West Gilbert Charter Elementary School Inc. – Entity ID 79497
School: Imagine West Gilbert Elementary

Renewal Executive Summary

I. Performance Summary

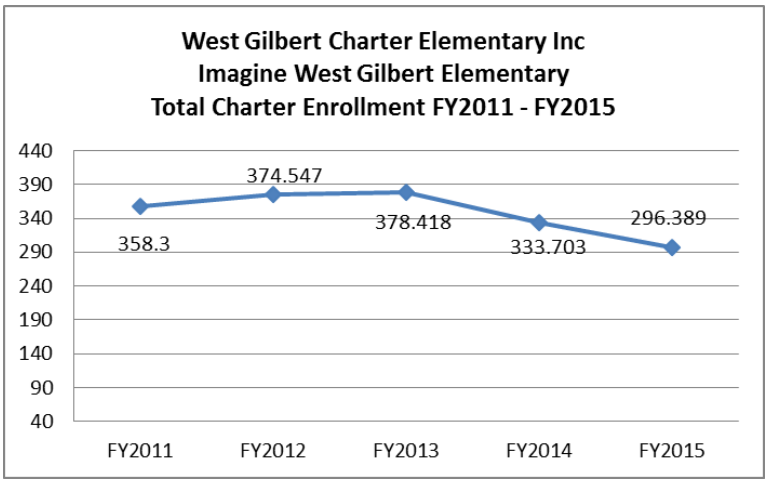
Area	Acceptable	Not Acceptable
Academic Framework	☒	☐
Financial Framework	☐	☒
Operational Framework	Not Yet Rated See Section V	Not Yet Rated See Section V

West Gilbert Charter Elementary School Inc. met the Board's Academic Performance Expectations as set forth in the Performance Framework adopted by the Board and was waived from submitting the Academic Performance Section of the renewal application.

The Charter Holder did not meet the Financial Performance Expectations of the Board as set forth in the Performance Framework and was required to submit a Financial Performance Response.

II. Profile

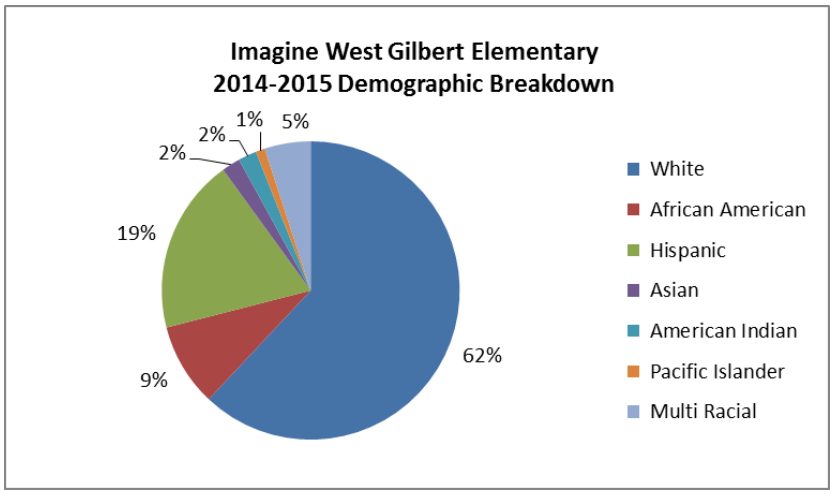
West Gilbert Charter Elementary School Inc. operates 1 school serving grades K-5. The graph below shows the Charter Holder's actual 100th day average daily membership (ADM) for fiscal years 2011-2015.



The academic performance of Imagine West Gilbert Elementary is represented in the table below. The Academic Dashboard for the school can be seen in the portfolio: c. Academic Dashboard.

School Name	Opened	Current Grades Served	2012 Overall Rating	2013 Overall Rating	2014 Overall Rating
Imagine West Gilbert Elementary	8/13/2001	K – 5	66.88/B	61.88/B	66.25/B

The demographic data for Imagine West Gilbert Elementary from the 2014-2015 school year is represented in the chart below.[1]



The percentage of students who were eligible for Free and Reduced Lunch, classified as English Language Learners, and as students with disabilities in the 2013-2014 school year is represented in the table below.[2]

Category	Imagine West Gilbert Elementary
Free and Reduced Lunch (FRL)	33%
English Language Learners (ELLs)	2%
Special Education	8%

West Gilbert Charter Elementary School, Inc. has not been brought before the Board for any items or actions in the past 12 months.

III. Success of the Academic Program

The academic performance of the school operated by the Charter Holder meets the Board's Academic Performance Expectations set forth in the Performance Framework adopted by the Board. Therefore, the Charter Holder was not required to submit a Demonstration of Sufficient Progress.

[1] Information provided by the Research and Evaluation Division of the ADE.
[2] Information provided by the Research and Evaluation Division of the ADE. If the percentage of students in a non-ethnicity-based demographic group is not reported or is 0% or 100%, the percentage for that demographic group was redacted.

IV. Viability of the Organization

The Charter Holder was required to submit a Financial Performance Response because it did not meet the Board's Financial Performance Expectations, as reflected in the table below which includes the Charter Holder's financial data and financial performance for the last three audited fiscal years.

