Detailed Business Plan Section Checklist

Charter Holder: Integrity Education Incorporated (Entity ID 5174)

Each Detailed Business Plan will be reviewed to determine if all of the required elements have been addressed:

Yes – Required element addressed.
No – Required element not addressed.
Not **A**pplicable – Required element not applicable to the charter holder.

Arizona State Board for Charter Schools (Board) staff will complete the Detailed Business Plan Section Checklist. The Checklist will be used by the Board in its consideration of the charter holder's request for charter renewal. " No" answers may adversely affect the Board's decision regarding a charter holder's request for charter renewal.

II b.1. CHARTER HOLDER'S ORGANIZATIONAL MEMBERSHIP				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ Evidence of the appropriate filings with either the Board, Arizona Corporation Commission or both submitted.			X	
II b.2. CHARTER HOLDER'S FINANCIAL SUSTAINABILITY PART A – RENEWAL BUDGET PLAN				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ Completed Renewal Budget Plan submitted.	X			
○ 4 years of financial information provided as required by the *Renewal Instructions* with fiscal years clearly identified.	X			

○ Renewal Budget Plan includes average daily membership (ADM) used in each fiscal year and the basis for projected ADM.	X			The Renewal Budget Plan includes the projected ADM for each fiscal year. For fiscal year 2013, the charter holder has built its projections based on ADM growth of approximately 12% (approximately 7 ADM). The Renewal Budget Plan states that "ADM projections are based on current spring enrollment information on file." For fiscal year 2012, the Renewal Budget Plan includes $2,000 in the advertising/marketing line item, which is approximately $900 higher than the fiscal year 2011 amount. According to Arizona Department of Education reports, as of May 11, 2012, the charter holder's ADM was 58.925. The charter holder's current enrollment cap is 250. For more information about the charter holder's ADM history, please see the "Viability of the Organization" section of the Renewal Executive Summary.
○ Assumptions provided for key components of the Renewal Budget Plan, including the basis for all projected revenue line items used.		X		The Renewal Budget Plan does not provide the basis for the fiscal years 2012 and 2013 projections included in the following line items: Classroom Site Fund, Instructional Improvement Fund, Federal Funds/Grants and Food Service.
○ Increases or decreases of 10% or more in the "total expenses" line item from year to year in the Renewal Budget Plan are explained in the "Assumptions/Notes" section.			X	
○ Each "Other" line item used is explained in the "Assumptions/Notes" section to specify what is included.	X			

○ For those required to submit the Academic Performance Section of the renewal application, the charter holder's previous two audits and the Renewal Budget Plan demonstrate the charter holder has the financial capacity to implement the "budget" as detailed in the Academic Performance Section.		X		It is not readily clear whether the charter holder has the financial capacity to implement its performance management plan (PMP). To the extent that the charter holder realizes its projected increase in ADM in fiscal year 2013, the charter holder could generate sufficient equalization to be able to implement its PMP. Additionally, the Renewal Budget Plan shows an unexplained decrease in the Instructional Supplies line item from fiscal year 2011 to fiscal year 2012. Further, a discrepancy exists between the total costs reflected in the Renewal Budget Plan's assumptions section ($2,100) and the total costs reflected in the PMP ($2,550 to $3,100). Therefore, it is unclear whether all of the PMP costs have been incorporated into the Renewal Budget Plan.
○ Renewal Budget Plan is mathematically correct.	X			Taking into account rounding issues, the Renewal Budget Plan is mathematically correct.
II b.2. CHARTER HOLDER'S FINANCIAL SUSTAINABILITY PART B – FINANCIAL SUSTAINABILITY NARRATIVE				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ For those required to complete the renewal application's "Charter Holder's Financial Sustainability" section because at least one of the two previous audits identified a going concern or identified negative net assets or negative members'/stockholders' equity at year end, a narrative is provided.			X	The renewal application that was made available to the charter holder to complete mistakenly waived the charter holder from the Financial Sustainability Narrative submission requirement.
○ Narrative does not exceed one page in length.			X	The renewal application that was made available to the charter holder to complete mistakenly waived the charter holder from the Financial Sustainability Narrative submission requirement.

○ Narrative explains the charter holder's current financial situation.			X	The renewal application that was made available to the charter holder to complete mistakenly waived the charter holder from the Financial Sustainability Narrative submission requirement.
○ Narrative includes the specific steps the charter holder has already taken to improve its financial situation and ensure the continued financial sustainability of the charter school(s).			X	The renewal application that was made available to the charter holder to complete mistakenly waived the charter holder from the Financial Sustainability Narrative submission requirement.
○ Evidence provided that supports each of the steps already taken by the charter holder to improve its financial situation and ensure the continued financial sustainability of the charter school(s).			X	The renewal application that was made available to the charter holder to complete mistakenly waived the charter holder from the supporting evidence submission requirement.
TOTAL (Sections II b.1, II b.2 Part A, and II b.2 Part B)	5	2	7	

Check one *(required)*:

☐ MEETS THE REQUIREMENTS (All applicable " Required Elements" received a " Yes" .)

☒ DOES NOT MEET THE REQUIREMENTS (One or more applicable " Required Elements" received a " No" .)

Board Staff Review Date: May 30, 2012