Heritage Academy, 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 (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. School Profile

Heritage Academy, Inc. was granted a charter by the ASBCS, effective on the first day of the operation of the school which was August 21, 1995. Heritage Academy, Inc. is a non-profit in good standing with the Arizona Corporation Commission. The charter representative is Earl Taylor. The school, also named Heritage Academy, is located at 32 South Center in Mesa, serves 7-12, and had a FY10 ADM of 506.822.

Mission Statement:
The purpose of education is to build strong character. Strong character is reflected in strong families, strong communities and a strong nation. While teaching the academic disciplines, Heritage Academy is dedicated to instilling into the minds and hearts of today's youth knowledge of and respect for the ideals and values of the great men and women of history, including those who founded the American nation. As today's rising generation gains an appreciation of these people of accomplishment they will be ready to provide the selfless service to their fellow citizens and to their country which will be required in the coming years to assist in restoring American greatness. Heritage Academy exists to this end.

III. Academic Performance

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

Status Scores	2009	2008	2007
Elementary Reading	96	97	91
Elementary Math	94	92	91
High School Reading	93	97	94
High School Math	97	96	94
% of students school-wide who passed AIMS.			

Student Growth Percentile (SGP)	2009	2008	2007
Reading	46	55	58
Math	33	42	46
% of students demonstrating typical growth compared to similar students.			

IV. Fiscal Compliance

The charter holder has timely submitted the annual audit for the past five years. The fiscal year 2009 audit identified repeat weaknesses in internal controls relating to segregation of duties, which required the charter holder to submit a corrective action plan (CAP). The charter holder submitted a satisfactory CAP. Additionally, the fiscal year 2005 audit identified an issue requiring a corrective action plan. Repeat issues were identified in fiscal year 2005 and fiscal year 2008.

Heritage Academy, Inc. has received exceptions from the Uniform System of Financial Records for Charter Schools and State procurement regulations.

V. Legal and Contractual Compliance

The charter holder has timely submitted the Annual Financial Report and Budget for the past five years. 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 27 core teachers with 12 being reported as non-highly qualified. In 2004-05 noncompliance with the Individuals with Disabilities Education Act (IDEA) was determined by ADE Exceptional Student Services and a Corrective Action Plan was required. A Five-Year Interval Review by ASBCS took place in 2006.

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

The Corporate Board of Directors for Heritage Academy, Inc. consists of a president and secretary. The charter school governing body reports to the corporate board and school administration reports to the governing body. The organization's boards and administration share key personnel in order to reduce overhead. According to the application, operating in a flat structure frees up more resources for the classrooms and teachers. The application also includes a graphic depiction of the organizational structure.

Sustainability

Fiscal Viability

Heritage Academy has established controls, process and procedures to manage the cash flow, accounts payable, general ledger, audit and other financial activities of the organization. Fiscal authority is distributed between the members of the administration with final approval by the director/principal. Department chairs have authority to request expenditures within their budget, but do not have final authority to spend funds. Personnel with authority to permission expenditures include the business manager, assistant principal and director/principal.

Various fundraising methods support Heritage Academy's academics and extracurricular activities. Approximately 3 percent of total revenue comes from fundraising contributions. Additionally, over the last few years, several individuals and businesses have supported the school. Even with the added emphasis on fundraising, the application states that Heritage

Academy ensures its operations can be fully funded by state funds without relying on additional grant funding from state or federal sources.

Another measure of fiscal viability is the number of students exceeding capacity who wish to enroll in the school. Heritage Academy has a waiting list that exceeds 40 students throughout the year.

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Heritage Academy's financial statements. In each fiscal year, the charter holder ended the year with positive net assets. The Budget Plan submitted as part of the renewal application indicates that Heritage Academy's ending net assets will increase between fiscal year 2010 and fiscal year 2012. According to the assumptions provided, the three-year Budget Plan incorporates anticipated State cuts to education funding.

Strength and Stability of the Governing Body

The Governing Body at Heritage Academy, Inc. provides direction on many topics including financial statements, curriculum development, and other administrative matters. Although some members of the Corporate Board of Directors for Heritage Academy, Inc. are directly involved with the school, primary decision-making authority on all academic and operational matters resides with the school's Governing Body. Annual budgets, audits of financial and compliance processes provided to the AZ State Charter Board are reviewed and accepted by the Governing Body with a majority vote.

