Tempe Preparatory Academy
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:

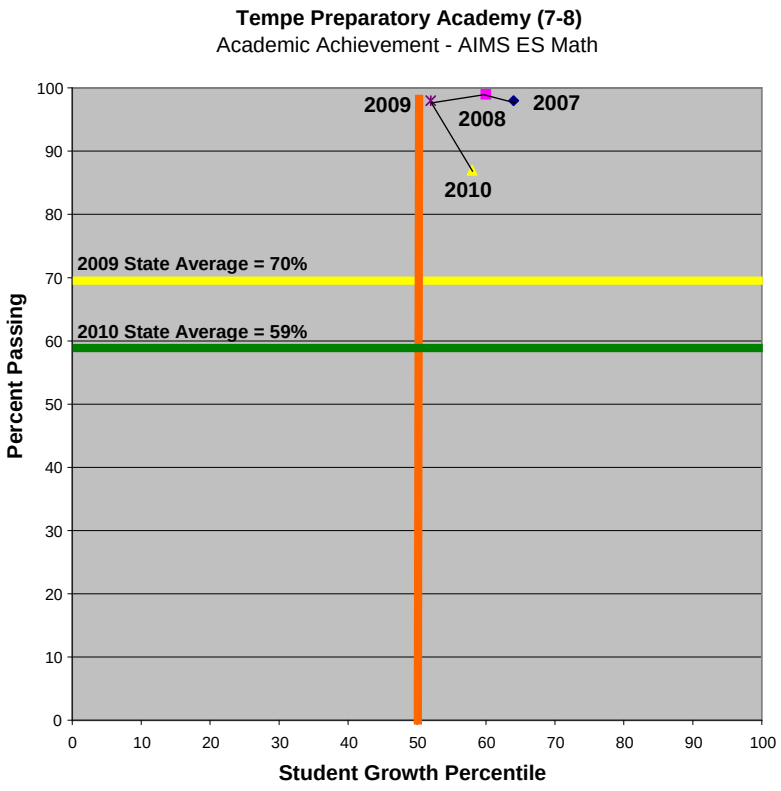
- Written application for renewal
- Student performance data
- Independent financial audits
- Five year interval summary reviews
- Site visit reports
- Monitoring reports

