Park View School, Inc.
Business Plan: Financial Sustainability
Renewal 2013

Park View is respectfully submitting additional information relative to its financial performance for consideration for the charter's upcoming renewal decision. As is apparent from review of the Financial Performance as stated in the FY 2011 chart compared to the Financial Performance as stated in the FY 2012 chart, there were significant changes that will be addressed.

Park View School, Inc.			
Financial Performance Based on Fiscal Year 2011 Audit			
Near-Term Indicators			
Going Concern	No		Meets
Unrestricted Days Cash	7.21		Falls Far Below
Default	No		Meets
Sustainability Indicators			
Total Liabilities to Equity Ratio	20.43		Does Not Meet
Net Income	$32,846		Meets
Fixed Charge Coverage Ratio	1.14		Meets
Cash Flow (3-Year Cumulative)	$3,500,451		Meets
Cash Flow Measure Detail	$3,558,964 [FY11]	$4,252 [FY10]	($62,765) [FY09]
Note: Negative			

Park View School, Inc.			
Financial Performance Based on Fiscal Year 2012 Audit			
Near-Term Indicators			
Going Concern	No		Meets
Unrestricted Days Cash	11.42		Falls Far Below
Default	No		Meets
Sustainability Indicators			
Total Liabilities to Equity Ratio	(29.64)		Falls Far Below
Net Income	($532,355)		Does Not Meet
Fixed Charge Coverage Ratio	0.39		Does Not Meet
Cash Flow (3-Year Cumulative)	$61,320		Does Not Meet
Cash Flow Measure Detail	($3,501,896) [FY12]	$3,558,964 [FY11]	$4,252 [FY10]
Note: Negative numbers are indicated by parentheses.			

Park View served students in Prescott Valley in grades 6 through 8 in same the facility from 1999 until 2011. In March 2011, Park View closed on $6,625,000 in bond financing for its new facility, which is approximately 32,000 square feet, sits on a 4.5 acre site and designed to serve 400 – 475 students. The new facility opened for students in August 2011. The old facility has been listed since the Fall of 2010; but to date it has not sold or leased. The price has been lowered significantly and is currently priced very competitively for the market. There is a note for approximately $358,000 on that property.

When the school moved into its new facility, enrollment increased significantly. Enrollment is projected to increase over the next three years to the building's capacity, which will allow the organization to meet the financial performance thresholds that indicate long term sustainability.

Unrestricted Days Cash

According to the Financial Performance chart for Fiscal Year 2012, Park View had $73,396 in unrestricted cash, which was calculated to be 11.42 Unrestricted Days Cash. This means that the school would need an additional $122,112 Unrestricted Cash to meet the acceptable threshold of 30 Unrestricted Days Cash.

While Park View fell far below the acceptable level of unrestricted cash available as set forth in the Board's measures of financial sustainability, Park View has access to other sources of liquidity. The structure of the financing for the new facility requires the school to maintain a General Operating Reserve Fund of $125,000 and a Repair and Maintenance Reserve Fund of $25,000. If these funds are used, they are then replenished per the bond documents as part of the intercept agreement through which the bonds are paid monthly. Furthermore, Park View has a $75,000 business line of credit with Wells Fargo Bank. The amounts of the Reserve Accounts, combined with the $73,396 would meet the requirements outlined for Unrestricted Days Cash.

Park View's plan to meet the guidelines regarding Unrestricted Days Cash is with the combination of cash in the bank, money available through the Wells Fargo Credit Line and the General Operating Reserve.

Total Liabilities to Equity Ratio

Park View did not meet the threshold in this category. The primary reason for not meeting the threshold in this area was because of closing on the new facility and the subsequent loan attached to the new facility. Because of the new facility with increased capacity, Park View expects to build equity and increase enrollment, which will result in a lower ratio.

Net Income

Park View did not meet the designated threshold for sustainability in the are of Net Income. Park View's net Income was $532,355. A non-recurring event, the purchase of the new facility, had a substantial negative impact on the net income of the organization. Park View's plan to increase sustainability as reflected by an appropriate level of net income includes increasing student enrollment and therefore increasing revenue. Park View has already reduced its per-pupil expenditure outside of the facility costs to address this issue short term. Park View's enrollment has increased 55% since it moved to its new facility in August 2011.

Fixed Change Coverage Ratio

Not meeting the required threshold for the Fixed Changed Coverage Ratio is primarily due to the loan on the new building and waiting for our actual enrollment to catch up as the school moved into a new state-of-the art facility, which continues to draw more students as evidenced by the 55% increase in enrollment from FY 2011 to FY 2013. Park View has resources to fund fixed expenses for the foreseeable future. Park View's income is expected to improve as a result of this increase, which will result in meeting the required threshold in future years. Furthermore, Park View's fixed expenses are expected to decline with the sale or lease of the old facility, which will result in meeting the acceptable threshold for the Fixed Change Coverage Ratio.

Cash Flow

Park View's cash flow was negative as reported in the FY 2012 budget. Park View has sufficient cash in the General Operating Reserve to fund cash deficiencies for the foreseeable future. Park View continues to increase revenue through enrollment, as well as hire highly effective and efficient teachers, who make a significant difference in successfully recruiting and retaining students. Park View has also reduced expenses relative to actual enrollment. Park View's superintendent continues to meet with the school's principal to evaluate expenses, revenue and cash flow to ensure that the school not only utilizes its resources efficiently but is sustainable for the foreseeable future.