Detailed Business Plan Section Checklist

Charter Holder: The Phoenix School of Academic Excellence (Entity ID 6379)

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 year. According to the financial sustainability narrative, the increase in ADM for fiscal years 2013 and 2014 are a goal for the school. On May 15, 2012, the Arizona Department of Education (ADE) issued an ADM audit report. For fiscal years 2009, 2010 and 2011, ADE found that the charter holder had overstated its ADM by a total of 4.35. For additional information regarding the ADM audit, please see the "Compliance Matters Requiring Board or Other Agency Action" section of the Renewal Executive Summary. Adjusting the ADM numbers to reflect the ADE audit findings, between fiscal year 2011 and fiscal year 2012, the charter holder experienced 25.5% growth in its ADM. For fiscal year 2013 and fiscal year 2014, the charter holder is projecting ADM growth of approximately 10% and 8%, respectively.
○ 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 did not include assumptions for the following revenue line items: Classroom Site Fund, Instructional Improvement Fund, Federal Funds/Grants, Extracurricular Tax Credits, Fundraising and Student Activities.

○ 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		The Renewal Budget Plan does not include an explanation for the "Other" revenue line item used in fiscal year 2011.
○ 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 efforts to reduce operating expenses and increase student enrollment have the outcomes anticipated by the charter holder, then the charter holder could generate sufficient equalization to be able to implement its PMP, especially since the PMP's costs start out relatively small in the first year and grow in later years.
○ 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			
○ Narrative does not exceed one page in length.	X			

○ Narrative explains the charter holder's current financial situation.	X			
○ 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			
○ 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			
TOTAL (Sections II b.1, II b.2 Part A, and II b.2 Part B)	9	3	2	

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: June 1, 2012