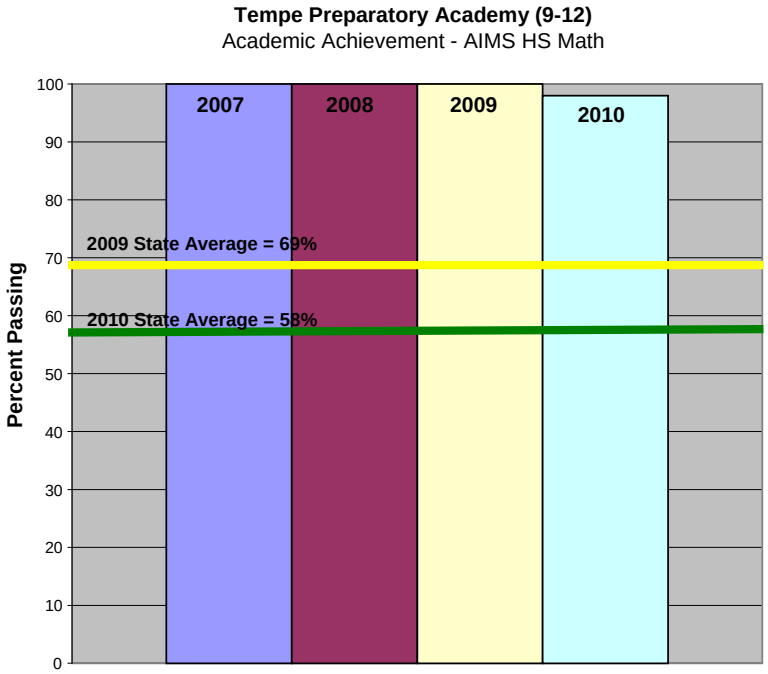
II. School Profile

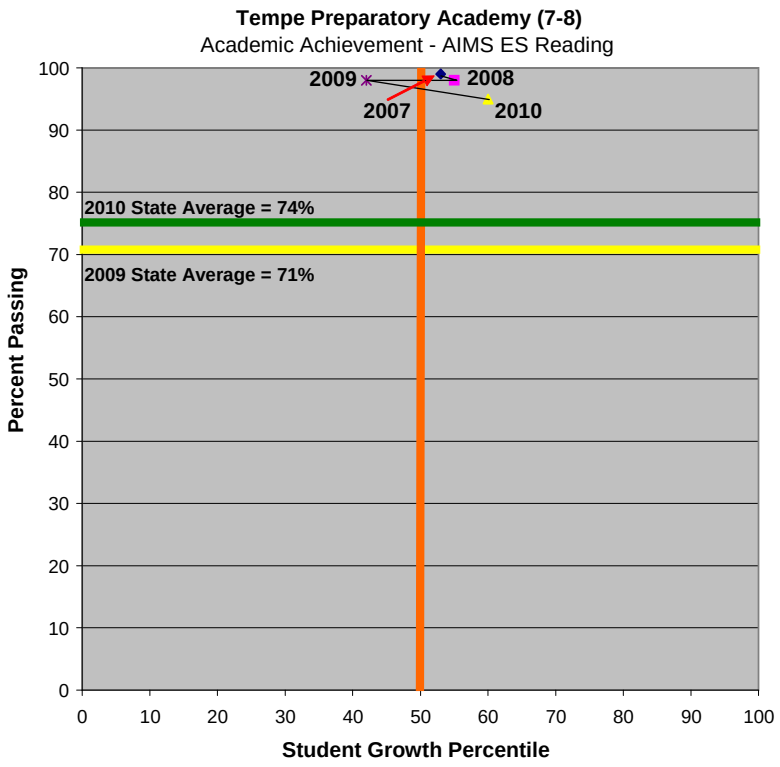
Tempe Preparatory Academy was granted a charter by the ASBCS effective on August 26, 1996. Tempe Preparatory Academy is a non-profit corporation in good standing with the Arizona Corporation Commission. The charter representative is John Hughes. The school, also named Tempe Preparatory Academy, located at 1251 E. Southern Avenue in Tempe, serves grades 7-12, and had FY10 100th day ADM of 330.190.

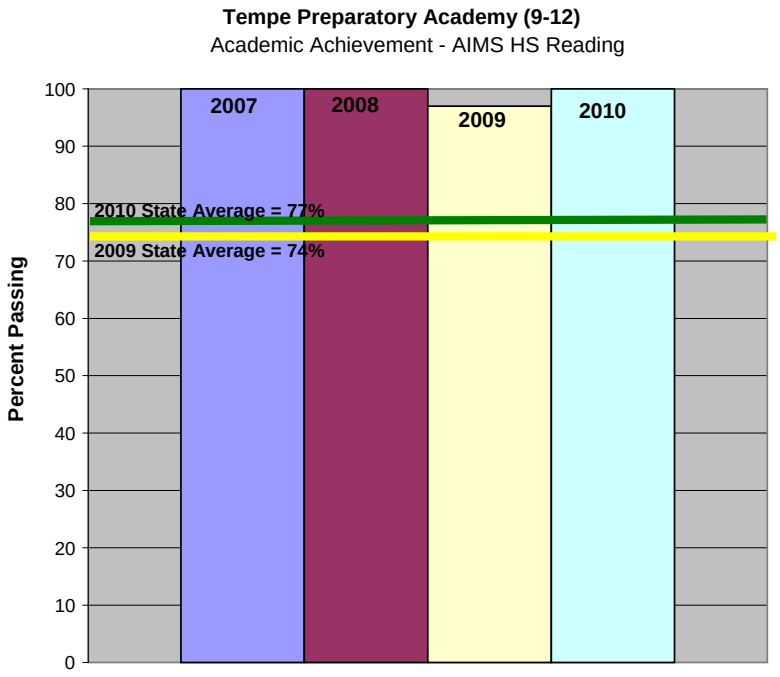
Mission Statement (as provided in the contract):
The mission of Tempe Preparatory Academy is to enable students grades 7-12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts and sciences. No less important, TPA will foster a scholastic environment that emphasizes uncompromising integrity, creative imagination, community service, and a lifelong quest for learning.

