Foothills Academy
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 (ASBCS) 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:

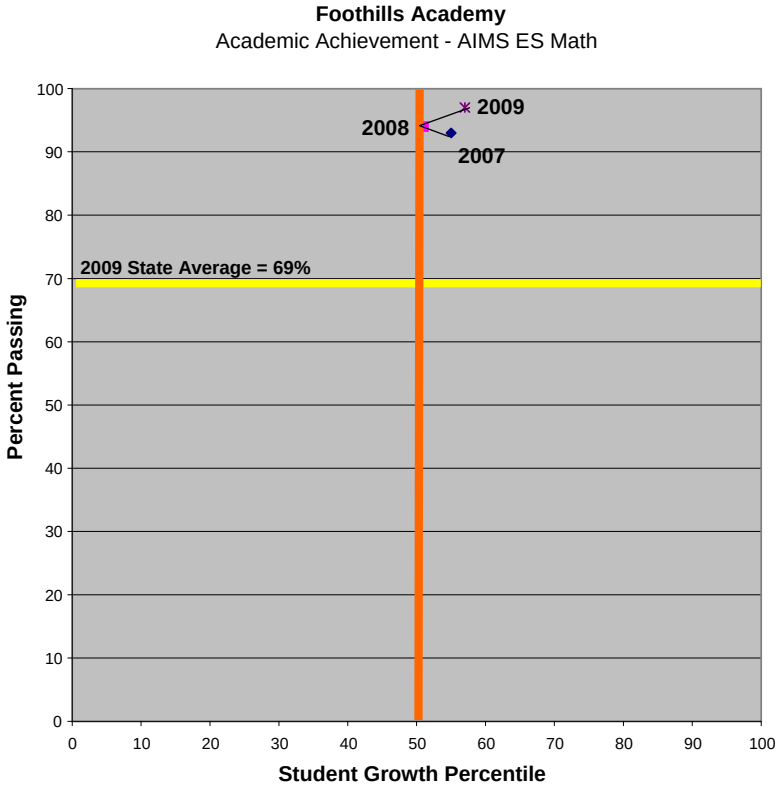
- Written application for renewal
- Student performance data
- Independent financial audits
- Five year interval summary reviews
- Site visit reports
- Monitoring reports

