NEW WORLD EDUCATIONAL CENTER

Detailed Business Plan Section – Charter Holder's Financial Sustainability
Financial Performance Expectations: Long-Term Sustainability

New World Educational Center continues to implement a plan which ensures the charter school will meet the long-term financial performance expectations (sustainability indicators) outlined in the Arizona State Board for Charter Schools – Financial Performance Framework Guidance. In FY2013 to FY2015, the charter school will continue to take several action steps to implement their plan to meet key objectives.

Student Retention and Growth

The school currently has an Average Dailey Membership (ADM) of 240. The school has established a goal to increase student enrollment to 245 in FY2014 and 255 in FY2015. The school continues to actively canvass the surrounding community and circulate school/enrollment information via mass media. The school has purchased a new marquee sign which will provide a more prominent visible presence. Based on the projected growth in ADM the increase in additional revenues would be approximately $155K during the budget plan. The amount is comprised of:

- State Equalization Assistance of $132K- FY2014 at $6,565 and FY2015 at $6,597 per weighted student inclusive of Group B Add-Ons (net of Additional Assistance Reduction of $133 per student);
- Classroom Site Fund of $7K – FY2014 and FY2015 at $227 per weighted student;
- Instructional Improvement Fund of $1K - FY2014 and FY2015 at $46 per un-weighted student;
- Federal Funds/Grants of $15K - FY2014 and FY2015 at $768 per student;

The school will also launch a new Credit Recovery Program through online courses for high school students at an advertised fee which will generate additional revenues for a combined total of $34K – FY2014 and F2015 at an average of 69 student per year, multiplied by seven (7) courses, multiplied by $35 per course.

These action steps to meet this key objective will increase revenues and increase cash which will result in positive changes in Net Assets reflecting Net Income (sustainability indicator 2b) which will further increase the Fixed Charge Coverage Ratio (sustainability indicator 2d). Also, by taking these steps will result in positive changes in Cash Flow affecting Three-Year Cumulative (sustainability indicator 2c).

Non-Continuation of Arizona Online Instruction (AOI) – Advanced Academics, Inc. (AAI)

The school determined in January 2013 (SD 3 & SD 4) during discussions to eliminate the AOI Program and related contract to vendor. The expense related to the services provided were $257,157 in FY2011, $166,764 in FY2012 and projected to be $187,175 in FY2013. The elimination of this program will decrease expenses approximately $407K.

This action step to meet this key objective will decrease expenses which will result in positive changes in Net Assets reflecting Net Income (sustainability indicator 2b) and Cash Flow affecting Three-Year Cumulative (sustainability indicator 2c). Also, this step will address non-recurring events related to an Accounts Payable liability of $166,764 due to AAI in FY2012. By not occurring again in future periods which will result in the school being profitable and expecting to build equity to lower the Total Liabilities to Equity Ratio (sustainability indicator 2a).

Furthermore, the school meet Unrestricted Days Cash (near-term indicator 1b). By taking this action step they will continue to do so and build up cash to further lower the Total Liability to Equity Ratio (sustainability indicator 2a) and have the ability to augment cash flow to fund fixed charges for the foreseeable future which will increase the Fixed Charge Coverage Ratio (sustainability indicator 2d).

Continue to Reduce Operating Expenses

The school will remain with the current non-instructional (only) salary cuts (SD 1 & SD 2) to continue reducing operating expenses. This will allow them to maintain allocating 20% of non-instructional salaries to increases and additional instructional salaries (further addressing sustainability indicator 2a, 2b & 2c).

The school has continued to expand their new E-Rate Program rebates to multiple types of qualifying expenses. This is a combined total of approximately $95K (net) in less expenses (further addressing sustainability indicator 2a, 2b & 2c).

The school was in the interest only period and had approximately $108K of related expense in FY2012 of their Chase Note #2 until Construction Draws were completed. In FY2013 to FY2015 they will have entered their principal and interest period of the same loan with a variable rate. Therefore, during the budget plan there will be principal and interest payments that will have been made which will reflect fixed charges declining and result in an increase in their Fixed Charge Coverage Ratio (sustainability indicator 2d) and also lower the Total Liabilities to Equity Ratio (sustainability indicator 2a).