III. Academic Performance






Tempe Preparatory Academy (7-8)
Academic Achievement - AIMS ES Reading
2009
2008
2007
2010
2010 State Average = 74%
2009 State Average = 71%
Percent Passing
Student Growth Percentile
0
10
20
30
40
50
60
70
80
90
100


Tempe Preparatory Academy (9-12)
Academic Achievement - AIMS HS Reading
2007
2008
2009
2010
2010 State Average = 77%
2009 State Average = 74%
Percent Passing
0
10
20
30
40
50
60
70
80
90
100

Fiscal Year	AZ LEARNS	Adequate Yearly Progress (AYP)
2010	Excelling	Yes
2009	Excelling	Yes
2008	Excelling	Yes
2007	Excelling	Yes

IV. Fiscal Compliance

As detailed in the Audit and Fiscal Compliance section of the *Renewal Summary Review*:

- The charter holder has failed to timely submit its annual audit for one or more years.
- Each fiscal year's audit identified at least one issue which required a corrective action plan.[1] The fiscal year 2009 audit identified two issues which required a corrective action plan (CAP). The first issue was repeat weaknesses in internal controls relating to segregation of duties. The 2009 audit showed improvement in this area. The second issue involved the school not retaining supporting documentation for all disbursements. The charter holder submitted a satisfactory CAP.
- No repeat issues were identified.

Tempe Preparatory Academy has received exceptions from the Uniform System of Financial Records for Charter Schools and State procurement regulations.

V. Legal and Contractual Compliance

For the previous five fiscal years –

- The charter holder has timely submitted the Annual Financial Report.
- The charter holder has failed to timely submit the Budget for one or more years.
- All Declarations of Curricular and Instructional Alignment were submitted to the Arizona Department of Education (ADE) in a timely manner with the exception of the Principal's form in 2008.
- The Highly-Qualified Teacher report, updated on July 6, 2010, indicated 59 core teachers with 15 being reported as non-highly qualified.
- In 2006 a Corrective Action Plan was required by ADE Exceptional Student Services for noncompliance with the Individuals with Disabilities Education Act (IDEA).

<u>Previous Withholding:</u>
In November 2008, the Board voted to withhold 10% of the charter holder's monthly State aid apportionment for failure to timely submit the fiscal year 2008 audit. No withholding occurred as audit was submitted prior to the December 2008 payment.

[1] In the *Renewal Summary Review*, "No CAP Fingerprinting" means that as of the audit firm's testing date, the charter holder was not in compliance with fingerprinting requirements. However, subsequent to the testing date and prior to the audit report's release, the charter holder provided proof of compliance (e.g., a valid fingerprint clearance card) or staff conducted a site visit after reviewing the audit and determined the charter holder was now in compliance.

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 application package provides a detailed description of positions within the organization as well as a list of responsibilities for each. The Board of Directors has the overall responsibility for the mission and vision of the school. The board hires and fires the Headmaster, approves faculty and staff contracts on the recommendation of the Headmaster, and approves and adopts a budget. The Headmaster has direct oversight of the school including ensuring implementation of the curriculum and directing and supervising department heads. The school has an Assistant Headmaster that assists the Headmaster with administrative responsibilities and also handles disciplinary issues.

The organization has a business manager and financial analyst to maintain the business operations. Department heads are responsible for reviewing departmental curriculum, observing and reviewing new and veteran teachers, and review and assure alignment of curriculum with state standards. The college counselor meets with families and students in regard to the college admissions process, prepares transcripts, organizes standardized testing, and organizes visits of college admissions personnel. The school has an athletic director and an athletic trainer responsible for overseeing the sports program.

The Parent Organization and the Tempe Preparatory Academy Foundation are advisory and support groups that cooperate with the Headmaster in pursuit of the overall goals of the school. Tempe Preparatory Academies Parent Organization and the Tempe Preparatory Academy Foundation are both separate Arizona non-profit corporations that are exempt under Section 501(c)(3) of the Internal Revenue Code. Both the "P.O." and the TPA Foundation are organized and undertake their activities through volunteer parents who are members of the TPA community. The Tempe Preparatory Academy Foundation holds and maintains a building that was purchased for use as offices by the faculty members of TPA. TPA leases the building from the TPA Foundation. The application package includes an organizational chart which depicts the relationship of the various entities in the organization to one another.