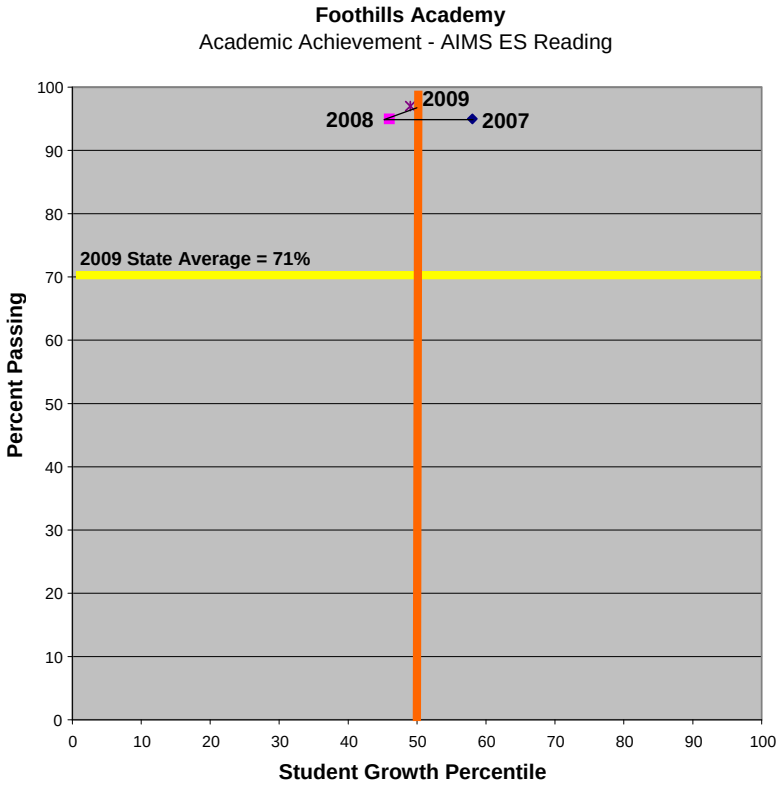
II. Profile

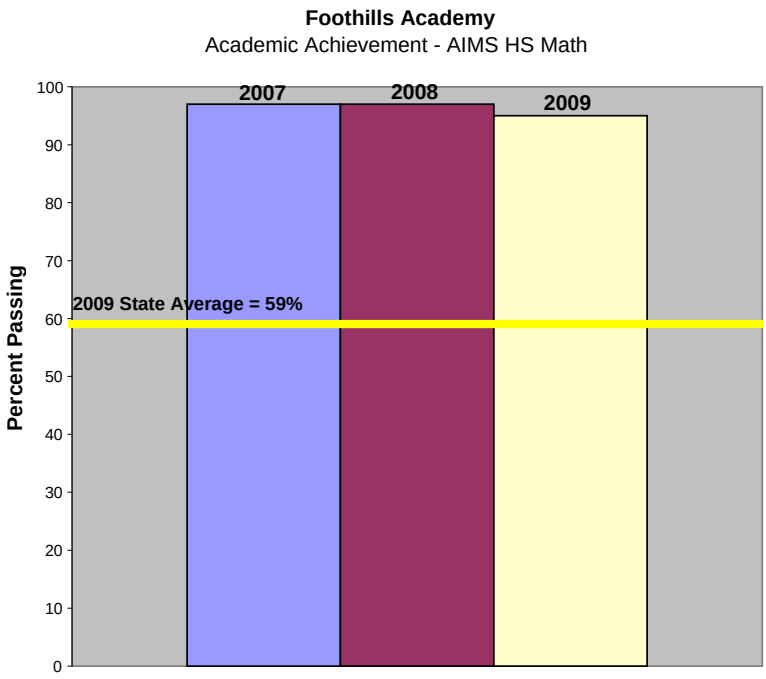
Foothills Academy was granted a charter by the State Board of Education, effective on August 28, 1995. Foothills Academy is a non-profit corporation and is in good standing with the Arizona Corporation Commission. The charter representative is Donald Senneville. The school, Foothills Academy, is located at 7191 E. Ashler Hills Drive in Scottsdale, serves grades 6-12, and had a FY10 100th day ADM of 310.084. In addition, Foothills Academy Elementary Preparatory, a member campus located in Cave Creek, has been serving grades K-6 since the fall of 2009.

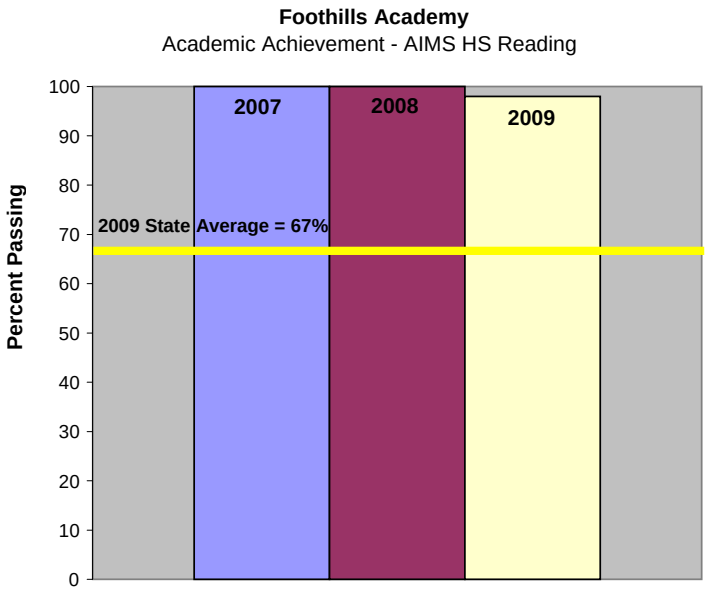
Mission Statement (as provided in the contract):
The mission of the Foothills Academy is to prepare our children with learning skills and a sense of self worth so they can understand, progress in, and contribute to the evolving world. We believe that academic excellence is achieved through individualized learning and product-oriented curriculum supported by advanced research skills. Our goal is to teach thinking and valuing skills through an integrated curriculum founded in the environment and the arts. Through this process, students will develop technical, cultural, and aesthetic literacy. Finally, it is our objective that all our students be admitted into the college of their choice.

