Detailed Business Plan Section Checklist

Charter Holder: Fountain Hills Charter School, Inc. (Entity ID 4356)

Each Detailed Business Plan will be reviewed to determine if all of the required elements have been addressed:

Yes	– Required element addressed.
No	– Required element not addressed.
Not **A**pplicable	– Required element not applicable to the charter holder.

Arizona State Board for Charter Schools (Board) staff will complete the Detailed Business Plan Section Checklist. The Checklist will be used by the Board in its consideration of the charter holder's request for charter renewal. "No" answers may adversely affect the Board's decision regarding a charter holder's request for charter renewal.

II b.1. CHARTER HOLDER'S ORGANIZATIONAL MEMBERSHIP				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ Evidence of the appropriate filings with either the Board, Arizona Corporation Commission or both submitted.			X	
II b.2. CHARTER HOLDER'S FINANCIAL SUSTAINABILITY PART A – RENEWAL BUDGET PLAN				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ Completed Renewal Budget Plan submitted.	X			
○ 4 years of financial information provided as required by the *Renewal Instructions* with fiscal years clearly identified.	X			Although the Renewal Budget Plan uses "2012" twice, the information included in the second "2012" year is different than the information included in the first "2012". Additionally, the "Assumptions/Notes" section refers to fiscal years 2011, 2012 and 2013.

○ Renewal Budget Plan includes average daily membership (ADM) used in each fiscal year and the basis for projected ADM.		X		The Renewal Budget Plan includes an ADM for each year, but does not provide the basis for the projected 5 ADM/year increase in fiscal years 2012 and 2013.
○ Assumptions provided for key components of the Renewal Budget Plan, including the basis for all projected revenue line items used.		X		Except for State Equalization Assistance and Contributions and Donations, the basis for the other projected revenue line items used was not provided.
○ Increases or decreases of 10% or more in the "total expenses" line item from year to year in the Renewal Budget Plan are explained in the "Assumptions/Notes" section.			X	
○ Each "Other" line item used is explained in the "Assumptions/Notes" section to specify what is included.		X		While an explanation is provided for the "Other" revenue line item, no explanation is provided for the "Other" Instructional expense line item used.
○ For those required to submit the Academic Performance Section of the renewal application, the charter holder's previous two audits and the Renewal Budget Plan demonstrate the charter holder has the financial capacity to implement the "budget" as detailed in the Academic Performance Section.			X	
○ Renewal Budget Plan is mathematically correct.		X		In addition to rounding issues, the "Total Revenue" amount in the final projected fiscal year does not include the $26,000 in preschool tuition. Further, "Net Assets, End of Year" for fiscal year 2012 should be $8,089 instead of $8,989. Working these changes through, "Net Assets, End of Year" in the final projected year becomes $34,207.
II b.2. CHARTER HOLDER'S FINANCIAL SUSTAINABILITY PART B – FINANCIAL SUSTAINABILITY NARRATIVE				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**

○ For those required to complete the renewal application's " Charter Holder's Financial Sustainability" section because at least one of the two previous audits identified a going concern or identified negative net assets or negative members'/stockholders' equity at year end, a narrative is provided.	X			
○ Narrative does not exceed one page in length.	X			
○ Narrative explains the charter holder's current financial situation.	X			
○ Narrative includes the specific steps the charter holder has already taken to improve its financial situation and ensure the continued financial sustainability of the charter school(s).	X			
○ Evidence provided that supports each of the steps already taken by the charter holder to improve its financial situation and ensure the continued financial sustainability of the charter school(s).		X		It is not readily clear how invoices from 2009 support the statement that the capital lease has been renegotiated when the fiscal year 2010 audit states that as of November 2, 2010, the charter holder was in the process of negotiating the buyout of the current lease and a new capital lease agreement with a new lessor for the lease of copier equipment.
TOTAL (Sections II b.1, II b.2 Part A, and II b.2 Part B)	6	5	3	

Check one *(required)*:

☐ MEETS THE REQUIREMENTS (All applicable " Required Elements" received a " Yes" .)

☒ DOES NOT MEET THE REQUIREMENTS (One or more applicable " Required Elements" received a " No" .)

Board Staff Review Date: June 28, 2011