Arizona Academy of Science and Technology
Renewal Application – Narrative
Part B

The Arizona Academy of Science and Technology started FY11 with total net assets (deficits) of (217,046). The school ended FY11 with total net assets (deficits) of (249,849). As indicated on page 8 of the Auditor's Report (ref: June 30, 2011), two (2) notes deserve further discussion. Note 4 ("Note Payable") was a loan amount under the previous administration, with a total balance of $37,566 (as of June 30, 2011). Additionally, Note 5 ("Accrued Salary, Long-Term") represents salary accrued by the former administration dating to 1998, with a balance of $167,670 (as of June 30, 2011). Both items have been listed as going-concerns on previous year's audits.

With the new administration and stakeholder group, the Arizona Academy of Science and Technology has been **aggressively paying down both old debts.** Since November 2010, the school has been paying **$4,000 to $5,000 per month** in attempting to reduce this debt as quickly as possible.

As of March 29, 2011, the school has successfully reduced these debts as follows:

Note 4 ("Note Payable")

Balance as of June 30, 2011:	$37,566
Payments made during FY12:	$30,600
Remaining Balance as of 3/29/2012:	***$6,966***

Note 5 ("Accrued Salary, Long-Term")

Balance as of June 30, 2011:	$167,670
Payments made during FY12:	$7,700
Remaining Balance as of 3/29/2012:	***$159,970***

The Arizona Academy of Science and Technology is scheduled to fully satisfy the Note Payable when it makes a May 2012 payment. All payments from May 2012 forward will reduce the Accrued Salary. With continued monthly payments of $4,000, the debt will be paid down by $48,000 per fiscal year, which will take an estimated 3.32 years. **Please observe that with regard to payments of the Accrued Salary, which goes back to 1998 with the former administration, the school is under no obligation to pay down this accrual at any specific rate, and has complete flexibility over payments made**; however, current school stakeholders wish to satisfy this debt as quickly as reasonably possible, as to not jeopardize the current fiscal health or growth of the school.

With regard to the school's largest expense outside of payroll, please be advised that the school currently has a healthy relationship with its landlord, Central United Methodist Church, entering into a new four (4) year least in June 2011. The structure of the lease is on a sliding scale based on student enrollment. This additional flexibility should the dynamics of the school's growth experience any future decline. Attached as Exhibit G, please find a letter from Central United Methodist Church for your review.

Current budget projections have the Arizona Academy of Science and Technology experiencing an increase in net assets of $73,757 in FY13, with end of year deficits being reduced significantly in FY13, and again in FY14, and the school projecting positive year end net assets in FY15.

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CENTRAL CHURCH

March 29, 2012

Ms. Laura Tucker
Arizona State Board for Charter Schools
1700 West Washington
Suite 164
Phoenix, AZ 85007

Dear Ms. Tucker:

We have enjoyed hosting The Arizona Academy of Science and Technology for the past 7 years, and are currently operating under a new 48 month lease which commenced on June 15, 2011, with additional options for extension beyond 2016. This is an exceptional school administration and staff and we are pleased to assure their presence in the Phoenix Arts District as a significant resource for our community. Their student body is growing and its citizenship in regard to our community and our property is a top priority to the school's administration. Students appear to take their work and their learning environment seriously, and the staff seems committed to high standards of excellence in learning skills, respect for self and others, and well as student deportment. Please do not hesitate to call or e-mail if you have any additional questions.

Sincerely,

Don Morse
Minister for Worship, Arts, and Administration

donmorse@cox.net