Support Documents (SD):
1 – December 26, 2011 Public and Executive Session Meeting Minutes
2 – November 19, 2012 Governing School Board Meeting Minutes
3 – January 28, 2013 Governing School Board and Executive Session Meeting Minutes
4 – March 20, 2013 Arizona State Board for Charter Schools Notification

Renewal Budget Plan: NEW WORLD EDUCATION CENTER

		Actual	Projected Financial Information		
		FY 2012	FY 2013	FY 2014	FY 2015
ADM:		240.71	240	245	255
REVENUE					
State Equalization Assistance	1R, 5R	$1,551,636	$1,587,522	$1,620,346	$1,686,482
Classroom Site Fund	6R	$77,138	$77,890	$79,500	$82,745
Instructional Improvement Fund	7R	$9,867	$11,102	$11,332	$11,794
Federal Funds/Grants	8R	$157,809	$185,356	$189,188	$196,910
Other State Funds/Grants		$1,776	$12,452	$12,452	$12,452
Food Service (e.g., NSLP, food sales)		$0	$0	$0	$0
Extracurricular Tax Credits		$4,375	$4,402	$4,402	$4,402
Contributions and Donations		$1,607	$1,056	$1,056	$1,056
Fundraising		$7,779	$2,042	$2,042	$2,042
Earnings on Investments		$67	$87	$89	$89
Student Activities		$0	$0	$0	$0
Kindergarten Tuition (Applies only to FY10 through FY13 unless expanded by Legislature)		$0	$0	$0	$0
Other	2R, 3R, 4R	$106,922	$14,353	$31,313	$31,313
TOTAL REVENUE		$1,918,977	$1,896,262	$1,951,720	$2,029,286
EXPENSES					
Instructional					
Salaries	2E, 10E, 11E, 16E	$545,062	$701,663	$755,163	$755,163
Payroll Taxes	2E, 10E, 11E, 16E	$39,373	$49,319	$53,412	$53,412
Employee Benefits	2E, 10E, 11E, 16E	$58,218	$29,330	$31,566	$31,566
Purchased Services (Consultants)	3E, 5E	$174,359	$191,550	$44,375	$24,375
Purchased Services (Special Education)		$50	$0	$0	$0
Technology	5E, 6E	$3,281	$22,337	$27,337	$24,837
Textbooks/Curriculum/Library	4E	$13,585	$27,495	$27,495	$27,495
Instructional Supplies	6E	$25,563	$14,036	$16,536	$15,286
Furniture and Other Equipment	5E, 6E	$8,627	$3,127	$8,127	$5,627
Professional Development	15E	$0	$0	$3,000	$3,000
Travel		$1,077	$1,507	$1,507	$1,507
Other		$0	$0	$0	$0
Total Instructional		$869,197	$1,040,364	$968,518	$942,268
Non-Instructional					
Salaries	10E, 11E	$452,802	$362,347	$362,347	$362,347
Payroll Taxes	10E, 11E	$33,383	$27,025	$27,025	$27,025
Employee Benefits	10E, 11E	$69,990	$40,730	$40,730	$40,730
Purchased Services		$142,955	$143,470	$136,470	$136,470
Rent/Bond Payment	12E	$17,369	$0	$0	$0
Repairs and Maintenance	13E	$12,391	$26,923	$26,923	$26,923
Other Purchase Property Services	13E	$35,417	$53,600	$53,600	$53,600
Property, Casualty, Liability Insurance		$18,189	$13,545	$13,545	$13,545
Interest/Property Taxes	8E	$108,371	$72,286	$77,485	$82,638
Communications	9E	$23,964	$4,101	$5,101	$5,601
Furniture and Other Equipment		$4,905	$2,713	$2,713	$2,713
Note/Loan/Non-Facility Lease Payments	14E	$4,559	$25,109	$25,109	$25,109
Audit		$11,600	$10,500	$10,500	$10,500
Legal		$1,254	$1,000	$1,000	$1,000
Advertising/Marketing	7E	$0	$11,000	$8,000	$5,000
Travel		$1,118	$8,431	$8,431	$8,431
Printing and Postage	7E	$1,572	$2,500	$1,500	$1,000
Supplies		$40,126	$38,826	$38,826	$38,826
Food Service		$1,126	$2,666	$2,666	$2,666
Transportation		$7,267	$4,094	$4,094	$4,094
Student Activities		$14,489	$9,188	$9,188	$9,188
Fees and Dues		$12,150	$7,618	$7,618	$7,618
Other	1E	$105,834	$7,018	$7,018	$7,018
Total Non-Instructional		$1,120,832	$874,690	$869,889	$872,042
TOTAL EXPENSES		$1,990,029	$1,915,054	$1,838,407	$1,814,310
Increase (Decrease) in Net Assets	*	($71,053)	($18,792)	$113,313	$214,976
Net Assets, Beginning of Year	*	$567,798	$496,745	$477,953	$591,266
Net Assets, End of Year	*	$496,745	$477,953	$591,266	$806,242

