Pan-American Elementary Charter School - Entity ID 79578
School: Pan-American Charter School

Renewal Executive Summary

I. Performance Summary

Area	Acceptable	Not Acceptable
Academic Framework	☒	☐
Financial Framework	☐	☒
Operational Framework	Not Yet Rated See Section V	Not Yet Rated See Section V

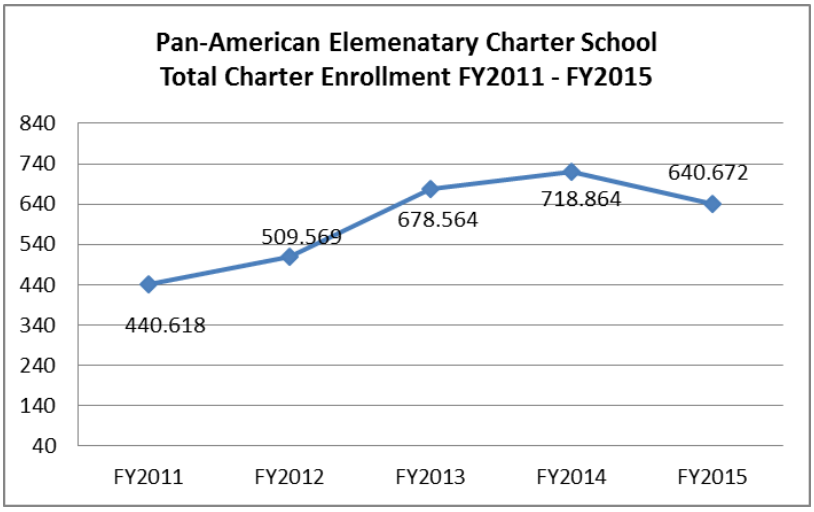
Pan-American Elementary Charter School met the Board's Academic Performance Expectations as set forth in the Performance Framework adopted by the Board and was waived from submitting the Academic Performance Section of the renewal application.

Pan-American Elementary Charter School did not meet the Financial Performance Expectations of the Board as set forth in the Performance Framework and was required to submit a Financial Performance Response.

The Charter Holder does have compliance matters, which are described in the "Adherence to the Terms of the Charter" section of this report.

II. Profile

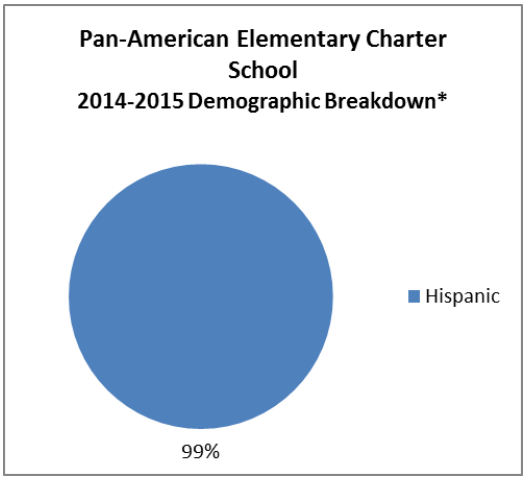
Pan-American Elementary Charter School operates 1 school serving grades K-12. The graph below shows the Charter Holder's actual 100th day average daily membership (ADM) for fiscal years 2011-2015.



The academic performance of Pan-American Elementary Charter School is represented in the table below. The Academic Dashboard for the school can be seen in the portfolio: c. Academic Dashboard.

School Name	Opened	Current Grades Served	2012 Overall Rating	2013 Overall Rating	2014 Overall Rating
Pan-American Elementary Charter School	09/17/2001	K – 12	75 /B	54.41/C	63.12/B

The demographic data for Pan-American Elementary Charter School from the 2014-2015 school year is represented in the chart below.[1]



*If the percentage of students for a given group is 99% and the percentage for another ethnic group is 1%, then the percentage for all ethnic groups except the ethnic group with 99% are redacted.

