Fit Kids, Inc. - Entity ID 78783
School: Champion Schools

Renewal Executive Summary

Performance Summary

Fit Kids, Inc. did not meet the academic performance expectations of the Board as set forth in the Performance Framework and was required to submit a Demonstration of Sufficient Progress. Through the submission and evidence reviewed during an on-site visit, the charter holder demonstrated sufficient progress toward meeting the Board's academic performance expectations. The charter holder was required to submit the Financial Sustainability portion of the Detailed Business Plan Section of the renewal application. The charter holder's submission addressed those measures where the charter holder received a "Does Not Meet Standard" or "Falls Far Below Standard" rating for fiscal year 2012. The charter holder did have compliance matters, including action taken by the Board in November 2011. The charter holder's organizational membership on file with the Board was consistent with the information on file with the Arizona Corporation Commission.

Profile

Fit Kids, Inc. operates one school serving grades K-8. The graph below shows the charter holder's actual 100th day average daily membership (ADM) for fiscal years 2009-2013

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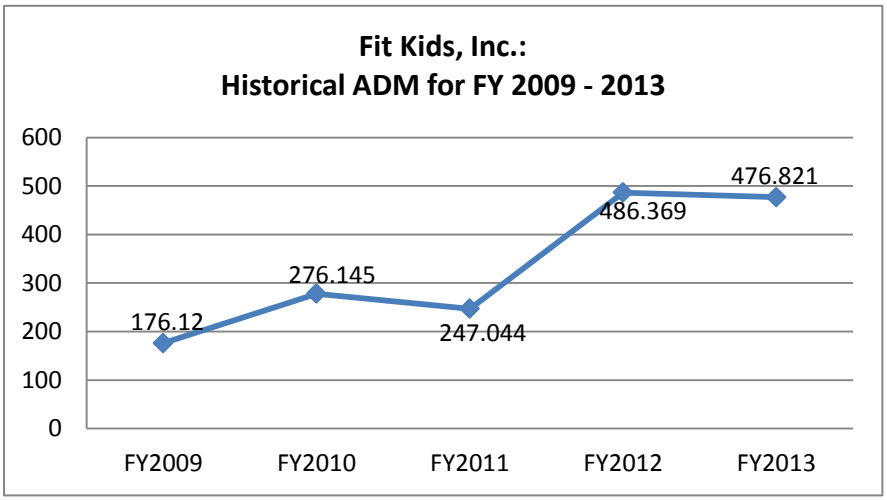

A dashboard representation of Fit Kids, Inc.'s academic outcomes, based upon the indicators and measures adopted by the Board, is provided below.

Academic Performance Rating FY 2012

Charter Holder: Fit Kids, Inc.
Entity ID 78783

Charter School: Champion Schools
Entity ID 78820, Grades K-8

1. Growth

Traditional Elementary		1a. SGP		1b. SGP Bottom 25%	
School	**School Year**	**Math**	**Read**	**Math**	**Read**
Champion Schools	2011-2012	55	50.5	58.5	51
Points Assigned		75	75	75	75
Weight		12.5	12.5	12.5	12.5

2. Proficiency

Traditional Elementary		2a. Percent Passing		2b. Composite School Comparison		2c. Subgroup ELL		2c. Subgroup FRL		2c. Subgroup SPED	
School	**School Year**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**
Champion Schools	2011-2012	44/64	64/77	-18.3	-12.5	35/41	65/52	43/55	62/70	15/22	31/35
Points Assigned		50	50	25	50	50	75	50	50	50	50
Weight		7.5	7.5	7.5	7.5	2.5	2.5	2.5	2.5	2.5	2.5

3. State Accountability & Overall Rating

Traditional Elementary		3a. State Accountability	Overall Rating
School	**School Year**	**Grade**	
Champion Schools	2011-2012	50	61.25
Points Assigned		50	
Weight		5	100

Overall Rating	Point Range
Exceeds Standard	> or = to 89
Meets Standard	< 89, but > or = to 63
Does Not Meet Standard	< 63, but > or = to 39
Falls Far Below Standard	< 39

For additional information, see *Academic Performance Framework and Guidance*, available on the ASBCS webpage http://asbcs.az.gov

4/19/2013

I. Success of the Academic Program

The overall rating for the school on the Board's academic performance measures was 61.25 including points received for the FY 2012 letter grade of C as reported by the Arizona Department of Education (ADE).

