Edu-Prize, Inc.
Renewal Executive Summary Report

I. Sources of Evidence for this Document

A.R.S. 15-183.I states that "[a] charter school that elects to apply for renewal shall file an application for renewal…which shall include a detailed business plan for the charter school, a review of fiscal audits and academic performance data for the charter school and a review of the current contract between the sponsor and the charter school."

The Arizona State Board for Charter Schools determined that renewal of a charter is based on affirmative evidence in three areas:

- Success of the academic program, including academic achievement
- Viability of the organization, including fiscal management and compliance
- Adherence to the terms of the charter, including contract and legal compliance

Evaluation of the charter holder's success in these three areas is based on a variety of information that will serve as sources of evidence in determining renewal. These sources include:

- Written application for renewal
- Student performance data
- Independent financial audits
- Five year interval summary reviews
- Site visit reports
- Monitoring reports

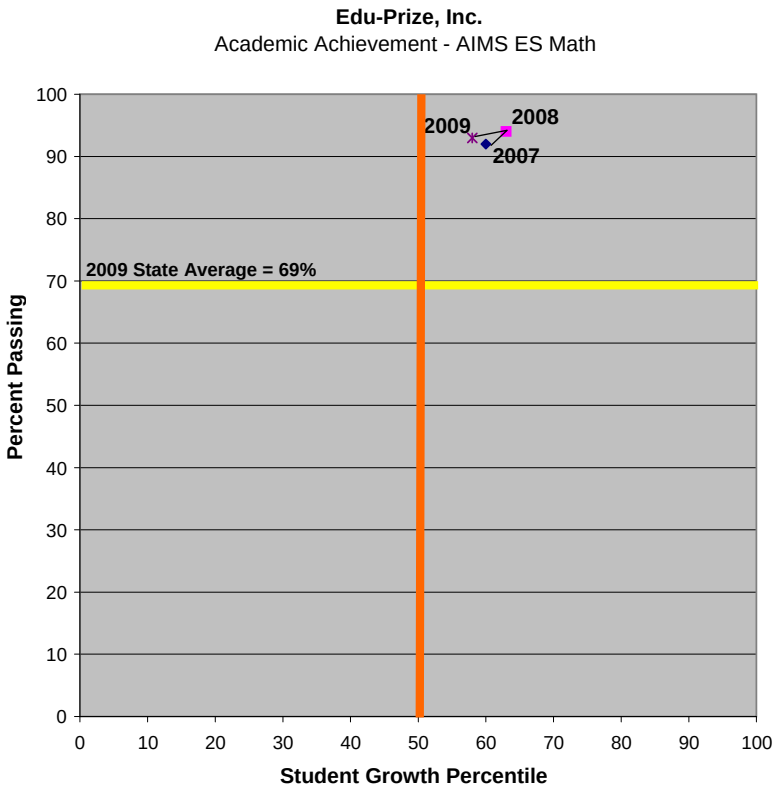
II. Profile

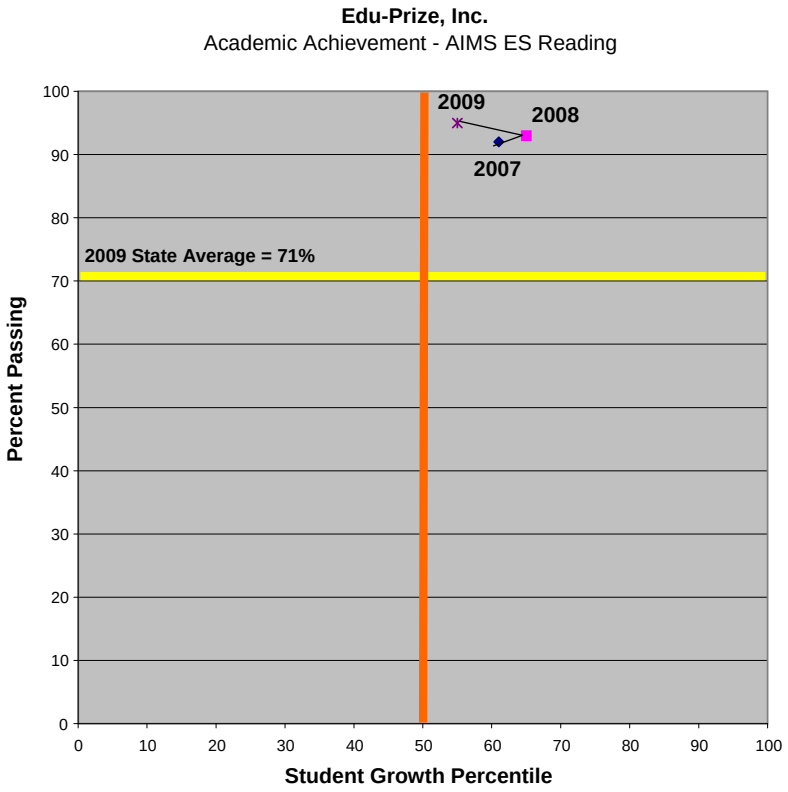
Edu-Prize, Inc. was granted a charter by the State Board of Education, effective on July 25, 1995. Edu-Prize, Inc. is a non-profit corporation and is in good standing with the Arizona Corporation Commission. The charter representatives are Terri Lymer and Betty (Ann) Peschka. The school, Edu-Prize, is located at 580 W. Melody Drive in Gilbert, serves grades K-8, and had a FY10 100th day ADM of 1421.523.