* Increases in Net Assets are reallocated to Savings and Investments reserve accounts

Assumptions / Notes / Narratives: NEW WORLD EDUCATION CENTER

REVENUE

No.	Notes / Assumptions	
1R	State Equalization Assistance	FY2012 & FY2013 reflect loss of Full-Day Kindergarten and FY2013 to FY2015 reflects Additional Assistance reduction of $133 per student
2R	Other	FY2012 reflects Rental Revenue (Short-Term and Long-Term) from property leasing, Refund of Prior Years Expenses (inclusive of 20% discount subsequently granted) from AOI service provider, After-School Program Fees, Sale of Re-Sale Items from school uniforms and Miscellaneous Revenues
3R	Other	FY2013 to FY2015 reflect non-continuance of discounts from Advanced Academics, Inc (AAI). - Arizona Online Instruction (AOI) purchased service provider

Narratives

No.	Item / Source	Action Step Taken	Plan Implementation
4R	Other	FY2014 & FY2015 project new online Credit Recovery Program fees	Increase of approximately $34K (combined total) in additional revenues
5R	State Equalization Assistance	FY2014 & FY2015 project growth in ADM year over year	Increase of approximately $132K (combined total) in additional revenues
6R	Classroom Site Fund	FY2014 & FY2015 project growth in ADM year over year	Increase of approximately $6.5K (combined total) in additional revenues
7R	Instructional Improvement Fund	FY2014 & FY2015 project growth in ADM year over year	Increase of approximately $1K (combined total) in additional revenues
8R	Federal Funds/Grants	FY2014 & FY2015 project growth in ADM year over year	Increase of approximately $15K (combined total) in additional revenues

EXPENSES

No.	Notes / Assumptions	
1E	Non-Instructional Other	FY2012 (only) reflects Depreciation and Amortization amounts; FY2013 to FY2015 no amounts provided due to being non-cash item
8E	Interest/Property Taxes	FY2012 reflects interest only period of Chase Note #2 until Construction Draws completed; FY2013 to FY2015 reflect variable interest rate increases on same
10E	Salaries, Payroll Taxes, Employee Benefits	FY2012 reflects lower instructional and higher non-instructional amounts due to pre non-instructional (only) salary cuts - correlating taxes and benefits affect
12E	Rent/Bond Payment	FY2012 includes last Rent payment in July 2012 for previously leased facilities
14E	Note/Loan/Non-Facility Lease Payments	FY2013 to FY2015 reflect new copier and printer lease payments

