Detailed Business Plan Section Checklist

Charter Holder: Sequoia Choice Schools, LLLP (Entity ID 4329)

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		The Renewal Budget Plan includes four years of financial information. However, instead of including actual information for fiscal year 2011 and projecting the next three fiscal years, the Renewal Budget Plan uses fiscal year 2012 as the "actual" year and includes financial information for the next three fiscal years.

○ 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 ADM for each fiscal year. According to the Arizona Department of Education (ADE), as of June 11, 2012, the charter holder's ADM was 924.543, which is approximately 92.5 ADM higher than the number included in the Renewal Budget Plan. Using information found in the Renewal Budget Plan, the charter holder built its fiscal year 2013 projections based on ADM growth of approximately 10% (approximately 85 ADM). However, using the actual ADM obtained through ADE's website, the projected ADM for fiscal year 2013 is about 1% lower than the current fiscal year 2012 ADM. The Financial Sustainability Narrative mentions that marketing and recruiting efforts "have generated many new enrollments". The narrative also states, "While more stringent academic requirements and structure have decreased enrollment in the short term, these measures will increase the number of students retained in the long term, including at-risk youth at Native American treatment centers and rural learning centers." For fiscal years 2014 and 2015, the charter holder is projecting annual ADM growth of 2%. Between fiscal years 2012 and 2015, the Renewal Budget Plan's advertising/marketing line item increases from $57,605 to $61,131. The charter holder currently does not have a cap on the number of students it can enroll. 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 basis for the fiscal year 2013 amount in the Classroom Site Fund line item is not provided. Based on the formula included, the Classroom Site Fund amounts for fiscal years 2014 and 2015 are based on a 2% increase.
○ 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	
○ 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	2	3	

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 26, 2012