Financial Performance Response Evaluation Instrument

Charter Holder Name: Patagonia Montessori Elementary School
Charter Holder Entity ID: 79069
Date Submitted: March 31, 2014

Required for: Renewal
Audit Year: 2013
Evaluation Completed: April 4, 2014

Arizona State Board for Charter Schools (Board) staff completed the Financial Performance Response 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 Liquidity			X	
1c. Default			X	
2a. Net Income		X		The financial performance response indicates the charter holder has experienced a decline in enrollment. The response states, "In the past, we have filled our classrooms from the children in our immediate community. However, the number of school aged children in our area has declined." Reports accessed through the Arizona Department of Education's website support a decline in the charter holder's average daily membership (ADM) from 29.793 for fiscal year 2012 to 20.938 for fiscal year 2014 as of March 17, 2014. While the response provides information related to the ADM drop, it does not explain the reason for the increase in expenses in fiscal year 2013 after relatively stable expenses in the two prior years. The financial performance response states, "In order to build a sustainable student base, we decided to first target kindergarteners. We have a great retention rate, and having more kindergarteners will ensure growth for our elementary classrooms." The response indicates in February, the charter holder

Measure	Acceptable	Not Acceptable	Not Applicable	Comments
				met with the director of the Nogales Head Start Center, which has between 40 and 50 children who will be ready for kindergarten next year. The charter holder distributed a pamphlet about the benefits of a Montessori education and flyers announcing an open house at the end of March. The response also states the charter holder has partnered with Patagonia Family Resource Center to educate parents on various childrearing topics. The response does not include support for these statements. The financial performance response states, "We have a very unique Middle School Program based on the Montessori philosophy. Even though middle school students will only be at the school two years, we feel that targeting families with Montessori experience will help build our middle school program." The response indicates the charter holder is planning on partnering with Tubac Montessori, which only serves students up to 6th grade. The charter holder's response does not include support for this statement. According to the response, by targeting the graduating 6th graders, the charter holder can provide a middle school Montessori education to families wishing to continue their Montessori education. The financial performance response includes recruitment ideas focusing on the current Patagonia area and the Nogales area. These ideas include flyers in Patagonia, the school's "Creative Strings" concert, and signs and information booths in Nogales. The response does not include support for these statements. The financial performance response concludes by stating, "All of these actions will increase enrollment and, in turn, the school's financial viability. Next year we are anticipating enrolling 15-20 new students." The response does not include any support for these statements.
2b. Cash Flow		**X**		Please see "Net Income" as the same information applies since the financial performance response was not organized by measure, but rather by actions taken by the charter holder.
2c. Fixed Charge Coverage Ratio			**X**	