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.
- The fiscal years 2005 and 2009 audits each identified an issue which required a corrective action plan (CAP). The fiscal year 2009 audit identified noncompliance with providing the minimum number of 123 instructional hours for high school subjects. The charter holder submitted a satisfactory CAP.
- The fiscal years 2005 and 2007 audits identified repeat issues.

Foothills Academy must follow the Uniform System of Financial Records for Charter Schools and 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 failed to timely submit the Budget for one or more years.
- All Declarations of Curricular and Instructional Alignment were submitted to the Arizona Department of Education (ADE) in a timely manner.
- The Highly-Qualified Teacher report, updated on May 7, 2010, indicated 29 core teachers with seven being reported as non-highly qualified.
- In May, 2010, noncompliance with the Individuals with Disabilities Education Act (IDEA) was determined by ADE Exceptional Student Services and a Corrective Action Plan is being required. In February, 2005, a similar Corrective Action Plan was also required. In 2008, compliance with IDEA was determined by ADE.

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

<u>Organization</u>

Foothills Academy, Inc. is a 501c3 corporation recognized by the Arizona Corporation Commission. The corporate board leaves the oversight of the educational operations of Foothills Academy to the school board. The school board reviews and approves the handbooks

(parent/student and employee), the school's mission, curriculum requirements, calendar, dress code, and other policies. The board reviews and approves the school's operating budget; it hears appeals from students/parents and/or faculty/staff and rules on expulsions; it makes declarations regarding teaching to state standards; it assures that insurance is in force. According to the applicant, the board operates as a governing board in all actions and processes prescribed by Arizona Statute. It delegates authority to the director, who works in a management-team situation with the associate director and site principals, and, when appropriate, the director of special education. The Rules of Membership for the school board state that the officers of the corporation are always members; there are to be community members, parent representatives, and members with particular expertise (e.g., legal, financial), in an appropriate balance. The current president of the Foothills Academy Parent Teacher Organization always has a seat on the board.

The application package includes an accompanying flow chart which indicates the chain of authority from top to bottom as it relates to ownership of the business. The corporate board of directors is rarely involved in the day-to-day operations of the school. The chart with the corporate board removed shows an approximation of a top-down chart; the lines are drawn to indicate lines of authority as practiced in running the school.

Sustainability

Fiscal Viability

The fiscal viability narrative submitted by Foothills Academy only mentions the unqualified (or "clean") opinion received on the organization's annual financial statements.[1] Although not mentioned in the application, as an SBE-sponsored charter, Foothills Academy's accounting procedures should follow the Uniform System of Financial Records for Charter Schools. In the "Organization Narrative", the application states that one of the school board's responsibilities includes reviewing and approving the school's operating budget.

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Foothills Academy's financial statements. In each fiscal year, the charter holder ended the year with positive net assets. However, while net assets grew in 2008, the fiscal year 2009 audit shows a decline in net assets from $249,553 at the beginning of the year to $93,173 by the end of the year. The Budget Plan submitted as part of the renewal application indicates that Foothills Academy's ending net assets will be positive for fiscal years 2010 through 2012. However, the charter holder anticipates that expenditures will exceed revenues by approximately $16,460 in fiscal year 2010. According to the assumptions provided, for fiscal years 2011 and 2012, the charter holder used an ADM of 370 (250 high school students and 120 elementary school students)[2] and an equalization funding amount of $5,970.80 per student. The ADM used for fiscal years 2011 and 2012 reflects an approximately 19% increase from fiscal year 2010. Between 2009 and 2010, the school's ADM increased by approximately

[1] In addition to completing the budget template, the renewal application instructions ask the charter holder to provide a narrative that clearly describes the structures and systems in place in the organization to ensure fiscal viability. According to the instructions, this narrative should include information regarding, among other items, accounting procedures, the process used in fiscal decision-making and the site-level personnel with fiscal authority.
[2] Based on Arizona Department of Education fiscal year 2010 reports, it appears that the number of high school and elementary school students projected for fiscal years 2011 and 2012 should be reversed. In fiscal year 2010, Foothills Academy served approximately 200 elementary students and 100 high school students.

