Financial Performance Response Evaluation Instrument

Charter Holder Name: James Madison Preparatory School
Charter Holder Entity ID: 79063
Date Submitted: March 31, 2014

Required for: Renewal
Audit Year: 2013
Evaluation Completed: April 22, 2014

Arizona State Board for Charter Schools (Board) staff completed the Financial Performance Response Evaluation Instrument to be used by 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	Acceptable	Not Acceptable	Not Applicable	Comments
1a. Going Concern			X	
1b. Unrestricted Days Liquidity		X		The financial performance response indicates that to address not meeting this measure's performance standard in fiscal year 2013, the charter holder has entered into a relationship with Charter School Capital (CSC). According to the March 26, 2014 letter included with the response, CSC anticipates that it may offer a funding contract to the charter holder in the amount of $300,150. The letter states, "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". The letter does not specify the term of the agreement. The financial performance response does not explain the reason for the charter holder having fewer than 30 days of cash or other liquidity in fiscal year 2013.
1c. Default			X	

Measure	Acceptable	Not Acceptable	Not Applicable	Comments
2a. Net Income		X		The financial performance response states, "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. … This will bring more revenue to the school without having to add any staff." The charter holder's response does not include any support for these statements. According to Arizona Department of Education reports, the charter holder's fiscal year 2014 100th day average daily membership is 190.251 as of April 11, 2014. The financial performance response indicates the charter holder has installed energy efficient lighting with the help of a grant from SRP, resulting in lower energy costs. The response also indicates the copier lease was redone and a "significantly lower fixed cost was also obtained". Further, the response states, "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." The charter holder's response does not include any support for these statements.
2b. Cash Flow			X	
2c. Fixed Charge Coverage Ratio		X		The financial performance response includes the same information for the Fixed Charge Coverage Ratio as was provided for Net Income (see Net Income).