The percentage of students who were eligible for Free and Reduced Lunch, classified as English Language Learners, and classified as students with disabilities in the 2013-2014 school year is represented in the table below.[2]

Category	Pan-American Elementary Charter School
Free and Reduced Lunch (FRL)	*
English Language Learners (ELLs)	17%
Special Education	10%

Pan-American Elementary Charter School has not been brought before the Board for any items or actions in the past 12 months.

[1] Information provided by the Research and Evaluation Division of the ADE.
[2] Information provided by the Research and Evaluation Division of the ADE. If the percentage of students in a non-ethnicity-based demographic group is not reported or is 0% or 100%, the percentage for that demographic group was redacted.

III. Success of the Academic Program

The academic performance of the school operated by the Charter Holder meets the Board's Academic Performance Expectations set forth in the Performance Framework adopted by the Board. Therefore, the Charter Holder was not required to submit a Demonstration of Sufficient Progress.

IV. Viability of the Organization

The Charter Holder was required to submit a Financial Performance Response because it did not meet the Board's Financial Performance Expectations, as reflected in the table below which includes the Charter Holder's financial data and financial performance for the last three audited fiscal years.

Financial Data				
Statement of Financial Position	**2014**	**2013**	**2012**	**2011**
Cash	$878,304	$1,231,349	$1,527,227	$1,615,710
Unrestricted Cash	$744,784	$1,176,438	$1,458,093	
Other Liquidity	-	-		
Total Assets	$6,054,730	$6,584,853	$5,939,199	
Total Liabilities	$3,240,678	$3,516,214	$2,704,978	
Current Portion of Long-Term Debt & Capital Leases	$802,455	$193,067	$157,671	
Net Assets	$2,814,052	$3,068,639	$3,234,221	
Statement of Activities	**2014**	**2013**	**2012**	
Revenue	$4,406,846	$4,185,554	$3,701,709	
Expenses	$4,661,433	$4,351,136	$3,808,673	
Net Income	($254,587)	($165,582)	($106,964)	
Change in Net Assets	($254,587)	($165,582)	($106,964)	
Financial Statements or Notes	**2014**	**2013**	**2012**	
Depreciation & Amortization Expense	$283,573	$292,359	$261,839	
Interest Expense	$210,398	$198,671	$198,671	
Lease Expense	-	-	-	
Financial Performance				
	2014	**2013**	**2012**	**3-yr Cumulative**
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Liquidity*	58.32	98.69	139.73	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Net Income	($254,587)	($165,582)	($106,964)	N/A
Cash Flow	($353,045)	($295,878)	($88,483)	($737,406)
Fixed Charge Coverage Ratio	0.24	0.83	0.99	N/A

* For fiscal year 2012, the field reflects the charter holder's performance under the financial framework's previous "Unrestricted Days Cash" measure.

The Charter Holder's Financial Performance Response has been provided in the meeting materials (portfolio: d. Financial Response).[3] Staff's final evaluation of the Financial Performance Response resulted in zero "Acceptable" and three "Not Acceptable" determinations (portfolio: e. Financial Response Evaluation). An analysis of the Charter Holder's financial performance, focusing on those measures where the Charter Holder failed to meet the Board's target and using information from the Charter Holder's Financial Performance Response and related documents, is provided below.

Net Income

The net loss experienced by the Charter Holder was the result of "serving a student count above its enrollment cap." The enrollment cap was 550 in 2014; however, the Charter Holder was serving an average daily membership (ADM) of approximately 719. This had the effect of lowering revenue by approximately $1,000,000 in 2014. As a result, the Charter Holder used its savings to cover expenses associated with the extra 169 ADM. The Charter Holder increased its enrollment cap to 850 effective January 15, 2015 and projects to meet the measure's target in 2015.