38%, which may be attributed, in large part, to the school increasing the grade level it serves from 6-12 to K-12. The projected per student equalization funding amount used for fiscal years 2011 and 2012 appears to reflect a reduction from fiscal year 2010.

Strength and Stability of the Governing Body

The applicant states that the strength of the governing body is because the community is represented in the membership. Represented on the board are the educational sectors (K-12 and post-secondary), the local community, and school parents. They also bring expertise including educational, financial, legal, and family/child counseling. The group has considered and dealt with a wide range of issues, grievances, appeals and budgetary situations over the last fifteen years. Three of the members have served for fifteen years.

Board rules require that there be a minimum of seven members. Three of these are members of the corporate board of directors. The president of the parent-teacher organization is always a member, serving two-year terms. The three other members are elected by unanimous vote for two-year terms. They may serve longer at the pleasure of the rest of the board. In order to keep members informed and up to date on the progress of the school, each member receives a Board Book that contains a substantial collection of materials relevant to the running of the school.

Strength and Stability of the Corporate Board

According to the application, the strength of the corporate board is the expertise contributed by the board of directors. The corporate board of directors consists of an attorney, a university professor, a Foothills Academy graduate who now holds an advanced degree, the chief financial officer of Foothills Academy, and the founding director of the school.

The stability of the corporate board is reported by the applicant to be due in large part to the fact that current members are healthy, highly skilled in their areas of expertise, dedicated to the school, and focused on its mission as a unified body.

<u>Succession Plan</u>

Charter Holder: In the event of a vacancy on the corporate board, the position will be filled on the basis of expertise, demonstrated dedication to the mission of the school, and invitation by other members. The goal for membership is that there is expertise in education, financial matters, legal matters, and a personal connection with the school, either as a parent, student, or employee. Membership will be confirmed by unanimous vote of the members. In the event that the president retires, resigns, or for other reasons is no longer able to serve, a new president will be elected by the members from the members of the corporate board. The same will be true in filling other positions on the board. Since as a matter of practice the president of the corporate board is also the director of the school, special consideration will be made in the event of the vacancy occurring at the level of president, as follows: Once a vacancy of the director of the school is filled by outside search, that person will automatically become a member of the corporate board. Whether this person would become president of the corporate board is a matter of election by board members.

Instructional Leadership: In the effort to ensure that teachers are highly qualified, the school will continue the practice of requiring two outside professional development experiences for each

teacher each year – in an area chosen by the teacher but which can be demonstrated to be valuable not only to that teacher's development, but to the organization as a whole. The applicant states that the school instructional leaders will continue to bring in outside professional development programs.

According to the application package, the incentive plan in place will be continued and refined. All teachers undergo an evaluation process designed by the school's teachers. The process allows the teachers to highlight their strengths and yearly contributions in several categories. High scores are rewarded with merit/performance pay. The process generates three categories of awards, with the top-tier teachers receiving the most. The applicant states that, though the process has worked well, there have been discussions regarding refinements that would create clearer distinctions among categories observed.

Foothills Academy does not recognize traditional department heads. The application describes the various ways the school identifies leaders in the content areas for both high school and middle school. Leadership is recognized through the evaluation process and incentive is provided to become a school leader.

Facilities Plan

Foothills Academy College Prep (grades 7 – 12) occupies a relatively new facility in North Scottsdale. There are no plans to expand the facility in the future. Site and facility maintenance will take place as needed.

Foothills Academy Elementary Prep (grades 1 – 6) occupies a relatively new facility only 3 miles southwest of the college prep campus. The 6-year lease began on August 15, 2009 and has a 3-year option to extend the term of the lease to August 31, 2018. Options, upon expiration of the lease, include a lease extension and, depending upon enrollment demand at the elementary level, the construction of a new facility to accommodate additional students.

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 Foothills Academy.