Heritage Academy Governing Body members:

Earl Taylor, Jr. – President and Principal
Wade Melchin – Clerk
Gary Helmbold – Rotating Member
Marie Renard – Rotating Member
Ellen Burgoyne – PTO President

The Governing Body has primary oversight of all academic and extra-curricular performance at Heritage Academy. The application states that the board monitors academic performance in a number of ways.

a. All board members with specific concerns related to academic performance are encouraged to share these concerns and corresponding recommendations to resolve the matters.
b. Concerns from parents are shared via the PTO President's seat on the board.
c. Concerns raised through the community may also be reviewed by the board.

External assessments are summarized in a spreadsheet and reviewed by the members of the Board. Teachers review the information, too. From these reviews, feedback and concerns are discussed between board members and instructional faculty on how to increase the quality of instructional programs at the school.

Strength and Stability of the Corporate Board

Heritage Academy, Inc. Corporate Board members:

Earl Taylor, Jr. – President
Ruth Taylor - Secretary

The President of the Board of the Directors also acts as the Director and Principal of Heritage Academy. In this dual role, the principal reviews the results of local, state and national testing to ensure a) compliance to standards and b) appropriate progress is taking place. This process is discussed in more detail in the Strength & Stability of the Governing Body section of the application.

Additionally, the principal, also president of the board, visits every classroom each year to evaluate performance. Personal interviews are also held with each teacher.

Succession Plan

Charter Holder: To strengthen the corporate board, the number of directors will expand to four members by the end of 2010. The President and Secretary will serve as the nominating committee and the newly elected members will be added by a unanimous vote. Members will be considered based on their professional experience and alignment with the mission of Heritage Academy. The two new members will serve as a First Vice Chairman and Second Vice Chairman. In the case of a departure by the president, the first vice chairman will serve as the president of a three-person nominating committee. The nominating committee will identify candidates who may replace the corporate president. After discussions and interviews with the candidates, the top candidates will be referred to the remaining Board of Directors for an election. The president will be elected by a majority of the remaining board members.

When other members of the Board of Directors depart, the board president will serve as the chairman of the nominating committee. The nominating committee will identify candidates and present the top candidates to the board for discussion and election. The new member of the board will be elected by a majority of the remaining board members.

Instructional Leadership: Heritage believes in promoting from within. Priority for department chair positions is given to existing instructors. The school also monitors the competition and private industry for individuals who would make qualified and motivating instructors. Although administrative positions are often filled by teachers, most teachers chose to grow within the discipline rather than into administrative positions.

Heritage employs full-time and part-time teachers. To allow for flexibility, some teachers will be full time in a particular year, but move to part time the next year and back to full time the following year. As a benefit, Heritage pays 100 percent of the cost of a health savings account plan for its employees. Additionally, money left over from Classroom Site Funds at the end of the year is divided equally between faculty members as a bonus.

Each employee develops his or her own ongoing development plan and is reviewed with the Principal before the end of the school year for the upcoming school year. Heritage Academy will provide funding for the implementation of the employee's plan, up to $500 per employee per

year, as agreed upon between principal and staff member. Teachers have used these funds to attend conferences, update certifications, or other continuing education activities.

The application states that highly qualified teachers are diligently recruited.[1] According to the application, over the years, Heritage has experienced very little turnover and high retention rates. Departures have not typically been for negative reasons such as poor performance or termination.

According to the application, the succession plan for the instructional team is based on a talent review process. This process is modeled after talent acquisition processes used at Fortune 500 companies such as Motorola, Honeywell, and General Electric. The application provides detail on the aspects of the process used by the school. Final hiring decisions are made by the principal with input from teachers, administration, and the business manager.

Facilities Plan

For most of the duration of the charter, Heritage Academy has operated from a single facility located at 32 S. Center, Mesa, AZ. In the spring of 2009, an additional facility adjacent to the existing property was purchased. This facility, located at 42 S. Center, Mesa, AZ, was remodeled to hold 11 classrooms. Classes started meeting in this building in November, 2009, after clearance from the City of Mesa and the State of Arizona.

The expansion enabled the school to request an increase in the enrollment cap from 460 to 600 in 2009. While the school anticipates enrollment will grow, the site cannot accommodate more than 600 students. Parents of current students and members of the community regularly submit requests for Heritage to open new campuses in the Glendale, Gilbert, Show Low, Flagstaff and other places. At some point in the future, an additional campus may be considered, but no plans for expansion within in the next three years are anticipated. Some funds will be used to improve existing facilities and potential rental fields for athletics.

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 grant a renewal contract for Heritage Academy, Inc.

[1] On May 7, 2010, the school reported to ADE that it has 27 core teachers with 12 as non-highly qualified.