Fixed Charge Coverage Ratio (FCCR)

The Charter Holder had experienced a net loss in 2014 due to ADM exceeding its enrollment cap (see net income). In addition, one of the Charter Holder's loans matured which resulted in approximately $600,000 being classified as current debt in 2014. The combined effect of the net loss and the loan maturing impacted the Charter Holder's FCCR. The Charter Holder is currently in process of holding talks with a bank to extend the term on the loan, refinance the loan, or both. On February 19, 2015, a bank representative stated, "I do not foresee any issues in obtaining the approval for an extension."

Cash Flow

The Charter Holder's decision of "serving a student count above its enrollment cap" in both 2013 and 2014 had a negative impact on cash flow in those years. The Charter Holder increased its enrollment cap to accommodate all students in 2015.

V. Adherence to the Terms of the Charter

Does the delivery of the education program and operation reflect the essential terms of the educational program as described in the charter contract?

Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder's education program, in operation, reflects the essential terms as described in the charter contract.

Does the Charter Holder adhere with applicable education requirements defined in state and federal law?

Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder adheres with applicable education requirements defined in state and federal law.

Do the Charter Holder's annual audit reporting packages reflect sound operations?

As reported in the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to the annual audit reporting package ("audit"), except that the fiscal year 2014 audit included a minimal impact finding that has been

[3] On April 8, 2015, Board staff emailed a copy of staff's initial evaluation and provided a deadline by which the Charter Holder could supplement its Financial Performance Response to address areas evaluated as "Not Acceptable". No additional information was submitted by the Charter Holder.

identified in three or more consecutive audits involving the Charter Holder not conspicuously posting a statement on its website indicating where all public meeting notices would be posted.

As reported in fiscal years 2013 and 2014, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to the fiscal years 2012 and 2013 audits, respectively.

Is the Charter Holder administering student admission and attendance appropriately?
Yes. Based on the available information and as reported in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to administering student admission and attendance.

Is the Charter Holder maintaining a safe environment consistent with state and local requirements?
Based on the available information and as reported in fiscal year 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating the maintaining a safe environment.

Based on the available information and as reported in fiscal year 2013, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to maintaining a safe environment, except that the fiscal year 2012 audit identified that for three employees required to have a valid fingerprint clearance card, the Charter Holder had expired cards and applications for new cards on file as of the testing date.

Is the Charter Holder transparent in its operations?
Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to transparency of operations.

Is the Charter Holder complying with its obligations to the Board?
Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to its obligations to the Board.

Is the Charter Holder complying with reporting requirements of other entities to which the Charter Holder is accountable?
Yes. Based on the available information in fiscal year 2013 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to operational requirements monitored by other entities to which the Charter Holder is accountable.

Based on the available information in fiscal year 2014, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to operational requirements monitored by other entities to which the Charter Holder is accountable, except that in May 2014 On-Site Monitoring of State Education Programs for English Language Learners identified areas that needed to be addressed by a Corrective Action Plan. In September 2014 the ADE determined that the Charter Holder corrected the items listed in the Corrective Action Plan.

Is the Charter Holder complying with all other obligations?
Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to all other obligations.

VI. Board Options

Option 1: The Board may approve the renewal. Staff recommends the following language provided for consideration: Renewal is based on consideration of academic, fiscal and contractual compliance of the Charter Holder. In this case, the Charter Holder meets the Academic Performance Expectations set forth in the Board's Performance Framework. The Board has reviewed a record of past contractual noncompliance and the Charter Holder's failure to meet the Board's financial expectations. With that taken into consideration as well as all information provided to the Board for consideration of this renewal application package and during its discussion with representatives of the Charter Holder, I move to approve the request for charter renewal and grant a renewal contract to Pan-American Elementary Charter School.

Option 2: The Board may deny the renewal. The following language is provided for consideration: Based upon a review of the information provided by the representatives of the Charter Holder and the contents of the application package which includes the academic performance, the fiscal compliance, and legal and contractual compliance of the Charter Holder over the charter term, I move to deny the request for charter renewal and to not grant a renewal contract for Pan-American Elementary Charter School. Specifically, the Charter Holder, during the term of the contract, failed to meet the obligations of the contract or failed to comply with state law when it: (Board member must specify reasons the Board found during its consideration.)