Financial Data				
Statement of Financial Position	**2014**	**2013**	**2012**	**2011**
Cash	$1,619,527	$1,455,758	$1,353,655	$1,262,435
Unrestricted Cash	$134,210	$117,800	$178,221	
Other Liquidity	-	-		
Total Assets	$5,417,170	$5,380,993	$5,389,182	
Total Liabilities	$4,461,532	$4,487,040	$4,709,401	
Current Portion of Long-Term Debt & Capital Leases	$231,663	$198,908	$198,908	
Net Assets	$955,638	$893,953	$679,781	
Statement of Activities	**2014**	**2013**	**2012**	
Revenue	$2,969,861	$3,369,522	$3,119,349	
Expenses	$2,908,176	$3,155,350	$2,993,288	
Net Income	$61,685	$214,172	$126,061	
Change in Net Assets	$61,685	$214,172	$126,061	
Financial Statements or Notes	**2014**	**2013**	**2012**	
Depreciation & Amortization Expense	$157,566	$152,969	$149,069	
Interest Expense	$191,473	$201,683	$209,089	
Lease Expense	$8,428	$12,529	$10,993	
Financial Performance				
	2014	**2013**	**2012**	**3-yr Cumulative**
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Liquidity*	16.84	13.63	21.73	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Net Income	$61,685	$214,172	$126,061	N/A
Cash Flow	$163,769	$102,103	$91,220	$357,092
Fixed Charge Coverage Ratio	0.97	1.41	1.18	N/A

* For fiscal year 2012, the field reflects the charter holder's performance under the financial framework's previous "Unrestricted Days Cash" measure.

The Charter Holder's Financial Performance Response has been provided in the meeting materials (portfolio: d. Supplemented Financial Response).[3] Staff's final evaluation of the Financial Performance Response resulted in zero "Acceptable" and two "Not Acceptable" determinations (portfolio: e. Financial

[3] On April 8, 2015, Board staff emailed a copy of staff's initial evaluation and provided a deadline by which the Charter Holder could supplement its Financial Performance Response to address areas evaluated as "Not Acceptable". By the deadline, the Charter Holder submitted supplemental information.

Response Evaluation). An analysis of the Charter Holder's financial performance, focusing on those measures where the Charter Holder failed to meet the Board's target and using information from the Charter Holder's Financial Performance Response and related documents, is provided below.

Unrestricted Days Liquidity

The Charter Holder did not explain the circumstances that resulted in less than 30 days liquidity in 2014, but provided documentation affirming the financial support of the Charter Holder's charter management organization, Imagine Schools Non-Profit Inc. Based on the Monthly Cash Management Report, the Charter Holder is projected to have a positive ending cash balance in 2015. When the ending cash balance is combined with a cash advance from the charter management organization, the Charter Holder should meet the measure's target in 2015.

Fixed Charge Coverage Ratio (FCCR)

The Charter Holder indicated the school is "located in a competitive area where 91 educational institutions are located within a five mile radius" and that its enrollment has declined. According to the response, the enrollment decline led to decreased net income in 2014, which lowered the Charter Holder's FCCR (see table above). For 2015, the Charter Holder is anticipating a net loss.

For 2016, the Charter Holder is targeting a student enrollment of 462 (or 420 adjusting for a built-in over enrollment) and currently has 329 students enrolled for next school year. To meet the 2016 enrollment target, the Charter Holder indicated that it is adding "a STEM focused curriculum with a project-based approach to instructional design" and has developed a marketing plan that includes mailers, "Kindergarten-Round-Up nights," and a door-to-door campaign. With the recent declines in the Charter Holder's average daily membership (see page 2), the response does not support how the STEM curriculum and marketing plan will result in the enrollment of an additional 133 students (or 91 students adjusting for the built-in over enrollment) between now and the first day of school.

V. Adherence to the Terms of the Charter

Does the delivery of the education program and operation reflect the essential terms of the educational program as described in the charter contract?

Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder's education program, in operation, reflects the essential terms as described in the charter contract.

Does the Charter Holder adhere with applicable education requirements defined in state and federal law?

Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder adheres with applicable education requirements defined in state and federal law.

Do the Charter Holder's annual audit reporting packages reflect sound operations?

Yes. As reported in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to the fiscal years 2012, 2013 and 2014 annual audit reporting packages, respectively.

Is the Charter Holder administering student admission and attendance appropriately?

Yes. Based on the available information and as reported in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to administering student admission and attendance.

Is the Charter Holder maintaining a safe environment consistent with state and local requirements?
Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to maintaining a safe environment.

Is the Charter Holder transparent in its operations?
Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to transparency of operations.

Is the Charter Holder complying with its obligations to the Board?
Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to its obligations to the Board.

Is the Charter Holder complying with reporting requirements of other entities to which the Charter Holder is accountable?
Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to operational requirements monitored by other entities to which the Charter Holder is accountable.

Is the Charter Holder complying with all other obligations?
Yes. Based on the available information in fiscal years 2013 and 2014 and the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to all other obligations.

VI. Board Options

Option 1: The Board may approve the renewal. Staff recommends the following language provided for consideration: Renewal is based on consideration of academic, fiscal and contractual compliance of the Charter Holder. In this case, the Charter Holder meets the Academic Performance Expectations set forth in the Board's Performance Framework. The Board has reviewed the Charter Holder's failure to meet the Board's financial expectations. With that taken into consideration as well as all information provided to the Board for consideration of this renewal application package and during its discussion with representatives of the Charter Holder, I move to approve the request for charter renewal and grant a renewal contract to West Gilbert Charter Elementary School, Inc.

Option 2: The Board may deny the renewal. The following language is provided for consideration: Based upon a review of the information provided by the representatives of the Charter Holder and the contents of the application package which includes the academic performance, the fiscal compliance, and legal and contractual compliance of the Charter Holder over the charter term, I move to deny the request for charter renewal and to not grant a renewal contract for West Gilbert Charter Elementary School, Inc. Specifically, the Charter Holder, during the term of the contract, failed to meet the obligations of the contract or failed to comply with state law when it: (Board member must specify reasons the Board found during its consideration.)