The Demonstration of Sufficient Progress (DSP) submitted by the charter holder with the renewal application package was evaluated using the DSP evaluation criteria to determine if the school operated by the charter holder is making progress toward meeting the Board's academic performance expectations. At the time of the charter holder's Five-Year Interval Review, Performance Management Plans were not included in the Board's processes for review.

The initial evaluation of the DSP submitted by Fit Kids, Inc. indicated that it met all required areas and resulted in a determination of Acceptable (presented in the charter holder's renewal portfolio: c. DSP Evaluation Instrument). Benchmark data submitted in the DSP for math and reading in grades 3 through 8 shows an increasing percentage of students meeting or exceeding standards from the pre-test to the second benchmark test and a decline in the percentage of students not meeting standards, especially a reduction of students in the Falls Far Below category.

Staff conducted a site visit on April 3 to meet with Carolyn Sawyer, Charter Representative and Principal, Heather Ray, Academic Director, Junior Taylor, Athletic Director and Behavior Interventionist, Emily Zaplatosch, Leadership Team Member, Abraham Gonzalez, Leadership Team Member, and Nicole Jimenez, Reading Interventionist, to confirm the documentation presented in the DSP. Evidence discussed in the DSP was confirmed during the site visit.

Therefore, Fit Kids, Inc., through an evaluation of the submission, including information and documentation confirmed at the site visit (presented in the renewal portfolio: d. DSP Evidence), that the charter holder demonstrated sufficient progress toward meeting the Board's academic performance expectations.

II. Viability of the Organization

The charter holder did not meet the Board's financial performance expectations because the charter holder received one or more "Falls Far Below Standard" in fiscal year 2012. The following table includes the charter holder's financial data and financial performance for the last three audited fiscal years.

Fit Kids, Inc.

Financial Data				
	2012	2011	2010	
Statement of Financial Position				2009
Cash	$197,674	$104,763	$64,901	$25,720
Unrestricted Cash	$185,308	$104,763	$64,901	
Total Assets	$697,438	$178,313	$187,146	
Total Liabilities	$923,377	$525,807	$271,097	
Current Portion of Long-Term Debt & Capital Leases	$42,511	$24,038	$25,201	
Net Assets	($225,939)	($347,494)	($83,951)	
Statement of Activities				
Revenue	$3,639,390	$1,846,170	$2,016,907	
Expenses	$3,517,835	$2,109,713	$1,966,388	
Net Income	$121,555	($263,543)	$50,519	
Change in Net Assets	$121,555	($263,543)	$50,519	
Financial Statements or Notes				
Depreciation & Amortization Expense	$68,154	$25,271	$19,738	
Interest Expense	$19,711	$11,640	$16,028	
Lease Expense	$752,967	$207,515	$167,569	

Financial Performance				
	2012	2011	2010	3-yr Cumulative
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Cash	19.23	18.12	12.05	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Total Liabilities to Equity Ratio	(4.09)	(1.51)	(3.23)	N/A
Net Income	$121,555	($263,543)	$50,519	N/A
Cash Flow	$92,911	$39,862	$39,181	$171,954
Fixed Charge Coverage Ratio	1.18	(0.08)	1.22	N/A

The charter holder was required to submit additional information regarding the charter holder's financial situation (presented in the charter holder's renewal portfolio: f. Financial Sustainability). The charter holder's submission addressed those measures where the charter holder received a "Does Not Meet Standard" or "Falls Far Below Standard" rating in fiscal year 2012.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action

In November 2011, the Board voted to withhold 10% of the charter holder's monthly State aid apportionment for failure to timely submit the fiscal year 2011 audit. The withholding occurred for one month. For the previous five fiscal years, this was the only audit that was not timely submitted by the charter holder.

B. Other Compliance Matters

In January 2008, ADE Exceptional Student Services identified issues through on-site special education monitoring requiring the charter holder to submit a corrective action plan (CAP). In March, 2009, ADE notified the charter holder that it met minimum compliance with federal regulations and state law and monitoring would continue through the first semester of the following school year.

C. Charter Holder's Organizational Membership

Because the organizational membership on file with the Board was consistent with the information on file with the Arizona Corporation Commission, the charter holder was not required to submit the charter holder's Organizational Membership portion of the Detailed Business Plan Section.

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 did not meet the academic performance expectations set forth in the Board's performance framework but was able to demonstrate sufficient progress toward the Board's expectations. Additionally, the Board has adopted an academic performance framework that allows for additional consideration of the charter holder throughout the next contract period. There is a record of past contractual noncompliance which has been reviewed. 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 Fit Kids, 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 Fit Kids, 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.)