Narratives

No.	Item / Use	Action Step Taken	Plan Implementation
2E	Salaries, Payroll Taxes, Employee Benefits	FY2014 & FY2015 project for Demonstration of Sufficient Progress plan	Add 1.0 FTE teacher at $35K annually, related taxes at 7.65% and benefits at 4%
3E	Purch. Services (consultants)	FY2014 & FY2015 project non-continuation with AAI - AOI service provider	Decrease of approximately $407.5K (combined total) in less expenses
4E	Textbooks/Curriculum/Library	FY2013 to FY2015 project for Demonstration of Sufficient Progress plan	Increase for additional Match and Reading curriculum and assessments
5E	Purch. Service (consult.), Tech., Furn. & Equip.	FY2014 & FY2015 project new online courses	Increase for online academic program courses; FY2014 reflects initial start-up costs
6E	Furn. & Equip., Tech., Instructional Supplies	FY2014 & FY2015 project supplies and furnishings	Increase for additional accommodations for growth in ADM and online courses
7E	Advertising/Marketing	FY2013 to FY2015 project Advertising and Marketing plans	Increase for mass media campaigns and new sign for retaining/recruiting students
9E	Communications	FY2013 to FY2015 project new E-Rate Program rebates	Decrease of approximately $95K (combined total) in less expenses
11E	Salaries, Payroll Taxes, Employee Benefits	FY2013 to FY2015 project non-instructional (only) salary cuts remaining	Allocate approximately 20% to increases and additional instructional salaries
13E	Repairs & Maint., Other Purch. Property Service	FY2013 to FY2015 project ownership of facilities	Increase for purchase and ownership of new facilities previously leased
15E	Professional Development	FY2014 & FY2015 project for Demonstration of Sufficient Progress plan	Increase for new and additional staff in-services and trainings
16E	Salaries, Payroll Taxes, Employee Benefits	FY2014 & FY2015 project for Demonstration of Sufficient Progress plan	Add 1.0 FTE ParaPro/Aid at $18.5K annually, related taxes at 7.65% and benefits at 4%

NEW WORLD EDUCATIONAL CENTER CHARTER SCHOOL COMBINED PUBLIC MEETING AND EXECUTIVE SESSION OF THE GOVERNING BOARD

5818 N 7th Street, Phoenix, AZ 85014

Monday, December 26th, 2011 @ 12:00 Noon

AGENDA

1. Call to Order/ Roll Call
2. Approval of Agenda*
3. Approval of Minutes from the December 16th, 2011 Meeting*
4. Reports from Administration/Committees:
   A. Principals Report
   B. Financial Report
5. Call to Public Call to the Public: This is the time set aside for the Public to comment. Comments may be limited due to time constraints. Board members may not discuss items that are not on the agenda. The only action that can be taken as a result of public comments is limited to directing staff to study and follow up on the matter, or to schedule the matter for a future agenda item.
6. Board approval and sign Employment contract*
7. Consent Agenda:
   A. Expenditure Vouchers*
8. Executive Session – School Financial Matters *
9. Board Member comments*
10. Announcements: Next Meeting Date: January 23, 2012 @ 2:30 PM
11. Adjournment*

* Denotes Board Action Item

NEW WORLD EDUCATIONAL CENTER
PUBLIC & EXECUTIVE SESSION MEETING

5818 N. 7th Street, Phoenix, AZ 85014

Monday, December 26th, 2011 @ 12:00 Noon

MEETING MINUTES

A school board meeting of the New World Educational Center Charter School was convened on Monday, December 26th, 2011 @ 12:30 Noon. Present at the meeting was the following members of the New World Educational Center Charter School Governing Board: Scott Langston, Gordon Ilstrup, Bill Williams, Mark Berry and Lisa Langston. Administration present: Jesus Armenta Jr. Latisha Sam was also present as the school's Business Manager. Joseph Perez from EdVantage Partners also attended.

The following matters were discussed, considered and decided/approved at the meeting.

1. Call to Order/Roll Call: 12:30 PM*
2. Approval of the Agenda: * Motion for approval was made by Scott Langston, seconded by Lisa Langston. Vote to approve was unanimous.
3. Approvals of minutes of the December 16th, 2011 meeting: * Motion made by Lisa Langston, seconded by Scott Langston. Vote to approve unanimous.
4. Reports from Administration/Committees:
   A. Principal's Report: Jesus Armenta reported that we currently have 46 virtual online students. He will be meeting this week with AAI accompanied by Curt Porter of EdVantage Partners to determine the possibility of our contract being modified. The monies that are owed from the 2010-2011 school year are now going to be paid in 6 payments, it was suggested the first payment would be made as soon as possible.
   B. Business Manager's/Financial Report: Scenarios regarding budget cuts will be discussed during executive session. Mr. Perez indicated that an additional amount of monies, approximately 70K dollars was found. Apparently a payment to the General Contractor was made before we received a draw from Chase Bank, neither transaction coincide so that it appeared to be a negative balance but fortunately it was to the school's benefit so we gained 70K dollars. It was also suggested that we transfer money equivalent to State funding overpayment into our savings account so once the State recalculates we are ready for the reduction.
5. The employment contract for the new 3rd grade teacher was signed. Kimberly Tichinel will be replacing Mrs. Robards.
6. Call to the Public: Of those present no comments were made.
7. Consent Agenda: Vouchers 11-15, 1053-1063 & 1065-1075 were signed.

