Montessori Charter School of Flagstaff, 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

Montessori Charter School of Flagstaff, Inc. was granted a charter by the ASBCS, effective on the first day of the operation of the school which was August 21, 1995. Montessori Charter School of Flagstaff, Inc. is a for-profit in good standing with the Arizona Corporation Commission. The charter representatives are James Spencer and Marlene Spencer. The school, Switzer, serves K-8, is located in Flagstaff, and has a FY10 ADM of 261.038.

Mission Statement:
Montessori Charter School of Flagstaff, founded on educational principles developed by Dr. Maria Montessori, employs the "Montessori Method" in providing a solid educational foundation to young children from 5 to 14. The school programs are individually structured to provide as profitable a learning experience as possible to each student.

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
Reading	97	95	97
Math	93	95	89
% of students school-wide who passed AIMS.			

Student Growth Percentile (SGP)	2009	2008	2007
Reading	57	51	56
Math	49	45	59
% 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. For the same five fiscal years, only the fiscal year 2006 audit identified an issue requiring a corrective action plan. No repeat issues were identified.

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

V. Legal and Contractual Compliance

Except for fiscal year 2006, the charter holder has timely submitted the Annual Financial Report for the past five years. The charter holder has timely submitted the 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 is not required of for-profit charter schools. In 2008, compliance with the Individuals with Disabilities Education Act (IDEA) was determined by ADE Exceptional Student Services. A Corrective Action Plan met minimum compliance for

ADE Exceptional Student Services in March, 2005. 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

Montessori Charter School of Flagstaff's corporate board is composed of two directors who are the sole stockholders and are also members of the governing board and serve as the school's chief administrator and business manager. In 1996, the governing board granted broad operating and financial authority to the chief administrator and business manager, respectively. The governing board agreed to function thereafter in an advisory capacity while still retaining its oversight responsibility. School directors act as principals and operate under the authority of the chief administrator to ensure the smooth operation of their respective programs. Although the school directors maintain daily contact with their staff and parents, every staff member and the parents of each enrolled child have direct access to the highest level of the school and corporation.

Sustainability

Fiscal Viability

Upon receiving its charter, Montessori Charter School of Flagstaff, Inc. engaged a CPA firm to ensure, among other things, that all of the school's accounting procedures were conducted according to GAAP. The business manager and majority stockholder manages the school's finances. No expenditures are made by anyone but the business manager, and no funds are managed by any other individual. Although the various levels of the school (kindergarten, elementary and middle school) are located in different parts of town, these "sites" remain under the fiscal control of the business manager.

Another measure of fiscal viability is the number of students exceeding capacity who wish to enroll in the school. The charter holder indicates in the application that there is a "substantial waiting list" for the school.

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Montessori Charter School of Flagstaff's financial statements. In each fiscal year, the charter holder ended the year with positive retained earnings.

However, for fiscal year 2009, expenditures exceeded revenues by nearly $102,000. The Budget Plan submitted as part of the renewal application includes the prior fiscal year's budget balance as "Other State Funds/Grants" revenue also. The charter holder indicated that this was done due to a decision to transfer the budget for the full-day kindergarten program from the non-charter preschool to the charter school since the charter school was receiving the funding. Adjusting for this line item, the Budget Plan indicates that Montessori Charter School of Flagstaff's ending retained earnings are expected to decrease in fiscal year 2010 and increase in fiscal years 2011 and 2012. According to the assumptions provided, due to actual and potential funding cuts, the charter holder has temporarily increased its ADM. The charter holder hopes that eventually the school can return to what it feels is a more manageable classroom size.

Strength and Stability of the Governing Body

Montessori Charter School of Flagstaff Governing Board members:

James Spencer
Marlane Spencer
Christa Stevens
Anne Dickman
David Dickman

James and Marlane Spencer are the school's original board members. The other three members have been on the board for more than seven years. All board members were recruited from the population of parents at the school and selected based on the skills that were needed to establish a strong board and on the prospective board member's familiarity with the school, its mission and its operations. Since several well-qualified parents either teach at the school, act as school administrators or volunteer in the classrooms, the school has a substantial pool from which to recruit and select future board members. Openings on the board are not anticipated in the foreseeable future.

The governing board monitors the school's academic performance by reviewing published test scores. Board members may visit any classroom at any time unannounced and have direct access to the school's administration and instructional staff. Members remain abreast of school operations through the chief administrator and business manager, who are both board members. Through the chief administrator, the application states, the board conducts a review of each child's performance, each classroom's performance and each grade level's performance on every standardized test to ensure that every potential academic problem is addressed.

Strength and Stability of the Corporate Board

The corporate board includes two members – James Spencer, who is the president and treasurer, and Marlane Spencer, who is the vice president and secretary. The application states that, if it weren't for the Open Meeting Law, the corporate board would also be the school's governing body. Since all of the corporation's stock is owned by two individuals who are also members of the governing board, the role of the corporate board is essentially the same as that of the governing board.

Because of the relationship between the corporate board and the governing board, the corporate board monitors the academic performance of the school as part of the governing board and in the same manner.

Succession Plan

Charter Holder: According to the bylaws, the authority for replacing either directors or officers rests with the corporation's shareholders. As a for-profit closely held corporation, in the case of the untimely death of both shareholders, their estate plan transfers ownership of the corporation to their heirs, both of whom are college educated adults who are familiar with the remaining governing board members of the school and all of the school's administrators. The heirs have been given instructions, in the unlikely event of the death of both shareholders/directors/officers, to rely on the expertise of the governing board members and the advice of the senior administrators to ensure the continued viability of the school.

Instructional Leadership: Montessori Charter School of Flagstaff does not fit the traditional model of a school with a well developed career ladder for its staff members. The application lists several reasons for this, including that the skills required to fill the school's positions are specific and do not easily lend themselves to being applied to multiple positions. For example, a superior Montessori teacher is not often also a superior administrator and a superior administrator is not often a great teacher also. For this reason, staff members who are administrators are generally not Montessori certified and are hired for their ability to manage rather than teach. Since there are at least two full-time teachers in every classroom, the more experienced Montessori certified teacher mentors the less experienced and functions as the lead teacher.

Facilities Plan

Montessori Charter School of Flagstaff leases four buildings in Flagstaff and has no plans to purchase any property. The owners of all four buildings are willing to reduce the least costs if the school is willing to enter into a long-term lease. The application includes more details regarding 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 Montessori Charter School of Flagstaff, Inc.