Mission Statement (as provided in the contract):
The mission of Edu-Prize is to foster students' innate giftedness by providing an array of opportunities in which children can discover and develop their own interests and abilities. Emphasis will be placed on nurturing a love for learning and self direction through the use of a hands-on, developmentally appropriate, science-driven curriculum.

Our program will provide experience for students in "cottage enterprises." These nine week projects, housed in stimulating facilities referred to as cottages, will provide educational relevance and motivation to core curriculum through student participation in exhibitions, fairs, and production of "real world" products.

III. Academic Performance





Fiscal Year	AZ LEARNS	Adequate Yearly Progress (AYP)
2009	Excelling	Yes
2008	Excelling	Yes
2007	Excelling	Yes

IV. Fiscal Compliance

As detailed in the Audit and Fiscal Compliance section of the *Renewal Summary Review*:

- The charter holder has failed to timely submit its annual audit for one or more years.
- No issues were identified which required a corrective action plan.
- No repeat issues were identified.

Edu-Prize, Inc. must follow the Uniform System of Financial Records for Charter Schools and must adhere to State procurement regulations.

V. Legal and Contractual Compliance

For the previous five fiscal years –

- The charter holder has timely submitted the Annual Financial Report
- The charter holder has timely submitted the Budget.
- All Declarations were submitted to the Arizona Department of Education (ADE) in a timely manner.
- The Highly-Qualified Teacher report, updated on May 7, 2010, indicated 60 core teachers with four being reported as non-highly qualified.
- Cycle 3 No Child Left Behind (NCLB) Compliance Monitoring in 2005 and Cycle 4 in 2005-06 met compliance. In 2006 the ADE Academic Achievement Division conducted an On-Site Review of the NCLB programs and reported deficiencies to be corrected.
- In 2005 noncompliance with the Individuals with Disabilities Education Act (IDEA) was determined by ADE Exceptional Student Services and a Corrective Action Plan was required. In 2008, compliance with IDEA was determined.

VI. Renewal Application

A. Education Plan

Academic performance of the schools operated by the Charter Holder met the Board's level of adequate academic performance, including status and growth measures, for each of the previous three years. Therefore, the Charter Holder was not required to submit any portion of the academic section of the renewal application.

B. Detailed Business Plan

Organization

According to the application package, the superintendent's role is to lead the faculty and ensure the adherence to adopted board policy and procedures. The superintendent also oversees all operations. The principal, special education director, business services, curriculum director and financial services are directly accountable to the superintendent. As appropriate, the superintendent requests that these individuals attend all regular Board meetings. At this level the information network also flows up – the department heads may contact the superintendent with needs and concerns that are relayed to the Board for consideration. Regular administrative meetings are held as a group and individually with the superintendent.

The application package states that the principal oversees all teaching staff and most resource support staff. The principal serves as the instructional leader and interacts with the superintendent, teachers, staff, students and parents to facilitate the implementation of Board policy. The principal communicates through team leaders and staff meetings to ensure that new information is received and understood. Staff advisory council meetings are held monthly where communication flows in both directions. Parents are notified regarding policy procedures and critical information through the school's website, annually adapted handbooks, and weekly newsletters.

