Intelli-School, 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

Intelli-School, Inc. was granted a charter by the ASBCS, effective on the first day of the operation of the school which was September 5, 1995. Intelli-School, Inc. is a non-profit in good standing with the Arizona Corporation Commission. The charter representative is Patricia Shaw. The school, Intelli-School Paradise Valley, is an alternative school located at 1107 E. Bell Road, #109A in Phoenix, serves 9-12, and had an FY10 ADM of 146.432.

Mission Statement:
Intelli-School, Inc. will provide an innovative, non-traditional high school learning environment, completely computer driven and entirely self-paced. Intelli-School's academic approach will allow special education, learning disabled, the at-risk youth (which includes students with disruptive behavior issues, students who are significantly behind in credits, students who have been identified as dropouts, students who are pregnant or parenting and students who have been adjudicated) and other students who are interested in careers in the computer, technology and communications arenas to obtain their high school diploma.

III. Academic Performance

Fiscal Year	AZ LEARNS	Adequate Yearly Progress (AYP)
2009	Performing	No
2008	Performing	Yes
2007	Performing	No

Status Scores	2009	2008	2007
Reading	44	52	41
Math	30	26	27
% of students school-wide who passed AIMS.			

IV. Fiscal Compliance

The charter holder has timely submitted the annual audit for the past five years. The fiscal year 2009 audit identified noncompliance with Classroom Site Fund (CSF) requirements, which required the charter holder to submit a corrective action plan (CAP). The charter holder submitted a satisfactory CAP. This, however, is not the first time that Intelli-School's audit has identified noncompliance with CSF requirements. Intelli-School's fiscal year 2006 audit identified third-year noncompliance with CSF requirements. As a result, the Board voted to withhold 10 percent of the charter's monthly State aid apportionment. The withholding occurred for six months. For the same five fiscal years, only the fiscal year 2009 audit identified a repeat issue, which was management not being comprised of individuals that possess the competencies required to prepare full disclosure financial statements in accordance with GAAP.[1]

Intelli-School, 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 10, 2010, indicated eight core teachers with one being reported as non-highly qualified. Cycle 4 NCLB Compliance Monitoring occurred in 2005-06 with findings that were corrected. Cycle 6 NCLB Compliance Monitoring occurred in 2007-08 and compliance was met. In 2010, some findings of

[1] Intelli-School's charter contract requires it to comply with GAAP.

noncompliance with the Individuals with Disabilities Education Act (IDEA) were determined by ADE Exceptional Student Services (ESS). A Corrective Action Plan was due 05/02/10 to be reviewed by an ESS Specialist. In 2008, compliance with the Individuals with Disabilities Education Act (IDEA) was determined by ADE Exceptional Student Services. A Five-Year Interval Review by ASBCS took place in 2006.

VI. Renewal Application

A. Education Plan

The Charter Holder was required to submit a Performance Management Plan in the academic section of the renewal application.

The introductory narrative for the Performance Management Plan describes the process the school community undertook for data examination and analysis. Data reviewed included demographics, enrollment, special education population, pre- and post-test scores, and AIMS results. Based upon the data analysis, the school determined to focus the plan on continuing improvement efforts for the core curriculum and individual student remediation.

Indicator: **Math**
Duration of the Plan: Spring, 2010 – June, 2012
Strategies:

Improve data analysis in reference to AIMS preparation.
Enhance AIMS math remediation courses and core math curriculum.
Increase the foundation of academic support student receives in math skills.
Improve Communication from Administration to School, Staff, Parents and Students.
Increase teacher math proficiency.
Increase special education student scores on AIMS math test.

