II. Sustainability

A. Organization's Fiscal Viability

Ombudsman Educational Services follows generally accepted accounting principles and undergoes an annual audit in accordance with *Government Auditing Standards. The last two years of audited financial statements show Ombudsman Educational Services Charter Schools are fiscally viable.* The charter schools pay a management fee to Ombudsman Educational Services for support services including operational and curriculum leadership, special education, finance/accounting, integrity assurance, human resources, training and professional development, student records, informatics, assessment and accountability, marketing, information technology and technical support and repair/maintenance personnel.

Ombudsman Educational Services has submitted a corrective action plan to the State Charter Board in response to audit year 2009 where a deficiency in financial reporting was reviewed. This deficiency includes the reporting of daily absences for students. Because of this deficiency Ombudsman Educational Services developed a corrective action plan to correct all deficiencies related to student attendance reporting. Preliminary results of the most recent audit proved successful where no internal control deficiencies were found for the 2010 audit year and items were corrected. Ombudsman will continue to implement controls and procedures that will continue to yield audit results with full compliance.

Fiscal Decision makers are the operations manager and the state charter director on a non centralized basis, and the centralized decision makers are the vice president of program operations and controller. School site directors engage in annual budgeting and forecasting sessions to plan for the next fiscal year's working budget. Feedback and needs are provided to the operations manager and state charter director. School level budgets are prepared and managed by the operations manager, state charter director, and controller. Actual results are compared to budget and reviewed monthly. A Monthly Operating review is standard procedure for the operations manager, state charter director, vice president of program operations, and controller. Upon review of the monthly operating results, necessary fiscal decisions that will affect site level personnel will be discussed with the school director prior to final decision making. The Monthly Operating review provides the ability to track actual to budget figures, provides timely alerts to fiscal issues, and ensures budget integrity. This timely process provides the operations manager, state charter director, vice president of program operations, and controller the opportunity to take timely action when necessary.

Ombudsman Educational Services receives all of its support from the state government agencies of Arizona. If the State and its agencies reduced the level of support provided to the School it would have a material impact on the Schools operations. Ombudsman is aware of the concentration and potential impact. If any further reduction from the state did occur, management will take action as appropriate to limit the effect on its programs. These actions

may include the need to evaluate all funding sources including but not limited to fund raising and philanthropic support. Ombudsman Educational Services currently uses limited fund raising efforts and receives a very minimal philanthropic support from the community.

B. Strength and Stability of the Governing Body

Part 1: Current members of the Governing Body include Allison O'Neill, Mark Claypool and Charlene Podolsky.

Board member biographies are listed below:

Allison O'Neill – Chief Operating Officer, Charter Board President and Charter Representative
Allison O'Neill began her career with Ombudsman in 1997 as a certified teacher at of the non-traditional education programs in Illinois. She has held several positions with Ombudsman, including regional manager in Illinois and director of center operations. In 2009, O'Neill was promoted to chief operating officer and is responsible for Ombudsman's strategic direction, government relations, integrity assurance, sales and marketing and human resources. O'Neill has a bachelor's degree in education from Marquette University.

Mark Claypool – CEO of Educational Services of America
Mark Claypool believes that all children can advance academically, behaviorally and socially if they are given the right tools in the right environment. A social worker and education administrator, Mark was frustrated by decreasing resources for children with learning differences, so he founded Educational Services of America in 1999. Today, ESA serves more than 10,000 students who are at risk of dropping out of school or who have autism, Asperger's Syndrome or other learning/behavioral disabilities. ESA operates more than 140 schools and programs nationwide and is listed among the Inc. 5,000 Fastest Growing Private Companies in America.

Charlene Podolsky – Community/Business Member
Charlene Podolsky believes that students should have an emotionally safe environment so that they can pursue their intellectual goals. Char joined the Ombudsman organization in 2003 because she felt that Ombudsman's mission was in line with her personal education beliefs. Char has been a member of the Charter Board since 2003 and has been integral to the continued success of the charter.

Part 2: Recruitment and selection for the board involves a process of evaluating the needs of the company, school operations, and overall mission of Ombudsman. New board members are provided orientation and training on rules of order, procedure, open meeting law and history of activities.

The Ombudsman Charter holder representative and board members individually are responsible for complying with and carrying out the provisions of the Charter, including compliance with all applicable laws, regulations, and reporting requirements. Pursuant to ARS 15-183 (E) (8), the charter holder has established and maintained a governing body for the charter school that is responsible for the policy decisions of the charter school. The Ombudsman charter school governing body, Allison O'Neill, Mark Claypool and Charlene Podolsky, are responsible for the policy decisions of the charter. The Ombudsman charter school governing body complies with Arizona's Open Meeting law (ARS 38-431 to 431.09). The Ombudsman charter school governing body monitors school performance by receiving quarterly reports of academic performance provided by the State Charter Director. Upon review of academic performance provided by the state charter director the board may request additional information or an action plan for increased performance.

The governing body has an oversight role for the charter. The charter schools pay a management fee to Ombudsman Educational Services for support services including operational and curriculum leadership, special education, finance/accounting, integrity assurance, human resources, training and professional development, student records, informatics, assessment and accountability, marketing, information technology and technical support and repair/maintenance personnel.

C. Strength and Stability of the Charter Holder

The officers of Ombudsman Educational Services, the charter holder, are Mark Claypool, Bryan Skelton, and Don Whitfield.

Officer Biographies are listed below:

Mark Claypool – President
Mark Claypool believes that all children can advance academically, behaviorally and socially if they are given the right tools in the right environment. A social worker and education administrator, Mark was frustrated by decreasing resources for children with learning differences, so he founded Educational Services of America in 1999. Today, ESA serves more than 10,000 students who are at risk of dropping out of school or who have autism, Asperger's Syndrome or other learning/behavioral disabilities. ESA operates more than 140 schools and programs nationwide and is listed among the Inc. 5,000 Fastest Growing Private Companies in America.

Bryan Skelton – Vice President
Bryan Skelton directs ESA's financial planning and reporting, investor relations, capital formation, risk management and management information systems functions. He has more than 13 years experience in finance and accounting, including special expertise in financial modeling, project financing and acquisitions.

Don Whitfield - Secretary

Don Whitfield has experience in both public accounting and private industry. He is responsible for the oversight of the accounting function, including the establishment of accounting policies and procedures, financial reporting, audit relations, tax compliance, treasury and banking relations, and risk management.

The charter holder and officers play a purely managerial and advisory support role for the charter. The charter holder monitors charter academic performance through the Ombudsman governing body.