Financial Performance Response Evaluation Instrument

Charter Holder Name: Prescott Valley Charter School
Charter Holder Entity ID: 88317

Required for: Renewal
Audit Year: 2014

Arizona State Board for Charter Schools (Board) staff completed the Financial Performance Response Evaluation Instrument for the Board in its consideration of applicable requests made by the charter holder. "Not Acceptable" answers may adversely affect the Board's decision regarding a charter holder's request.

Measure	Reason(s) for "Not Acceptable" Rating
1a. Going Concern Acceptable ☐ Not Acceptable ☐ Not Applicable ☒	
1b. Unrestricted Days Liquidity Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	The response does not explain the reason for not meeting the Board's target on this measure in the audited fiscal year as required by the Board's financial framework. While the charter holder supports that it has access to a $70,000 line of credit to augment liquidity needs in 2015, the effect this may have on the charter holder's 2015 performance on this measure cannot be determined. Had the charter holder provided further explanation and documentation showing the anticipated effect, these would have been considered in Board staff's evaluation.
1c. Default Acceptable ☐ Not Acceptable ☐ Not Applicable ☒	
2a. Net Income Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	The financial response does not explain the reason for not meeting the Board's target on this measure in the audited fiscal year as required by the Board's financial framework.

Measure	Reason(s) for "Not Acceptable" Rating
2b. Cash Flow Acceptable ☒ Not Acceptable ☐ Not Applicable ☐	
2c. Fixed Charge Coverage Ratio Acceptable ☐ Not Acceptable ☒ Not Applicable ☐	The financial response does not explain the reason for not meeting the Board's target on this measure in the audited fiscal year. The response states "The charter holder's income is expected to improve which will result in 'meets' for the ratio in the FY2016 fiscal year." While the charter holder supports a projected budget surplus in 2016, the charter holder does not fully project the other items needed to calculate the projected 2016 fixed charge coverage ratio (depreciation, interest, lease expense, and current portion of long-term debt). Had the charter holder provided internal management reports or interim financial statements clearly identifying this information, these would have been considered in Board staff's evaluation.