ANNUAL BENCHMARK TARGETS:

CURRENT STATE	YEAR 1	YEAR 2	YEAR 3	TARGET FOR PLAN
Arizona State average for percent passing in the Math portion of the AIMS is: 2009 - 58% Intelli-School average for per cent passing in the Math portion of the AIMS is: Overall: 30% Sophomores: 36% Juniors: 19% Seniors: 36%	Sophomores will increase 7% to bring % up to 43% to approach state average of 58%. Juniors will increase 13% to bring % up to 32%. Seniors will increase 7% to bring % up to 43%.	Sophomores will increase 7% to 50% to approach state average of 58%. Juniors will increase 13% to bring % up to 45%. Seniors will increase 7% to bring % up to 50%.	Sophomores will increase 7% to 57% to approach state average of 58%. Juniors will increase 13% to bring % up to 58%. Seniors will increase 7% to bring % up to 57%.	Sophomores, juniors, and seniors who have started their high school career with us since freshman year, will meet or exceed the current statewide average of Math AIMS.
Arizona AYP requirements for % testing is 95%.	Intelli-School will increase 2% to bring % up to AYP	Intelli-School will maintain or increase % tested	Intelli-School will maintain or increase % tested	Intelli-School will maintain or increase % tested

Intelli-School average for per cent testing is 93%.	requirements of 95%	to meet requirements of AYP.	to meet requirements of AYP.	to meet requirements of AYP.

Indicator: **Reading**
Duration of the Plan: Spring, 2010 – June, 2012
Strategies:

Increase AIMS scores for Juniors and Seniors.
Enhance AIMS reading remediation courses and core language arts curriculum.
Increase the foundation of academic support student receives in reading comprehension Skills.
Increase communication and understanding between Administration, site staff, parents and students.
Increase teacher language arts proficiency.
Increase special education student scores on AIMS reading test.

ANNUAL BENCHMARK TARGETS:

CURRENT STATE	YEAR 1	YEAR 2	YEAR 3	TARGET FOR PLAN
Arizona state average for per- cent passing in the Reading portion of the AIMS is: 2009 - 67% Intelli-School average for percent passing in the Reading portion of the AIMS is: Overall: 44% Sophomores: 58% Juniors: 33% Seniors: 27%	Sophomores will increase 4% to bring % up to 62% to approach state average of 67%. Juniors will increase 11% to bring % up to 44%. Seniors will increase 13% to bring % up to 40%.	Sophomores will increase 4% to bring % up to 66% to approach state average of 67%. Juniors will increase 11% to bring % up to 55%. Seniors will increase 13% to bring % up to 53%.	Sophomores will increase 4% to bring % up to 70% to meet state average of 67%. Juniors will increase 11% to bring % up to 66%. Seniors will increase 13% to bring % up to 66%.	Sophomores, juniors, and seniors whom have started their high school career with us since freshman year, will meet or exceed the current statewide average of Reading AIMS.
Arizona AYP requirements for % testing is 95%. Intelli-School average for percent testing is 93%.	Intelli-School will increase 2% to bring % up to AYP requirements of 95%.	Intelli-School will maintain or increase % tested to meet requirements of AYP.	Intelli-School will maintain or increase % tested to meet requirements of AYP.	Intelli-School will maintain or increase % tested to meet requirements of AYP.

In the Performance Management Plan Intelli-School scored 20 points out of a possible 40 points. Ten percent of the sections scored at Meets or Exceeds level.

B. Detailed Business Plan

Organization
The corporate board of directors is responsible for selecting the corporate officers and for approving the education services management contract with the education services provider. In addition to being a corporate director, corporate officer and charter representative, Patricia Shaw

is the chief executive officer of the contracted education services provider. The management contract is designed to allow the education services provider to provide all back office services to the school. The application states that this enables the teachers at the school to be available to educate students, facilitate learning and manage behavior and productivity in the classroom.

Among their responsibilities, site coordinators (contracted) provide management supervision to the site administrator (school employee), ensure that there is consistency in practice and operation between Intelli-School and the other schools doing business as an Intelli-School, and provide professional development as needed on an ongoing basis. The teachers and secretary, who are school employees, report to the site administrator.

Intell-School contracts with ReSolutions as the education services provider. ReSolutions provides the site coordinator, school services, special education services, business services, and technology services for the organization. The application includes a chart which depicts the relationship with the service provider and the rest of the organization.

