Financial Performance Response Evaluation Instrument

Charter Holder Name: Kin Dah Lichii Olta
Charter Holder Entity ID: 78840
Date Submitted: November 12, 2013

Required for: Failing Schools Designation
Audit Year: 2012
Evaluation Completed: November 19, 2013

Arizona State Board for Charter Schools (Board) staff completed the Financial Performance Submission 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 Cash		X		The financial performance response addresses the REAP Title VI grant awarded to the charter holder and efforts to reduce expenses and also includes a projection for fiscal year 2014. While the projection indicates the charter holder will have positive net income, sufficient information was not provided to determine whether the charter holder will meet the Board's expectations for this measure in fiscal year 2014. For fiscal year 2013, the charter holder received a "Does Not Meet" on this measure, which represents an improvement from fiscal year 2012. The financial performance response states the charter holder has recently engaged a financial services and accounting firm. As part of its responsibilities, the response indicates the firm will maintain financial records and a detailed projection that will be reviewed monthly by charter holder staff. According to the response, "Based on these reviews, timely actions will be taken by administrative staff to assure KDLO's compliance with Arizona State Board for Charter Schools' financial requirements."
1c. Default			X	

Measure	Acceptable	Not Acceptable	Not Applicable	Comments
2a. Net Income	X			The financial performance response states, among other items, that the charter holder has removed three staff positions from the charter school for the balance of fiscal year 2014 and anticipates receiving the balance of its Impact Aid funds in February 2014. Based on the fiscal year 2014 projection provided, if the charter holder receives the Impact Aid balance prior to June 30, 2014, the charter holder should have positive net income. For fiscal year 2013, the charter holder "meets" on this measure. While the response indicates there has been a staff reduction for the remainder of fiscal year 2014, no information has been provided regarding the job responsibilities of the three individuals. Therefore, it is unknown what effect, if any, the staff reduction could have on the charter holder's ability to meet the Board's academic performance expectations.
2b. Cash Flow		X		The financial performance response addresses the REAP Title VI grant awarded to the charter holder and efforts to reduce expenses and also includes a projection for fiscal year 2014. While the projection indicates the charter holder will have positive net income, sufficient information was not provided to determine whether the charter holder will meet the Board's expectations for this measure in fiscal year 2014. The charter holder had positive cash flow in fiscal year 2013, but did not meet on this measure in 2013 due to its three-year cumulative cash flow being negative. The financial performance response states the charter holder has recently engaged a financial services and accounting firm. As part of its responsibilities, the response indicates the firm will maintain financial records and a detailed projection that will be reviewed monthly by charter holder staff. According to the response, "Based on these reviews, timely actions will be taken by administrative staff to assure KDLO's compliance with Arizona State Board for Charter Schools' financial requirements."

Measure	Acceptable	Not Acceptable	Not Applicable	Comments
2c. Fixed Charge Coverage Ratio	**X**			The financial performance response includes similar information to what was provided for the Net Income measure (see "Net Income" above). Because of the charter holder's limited fixed charges, the charter holder's performance on this measure is greatly influenced by its performance on the Net Income measure. Based on the fiscal year 2014 projection provided, if the charter holder receives the Impact Aid balance prior to June 30, 2014, the charter holder should meet the Board's expectations for fiscal year 2014. For fiscal year 2013, the charter holder "meets" on this measure.

Kin Dah Lichi'i Olta'

Charter School

Financial Performance Response

2013-2014

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Kin Dah Lichi'i Olta'

Financial Performance Response 2013-2014

1a	Going Concern
	KDLO Response: 1) KDLO Meets requirements

1b	Unrestricted Days Liquidity
	KDLO Response: 1) KDLO was awarded $19,346.00 for REAP Title VI - Rural Education Achievement program which will be downloaded. This is additional funding that we will be using to be in compliance with regulations of EDGAR, 34 CFR. 2) KDLO has removed three (3) staff positions from the Charter School for the balance of the year. 3) KDLO anticipates receiving the balance (50% - $148,000) of it's Impact Aid funds in February, 2014. 4) KDLO has recently engaged the Financial Services and Accounting firm of Homeland Business Service of Snowflake, Arizona to maintain accurate up-to-date financial records for KDLO. Homeland will also prepare and maintain a detailed "Annual Financial Projection" for KDLO. This Projection will be updated monthly with YTD actual incomes and expenses. This financial data and the Annual Projection will be reviewed monthly by KDLO administrative staff. Based on these reviews, timely actions will be taken by administrative staff to assure KDLO's compliance with Arizona State Board for Charter Schools' financial requirements. 5) KDLO's current 2013-14 forecast shows KDLO meeting requirements (see "KDLO 2013-14 Financial Projection Spread Sheet (11/12/13), Page 5)

