DETAILED BUSINESS PLAN – COMPANY HISTORY

INTELLI-SCHOOL HISTORY

The charter awarded to Intelli-School, Inc. was signed by the President, and Chairman of the Board of Directors, Patricia Shaw on June 8, 1995. Intelli-School was scheduled to initially open on September 4th, 1995. Many time sensitive issues had to be addressed and resolved by the school founders in four short months. The following list is only a broad overview of few of the significant challenges that were successfully accomplished in that time:

- Obtain a location
- Renovations needed to meet health and safety codes
- Recruit staff
- Recruit students
- Submit a school calendar
- Submit an estimated student enrollment
- Order and set-up classroom furniture
- Obtain and configure IT equipment and educational software
- Install a computer network infrastructure
- Institute a financial process that would be in compliance with the Uniform System of Financial Records

Intelli-School opened on September 18th, 1995, on the south east corner of Central and McDowell; the original Phoenix General Hospital. The opening had been delayed by two weeks because at the last minute an anticipated financial package was denied due to the uncertainty relating to the fledgling charter school industry in Arizona. Financing could not be obtained because lenders could not assess the risks. $100,000 was still needed in order to purchase the IT equipment required to run a computer-based school. Patricia Shaw was able to obtain private funding sources, including a personal loan by herself for half of the amount needed.

The school opened with 50 students, three full-time staff members and a first year budget of $212K; offering two four-hour sessions. By the first anniversary in September of 1996 Intelli-School had grown to three sites (Central, Mesa and Metro Center) with over 300 students. As Intelli-School continued to grow a third evening session was offered, achieving the significant goal of budgeting each site for 150 students.

In 1997, the school prepared for additional growth by using a second classroom at the Central campus to begin operations that would spin off and become the Paradise Valley campus in 1998.

Also, that same year, the school expanded into the City of Glendale using a similar strategy, when it rented additional space at the Metro Center location and began proactively seeking students from the Glendale area. The Glendale campus was opened in 1998. By September of 1999 there were four school locations under the Intelli-School Charter with approximately 500 students.

In 2002 Intelli-School was able to build upon its successful model and hard won experience by leading in the creation of a consortium of charter schools. This consortium of charters enabled Intelli-School to support and assist in the growth of the charter school industry in Arizona. This was accomplished by enabling other charter operators to successfully open schools using the established methods pioneered and proven by Intelli-School and its founders. Intelli-School founders believe more successful schools lead to more successful students.

INTELLI-SCHOOL MISSION STATEMENT

> Intelli-School 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 computer, technology and communications arenas to obtain their high school diploma.

INTELLI-SCHOOL VISION

The first few years of experience enabled Intelli-School and its founders to more clearly define the "How", the "Why" and the "Way" Intelli-School enacted its mission.

- From the beginning Intelli-School wanted to meet the social, academic and other needs of at risk student populations.
- Intelli-School recognized the needs of this population were not being met in traditional, teacher led instructional models.

Even in 1995, which was very early in the personal computer era, the vision included the following beliefs and strategies:

- Computers were a viable avenue to deliver academic content.
- The emphasis on reading content would improve reading skills.
- Traditional schools, with a focus only on teacher-led instruction, were failing to help non-traditional students.
- A shorter, but more productive, school day would benefit students.
- Offering multiple sessions starting at different times during the day would benefit students who had competing demands on their lives.
- Providing a relaxed, personalized school environment based on respect and safety would improve student self-esteem.
- Expectations of attendance, productivity and mastery would create a culture that promoted the same values necessary for student success.

From the beginning Intelli-School and its staff moved forward through the frequently confusing and constantly changing landscape of charter school operations and accountability.

Regardless of the many challenges and obstacles that presented themselves and were ultimately met and over come, Intelli-School never lost sight of its core-beliefs. Intelli-School believes that students whose special needs are not acknowledged nor addressed by traditional school environments can be helped, supported and nurtured to success.

Intelli-School recognized and promoted one of its most important goals that of providing an alternative avenue for students to graduate with a High School diploma. Every Intelli-School student is a future member of the working society, and therefore every student that is supported in their own desire to graduate with a High School diploma is a success for Intelli-School.

INTELLI-SCHOOL MARKETING

Intelli-School firmly believes that the ultimate reward of hard work and success is the acknowledgement and support of the surrounding communities it serves. The truth that "word of mouth" is the single best form of support and marketing has never been forgotten. Our students, their families, and all those they know and interact with are the community that Intelli-School both serves and supports. The success of Intelli-School has been rewarded over the years by their continued support.

In the summer of 1995 Intelli-School engaged in 2 or 3 weeks of radio advertising on KYOT during the morning commute hours to announce the initial opening of the school at the Central and McDowell location. These ads also informed listeners that Intelli-School would host several open houses in libraries around the Valley during the month of August.

In summer of 1998, Intelli-School engaged in advertising before movie audiences in various theatres in the Phoenix and Glendale areas to announce the re-location and opening of both the Paradise Valley location and the Glendale location.

Intelli-School has primarily relied upon the previously mentioned goodwill and community standing, standard building signage, along with maintaining a website and the use of additional standard business marketing practices (i.e. brochures and business cards).

However, in plans to increase student count in the next two years, an advertising campaign will be designed. In order to do this the budget in this area is increased by $6,000 in 2010-11 and 2011-12.

INTELLI-SCHOOL MARKET

Pursuant to the school's mission, the target population includes the following groups:

- Students between the ages of 14 and 22
- Students who have Special Education needs
- Students who are learning disabled
- 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
- Students who have been adjudicated
- Students who are interested in careers in computer, technology and communications arenas
- Students who wish to obtain their high diploma

Again, these are some of the populations that Intelli-School always intended to serve. The next section will demonstrate with nearly 15 years of demographic data the specific details of the populations the school has actually served.

INTELLI-SCHOOL DEMOGRAPHICS

Due to the extraordinarily high mobility of the population of students that Intelli-School serves, a "picture" of our demographics taken at one point in time does not always match up with a "picture" of our demographics taken at another point in time. However, with 15 years of data a clearer, broader picture does begin to emerge. Additionally, it demonstrates that the 'At Risk" label in many ways over-simplifies the lives of these students, minimizes the reality of their lives, and minimizes the challenges of trying to educate this population:

- 66% have attended 5 or more schools in their academic career with a significant number having attended 8 or more schools.
- 40% have historical issues with school attendance, truancy and/or have been suspended for absence issues.
- Less than 20% lived with both biological mother and father.
- 55 to 60% lived in alternative, blended or single parent families.
- Of those students whose parents divorced the majority of those divorces occurred during the student's elementary school years and could possibly be the trigger issue for school related and learning related issues.
- 40% have been withdrawn, suspended or expelled from a prior school for behavioral issues.
- 17% were pregnant or parenting teens.
- 11% were adjudicated.
- 65 to 70% were not enrolled in a school (drop-out) when they enrolled with Intelli-School.
- 75 to 80% worked at least part-time and reported that work responsibilities and work hours negatively impact their ability to attend traditional schools.