Sustainability

Fiscal Viability

Intelli-School, Inc. initially operated using the Uniform System of Financial Records for Charter Schools, but in 1998 amended its charter and received an exception. In addition to the required annual budget, management does monthly budgets that are reviewed at the beginning of each month and reconciled at the end of the month. The annual budget is reviewed at the beginning of each fiscal year and then reviewed again on a quarterly basis for revisions as necessary. The "charter holder", together with the business manager, makes the final fiscal decisions. Quarterly, a financial statement is made available to the board to review. The application states that the organization's fiscal viability is based in part on the school's longevity and in part on the school's relationship with its management company. Because of the relationship with its management company, school-level personnel do not have access to school monies nor do they have any fiscal authority. The site administrator, however, does handle the separate "Snack Account".

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Intelli-School's financial statements. In each fiscal year, the charter holder ended the year with positive net assets. However, the two audits showed annual declines in net assets from $96,534 at the beginning of fiscal year 2008 to $19,498 at the end of fiscal year 2009. The Budget Plan submitted as part of the renewal application indicates that Intelli-School's ending net assets will be positive for fiscal years 2010 through 2012. However, the charter anticipates that expenditures will exceed revenues by approximately $13,600 in fiscal year 2011. According to the assumptions provided with the budget, revenue calculations for the three-year Budget Plan were based on a "worst case scenario" where the May 18th 1-cent sales tax increase was not approved. Intelli-School plans to offset the decreases in revenue by increasing its student count. The renewal application also identifies contingencies should the student count not increase or revenues decrease by more than anticipated.

Strength and Stability of the Governing Body

The governing body will include no less than three and no more than seven members. The current governing body includes Patricia Shaw and Terri Hutts. There is currently one open position.

Members are appointed by the corporate board. Governing body members may hold office for a period of two years and may serve multiple consecutive terms without restriction. The original Articles of Incorporation and Bylaws did not allow for school staff to be on the governing body so recruitment was limited to outside, non-related individuals. School staff will now be able to be involved with school governance under the new Articles of Incorporation and Bylaws.

The governing body's duties include adherence to the core values of the corporation and the educational philosophy of any charter school operated by the corporation. The application did not include information on the governing body's role in monitoring academic performance. All policies and procedures for the charter school operated by the corporation will be established and exercised by or under the authority of the governing body.

Strength and Stability of the Corporate Board

The corporate board of directors includes no less than one director and no more than seven directors. The current directors of the corporation are Patricia Shaw and Danielle Pollard. The current corporate board officers are:

Patricia Shaw-President	Steven J. Childress-Vice President
Gregory Sihler-Secretary	Danielle Pollard-Treasurer

The board of directors, which meets at least annually, conducts the affairs of the corporation and is responsible for the corporation's governance and operation. The application did not include information on the corporate board's role in monitoring academic performance. The corporate board may authorize standing committees and advisory boards. The governing body for the charter school must be established as a standing committee by the corporate board.

As a result of the renewal application process, Intelli-School, Inc. has established new Articles of Incorporation and Bylaws that are more in keeping with how the school has evolved. These documents were filed with the Arizona Corporation Commission the week of April 12, 2010.

<u>Succession Plan</u>

Charter Holder: According to the application, planning is ongoing for Patricia Shaw's replacement as charter representative. Currently, there is one other corporation director who, in an emergency, can transact business. In addition, a management team, including educators, business persons and accounting persons, is being built to run not only Intelli-School, Inc. but the other existing charters which do business as an Intelli-School.

Instructional Leadership: The application states that the school has established a pattern of promoting from within. Teachers are sought after to be site administrators, and site administrators have the opportunity to become a site coordinator. Teachers, administrators and others have the opportunity to be hired by Intelli-School's contracted education services provider.

Facilities Plan

Intelli-School has been in the same leased retail space since 1998. At this time the school has no plans to make changes in the facilities.

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 Intelli-School, Inc.