1c	Default
	KDLO Response: 1) KDLO Meets Requirements

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Financial Performance Response 2013-2014

2a	Net Income
	KDLO Response: 1) KDLO was awarded $19,346.00 for REAP Title VI - Rural Education Achievement program which will be downloaded. This is additional funding that we will be using and be in compliance with regulations of EDGAR, 34 CFR. 2) KDLO has removed three (3) staff positions from the Charter School for the balance of the year. 3) KDLO anticipates receiving the balance (50% - $148,000) of it's Impact Aid funds in February, 2014. 4) KDLO's current 2013-14 forecast shows KDLO meeting requirements (see "KDLO 2013-14 Financial Projection Spread Sheet (11/12/13), Page 5)

2b	Cash Flow
	KDLO Response: 1) KDLO was awarded $19,346.00 for REAP Title VI - Rural Education Achievement program which will be downloaded. This is additional funding that we will be using and be in compliance with regulations of EDGAR, 34 CFR. 2) KDLO has removed three (3) staff positions from the Charter School for the balance of the year. 3) KDLO anticipates receiving the balance (50% - $148,000) of it's Impact Aid funds in February, 2014. 4) KDLO has recently engaged the Financial Services and Accounting firm of Homeland Business Service of Snowflake, Arizona to maintain accurate up-to-date financial records for KDLO. Homeland will also prepare and maintain a detailed "Annual Financial Projection" for KDLO. This Projection will be updated monthly with YTD actual incomes and expenses. This financial data and the Annual Projection will be reviewed monthly by KDLO administrative staff. Based on these reviews, timely actions will be taken by administrative staff to assure KDLO's compliance with Arizona State Board for Charter Schools' financial requirements. Ref: KDLO 2013-14 Financial Projection Spread Sheet (11/12/13), Page 5

2c	Fixed Charge Coverage Ratio
	KDLO Response: 1) KDLO was awarded $19,346.00 for REAP Title VI - Rural Education Achievement program which will be downloaded. This is additional funding that we will be using and be in compliance with regulations of EDGAR, 34 CFR. 2) KDLO has removed three (3) staff positions from the Charter School for the balance of the year. 3) KDLO anticipates receiving the balance (50% - $148,000) of it's Impact Aid funds in February, 2014. 4) KDLO has recently engaged the Financial Services and Accounting firm of Homeland Business Service of Snowflake, Arizona to maintain accurate up-to-date financial records for KDLO. Homeland will also prepare and maintain a detailed "Annual Financial Projection" for KDLO. This Projection will be updated monthly with YTD actual incomes and expenses. This financial data and the Annual Projection will be reviewed monthly by KDLO administrative staff. Based on these reviews, timely actions will be taken by administrative staff to assure KDLO's compliance with Arizona State Board for Charter Schools' financial requirements. Ref: KDLO 2013-14 Financial Projection Spread Sheet (11/12/13), Page 5

SUMMARY

KDLO Charter School forecasts having sufficient funds to meet it's 2013-14 financial requirements (see Projection, Page 5). Additionally, for the current and future years KDLO will have it's accounting firm, Homeland Business Service, prepare and maintain an Annual Financial Projection to assure that KDLO meets it's Cash Flow and Unrestricted Days Liquidity requirements.

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Financial Performance Response 2013-2014

KDLO 2013-14 Financial Projection Spread Sheet (11/12/13)

KDLO FY 2013-14 Cash Flow Projection

	Expenditures	Incomes
FY 13-14 State Equalization Calculation		$255,401.00
FY 13-14 Impact Aid Voucher dated 10/29/13 (50%)		$148,101.00
Balance of Expected Revenue for FY 13-14		$403,502.00
July 2013-September 2013 current expenses	($75,489.00)	
Projected expenses for FY 13-14 without Shared costs	($301,956.00)	
Projected Shared Costs for FY 13-14	($130,000.00)	
	($431,956.00)	
Reduction of 3 positions for Mid November 2013-June 2014	$58,140.63	
	($373,815.38)	($373,815.38)
Projected Surplus for FY 13-14		$29,686.63
Amount Charter owes Grant for Prior Years		($39,266.00)
Balance of Surplus and what Charter owes Grant		($9,579.38)
Additional 50% of Impact Aid		$148,101.00
Projected FY 2013-14 Balance:		**$138,521.63**