Financial Performance Response Evaluation Instrument

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

Required for: Renewal
Audit Year: 2014

Arizona State Board for Charter Schools (Board) staff completed the Financial Performance Response Evaluation Instrument for 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	Reason(s) for "Not Acceptable" Rating
1a. Going Concern Acceptable ☐ Not Acceptable ☐ Not Applicable ☒	
1b. Unrestricted Days Liquidity Acceptable ☐ Not Acceptable ☐ Not Applicable ☒	
1c. Default Acceptable ☐ Not Acceptable ☐ Not Applicable ☒	
2a. Net Income Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	The charter holder's 2015 "Financial Projections" includes a higher state equalization amount than what is reflected on current Arizona Department of Education reports. The discrepancy in state equalization amounts does not affect the charter holder's assertion that it will meet this measure's target in 2015. If the charter holder revises its 2015 projection based on current ADE reports, this information will be considered in Board staff's evaluation.

Measure	Reason(s) for "Not Acceptable" Rating
2b. Cash Flow Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	While the response generally supports "The School used its savings to pay the cost of serving more students than it was being paid for," and a higher enrollment cap is now in place, the charter holder does not show how it will improve on this measure in the current or subsequent years. Had the charter holder provided internal management reports or interim financial statements, these would have been considered in Board staff's evaluation.
2c. Fixed Charge Coverage Ratio Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	The charter holder's 2015 "Financial Projections" includes a higher state equalization amount than what is reflected on current Arizona Department of Education reports, which would affect the charter holder's change in net assets (net income). The discrepancy in state equalization amounts does not affect the charter holder's assertion that it will meet this measure's target in 2015. If the charter holder revises its 2015 projection, including the ratio calculation, based on current ADE reports, this information will be considered in Board staff's evaluation.