumni on the faculty, the school has demonstrated and achieved remarkable academic success. We appreciate the recognition our students have earned in college admissions, National Merit Scholarships, scholarships awarded, and many other successes.

The school is currently pursuing accreditation through AdvancEd, and we appreciate the opportunities that contract renewal and accreditation are providing as we seek to continue improving our school. We believe in small schools, and we believe in the uniqueness of our school's culture. There truly is only one James Madison Preparatory School.

Financial Performance Response

The following responses are given to address items identified in the renewal package for James Madison Preparatory School, Inc. The school did not meet unrestricted days liquidity in the financial performance framework according to the fiscal year 2013 audit. We have addressed this with a current relationship with Charter School Capital and have prequalified for a $300,000 funding contract. James Madison Preparatory School, Inc., is working on the documentation needed by Charter School Capital and will have them completed in April 2014. This gives the school a healthy access to cash and will address the shortfall of liquidity that has been identified

in the financial framework. Attached with this Financial Performance Response file is the Letter of Intent submitted by Charter School Capital.

The next areas of weakness are in the areas of net income and fixed charge ratio. The school has addressed this situation for the next school year by enrolling 10 more students than the current year. This will bring the school to the highest level of enrollment in history. The reputation of the school is strong in the community and more students are inquiring about enrollment than ever before. This will bring more revenue to the school without having to add any staff. The school has also installed new energy efficient lighting with the help of a grant from SRP. The savings will be immediately recognized and lower energy costs. The lease for the copier was redone and a significantly lower fixed cost was also obtained. These actions along with reduction in expense plans will have the effect of positive net income and a reduction of fixed expenses allowing the school to be in a much stronger financial position.

Conclusion

The school is poised to have the best year in history in fiscal year 2014-2015. The renewal of our contract along with the plans that are in place and will be in place are energizing the staff to continue to achieve excellence. The renewal process was very helpful in helping us see the school in a different fashion and address areas of weakness. While we were doing this already the financial performance framework was a very helpful guide for planning. We thank you for all the support you have given us over the years.

Acknowledgement

The James Madison Preparatory School corporate and governing boards, administration, staff, faculty, students and families are grateful to the Arizona State Board for Charter Schools staff for their diligent, responsive, and gracious assistance in the contract renewal process. We look forward to the next steps in this important process, and to meeting the site review team when they come to JMPS.

225 SW Broadway, Ste. 300
Portland, OR 97205
877-CSC-1001
(877) 272-1001

March 26, 2014

VIA EMAIL

Mr. David Batchelder
James Madison Preparatory School
5815 S. McClintock, Tempe, AZ 85283
Re: Qualification for Funding – James Madison Preparatory School

Dear Mr. Batchelder:

Please be advised that James Madison Preparatory School has prequalified for funding with Charter School Capital (CSC) based on the information contained in its application and other documents submitted to CSC. The amount funded and timing of which will be determined on the Estimated, 40-day and 100-day student counts as reported to the State of Arizona Department of Education and verified by Charter School Capital, however, based on initial information provided by the school, CSC anticipates it may offer a funding contract in the amount of $300,135.00. The funding provided by CSC provides flexibility for the school to address working capital needs that may arise from time-to-time and will be available throughout the term of our Agreement.

Funding for James Madison Preparatory Schoolis generally contingent on the following factors and is subject to satisfaction of CSC's underwriting requirements:

1. Having a valid charter school contract with defined beginning and ending dates of the contract term;
2. Being recognized as a valid charter school in good standing with Arizona State Board for Charter Schools;
3. CSC receiving a copy of the approved charter school contract;
4. Having a not-for-profit corporation in good standing with the Arizona Secretary of State;
5. Being in compliance with its charter school contract with Arizona State Board for Charter Schools.

Charter School Capital looks forward to serving you and your school in the future. Please feel free to call if any additional information is needed.

Sincerely,

Brian Rose
Vice President, Client Services
Charter School Capital, Inc.
Phone: 971.634.1884
brose@charterschoolcapital.org