Sustainability

Fiscal Viability

The application states that Tempe Preparatory Academy has been operated to maintain positive cash flow, fully covering each year's operating expenses, and where possible, develop reserves for financially challenging times. The application's "Sustainability" section primarily describes

several efforts to provide the State Board for Charter Schools "with the insight to understand how TPA is continuing to perfect a model for an academically-successful and fiscally-sustainable model for charter schools". (For more information, please see the "Sustainability" section.) According to the application's "Organizational Chart" narrative, the Headmaster oversees the preparation and implementation of the annual budget and the board of directors is responsible for reviewing and approving the annual budget, including any deviations or extra-budgetary expenditures presented after adoption of a budget. The narrative also includes responsibilities of the Business Manager and Financial Analyst.

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Tempe Preparatory Academy's financial statements. The financial statements include the accounts of Tempe Preparatory Academy and the Tempe Preparatory Academy Foundation. In each fiscal year, the charter holder ended the year with positive net assets. However, in fiscal year 2009, expenses exceeded revenues by $42,569 for the audited entity. The Budget Plan submitted as part of the renewal application indicates that expenditures are expected to exceed revenues in one (fiscal year 2010) of the three fiscal years projected. The ADM used for the projections was not provided. Based on information obtained from the Arizona Department of Education's website, the charter holder is currently being funded on an ADM of approximately 330. According to the assumptions provided, the fiscal year 2011 projection incorporates known cuts to state funding.

Strength and Stability of the Governing Body
Strength and Stability of the Corporate Board

According to the application package, the Governing Body and the Corporate Board both are embodied in TPA's Board of Directors. The Board of Directors currently has seven (7) members, although the bylaws state that, at Board initiative, the membership could be increased to 21 or reduced to 3. Each Director who is elected to the Board is elected for a term of not less than one year. In addition to the list of directors, the application package includes length of service and area of expertise for each director.

Tempe Preparatory Academy Board of Directors members:

John Hughes, President
Tara Kilby, Secretary
Elizabeth Ortiz, Director
John X. Evans, Director
Chris LeBeau, Director
Kent Brockelman, Director
Trevor Bush, Director

<u>Succession Plan</u>

Charter Holder: According to the applicant, board members are selected on the basis of their knowledge and involvement in TPA *and* in the areas of expertise, for example employment law, finance, public administration, liberal arts education and other policy needs for school administration (such as public finance and public governance) and needs particular to TPA (such as academic focus). TPA's board succession is composed of four basic elements: (1) Understanding the Needs of the School; (2) Selection of Qualified Candidates; (3) Transition of

Board Members; and (4) Development of Board Members. The charter holder is committed to maintaining diversity and balance on the Board. The applicant states that membership of between five and seven members and a process to assure orderly replacement with appropriately talented board members assures continuation of TPA's mission and values.

Instructional Leadership: The Headmaster is responsible for supervising the TPA curriculum and serving teachers in their development in the profession. There are several ways the school develops instructional leaders. One is with the Department Chairs. Department Chairs, who manage each academic department, are viewed as "Master Teachers," serve as models of professionalism, collegiality, and service for fellow teachers. A faculty member may be appointed in the third year at TPA. Another level of development is through faculty observations and evaluations. In this process, faculty members observe and evaluate others particularly skilled in conducting Socratic Seminars. Teachers also have measurable classroom goals to meet. Finally, TPA's hiring practices and procedures focus on recruiting and hiring teachers with a philosophical approach similar to the organization.

Facilities Plan

No expansion plans have been considered. TPA's facilities will remain at its current location at 1251 E. Southern Avenue, Tempe Arizona. According to the application package, pursuant to TPA's existing IDA Bond Loan Agreement, TPA is not easily able to expand its facilities, develop them further, borrow significant amounts of capital funding or use the current property or facilities as collateral in any plans to expand, develop or improve the school without first paying off the current obligations under the IDA Bond. Due to current market conditions, the applicant states that TPA does not foresee being in a position to pay off or refinance the bonds for several years, at best.

A site plan of all of the facilities, including the Faculty House that is under lease to TPA from the Foundation, was included in the application package. The projected budget provided reflects allowances for scheduled facilities and building maintenance, and improvements to the structures and HVAC systems and other permanent equipment.

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 Tempe Preparatory Academy.