Sustainability

Fiscal Viability

Edu-Prize, Inc. follows the Uniform System of Financial Records for Charter Schools. The board adopts the annual budget that is prepared partly by the staff accountant and director. The director/superintendent approves individual budgets per programs. The application states that the M&O budget is sustainable without fundraising. Financial statements are presented at each monthly Board meeting. The charter holder has four check signers on the bank accounts to ensure that two signatures are available for each check written. The director/superintendent, as a rule, signs all purchase orders and requisitions.

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Edu-Prize's financial statements. While in each fiscal year, the charter holder ended the year with positive net assets, the two audits showed annual declines in net assets. However, even with the declines, as of June 30, 2009, the entity's ending net assets totaled $2,601,370. The Budget Plan submitted as part of the renewal application indicates that while expenditures are expected to exceed revenues in each of the four fiscal years projected, the charter holder will end each fiscal year with positive net assets. The Budget Plan does not include the actual ADM used. According to the assumptions provided, the fiscal year 2011

includes the known cuts to state funding based on the sales tax passing. Additionally, the Budget Plan includes revenue received through kindergarten tuition[1] and expense assumptions.

Strength and Stability of the Governing Body
Strength and Stability of the Corporate Board

The governing body and corporate board are one in the same. The Board of Directors is comprised of the five members listed below.

Edu-Prize Board of Directors

- Ann Pescka – business management, member AZ Charter Association
- Paul Robershotte – business owner and financial expertise
- JoAnna Curtis – teacher, co-founder
- Sherry Simon – Edu-Prize parent
- Joyce Fox – elementary principal

The applicant states that Edu-Prize seeks board members who will bring varying perspectives to the decision making process. Vacancies on the Board of Directors occur upon the death, resignation or removal of any director, and whenever the number of authorized directors is increased. A vacancy may be filled by approval of a majority of directors currently in office or by a sole remaining director.

Potential members are asked to attend a meeting to become familiar with the operation of the board and the commitment required. The superintendent provides an annual report to the board for its review, including recommendations and areas of focus for the following year.

The curriculum director attends all board meetings and gives monthly reports, research analysis, progress on board decisions that govern the school's academic standing and suggestions to better serve the needs of all students. The curriculum director's report gives the Board of Directors vital information on the academic standing of the student body. The school uses AIMS/Terra Nova results, RTI, unit tests from the math and language arts curriculum and teacher created evaluations to measure the growth of students. The curriculum director analyzes these results and reports to the Board of Directors.

The applicant reports that the superintendent and principal look at the student body's academic growth to ensure at least one year of academic growth in math and language arts for at least 80% of students in every classroom. This data is also relayed annually to the Board of Directors.

<u>Succession Plan</u>

Charter Holder: The application package presents a succession plan for board members as outlined in the holder's Articles of Incorporation. The charter holder originally had 3 members. The Bylaws state that officers are elected by the Board of Directors, at any time, and each officer shall hold office until he or she resigns or is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

[1] During the 2010 Legislative Session, half-day kindergarten was restored. Session law enacted during the 2010 session allows charter schools and school districts to charge tuition for full day kindergarten (FDK) in fiscal year 2011 if they decide not to provide free FDK in fiscal year 2011.

Any officer may be removed, either with or without cause, by the Board of Directors, at any time. Any officer may resign at any time by giving written notice to the Board of Directors or to the president or secretary of the corporation. Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer will be filled by the Board of Directors. In the event of a vacancy in any office other than the president, the vacancy may be filled temporarily by appointment by the president.

Instructional Leadership: According to the application package, the Superintendent/Director serves as a key element in the Edu-Prize organization. Because the current director is the original contract signer, curriculum designer, and co-founder, these duties would be divided. The curriculum director would become responsible for the curriculum and program offerings. The business service management would be contracted out to consultants and the financial service coordinator, who also currently serves as the accountant, would be the primary contact for the new management service.

In case of loss of other key personnel such as the curriculum director, principal, or special education director, the application package states that the school would likely hire from within because of the uniqueness of the Edu-Prize Program.

Facilities Plan

Edu-Prize is located in Gilbert on 8 acres in a 73,000 sq. foot facility. The lease expires on July 1, 2011 as the lease is consistent with the duration of the charter. The applicant intends to enter into a new lease for the duration of the new contract once approved by the State Board for Charter Schools.

VII. Staff Recommendation

Based upon the information in the application, academic performance over the charter term, fiscal compliance, and legal and contractual compliance, I move to approve the renewal application and transfer of the sponsorship from the State Board of Education to the Arizona State Board for Charter Schools and grant a renewal contract for Edu-Prize, Inc.