8. Executive Session:* Lisa Langston made a motion to enter into Executive Session and it was seconded by Gordon Ilstrup. Vote to approve was unanimous. Out of Executive Session and back to the Public Meeting.
9. Board Member comments* None were made.
10. Announcements: Next Meeting Date: January 23rd, 2012 @ 2:30 PM
11. Adjournment*: Motion made by Scott Langston made a motion to adjourn and seconded by Mark Berry. Vote was unanimous.

*Denotes Board Action Item.

Executive session minutes excluded from portfolio under A.R.S. §38-431.03(B).

NEW WORLD EDUCATIONAL CENTER

GOVERNING SCHOOL BOARD

5818 N. 7th Street, Phoenix, Az. 85014

Meeting Minutes
Monday, November 19, 2012 at 3:30 p.m.

Opening:

The regular meeting of the New World Educational Center Governing School Board was called to order at 3:30 p.m. on November 19, 2012 in the New World Online Tutoring Room by Mr. Gordon Ilstrup.

Board Members Present:

Mark Berry, Gordon Ilstrup, Josué Martinez, Calvin Smith, Joseph Snyder, Bill Williams

Administration Present:

Jesus Armenta

Joseph Perez, from Edvantage

A. Approval of Agenda

Motion to approve agenda: Joseph Snyder

Second to approve agenda: Bill Williams

Total Vote: 6 The agenda was unanimously approved as distributed.

B. Approval of Minutes

Motion to approve minutes of board meeting (October 22, 2012): Bill Williams

Second to approve minutes of board meeting (October 22, 2012): Gordon Ilstrup

Total Vote: 6

The minutes of the October 22, 2012 meeting were unanimously approved as distributed.

C. Reports from Administration

Academic Performance: Current enrollment (physical): 218 students

Virtual enrollment (virtual): 63

Banner to be setup in front of school to advertise K-12 grades. There is a holdup on the electric sign for the front of school since a part needed to be ordered.

Josué Martinez mentioned that electrical work is being done on the school in preparation for the sign. This will probably entail no expense. The neighbors to the school are ok with the installation of the sign.

The school is also looking into a wall between the school and the property on the south side. The decision will need to be made for either a chain link fence, a block wall, or a wrought iron fence. Also, a gate in this wall is being considered for emergency purposes.

Jesus Armenta reports that the training for teachers in using data for the classroom went well during the fall break.

The process continues for the renewal of the school charter. The process will follow these steps:

1. On December 28, 2012 the school will receive a reception of letter for a performance plan.
2. The school will have three months to prepare the plan.
3. The school will receive help with this plan from someone from the charter board.
4. The final decision for approving the charter will be made in June 2013.

The charter board will be looking for how the school will address certain issues.

Interviews are being conducted with students who want to enroll virtually. The interviews are helping with enrollment of new students.

Jesus Armenta will be addressing students who need to get their work done by logging online since this affects the school's finances.

Two employee positions have been eliminated to help with the school's deficit in finances.

Bill Williams has emphasized the point, "How do we make up the $65,000 loss in financing?" The elimination of two positions has helped, but there is still a deficit. Further cuts may need to be considered if no changes in increased revenue are made by January 2013.

D. Public Comment

Billy Williams has offered the suggestion that the school might consider hiring a marketing consultant.

E. Recess to Executive Session

No requests to enter executive session

F. Changes of Board Members

The following deletions and additions of board members on the ASBCS and AZ CorpComm website were made:

Deletions: Victor Bullock, Lisa Langston, Robert Jones, Ben Martinez, Graciela Colvin, Tom Lang

Additions: Mark Berry, Scott Langston, Josué Martinez, Calvin Smith, Joseph Snyder

Josué Martinez offered to step down from the board since he is employed by the school in an administrative capacity. His concern is that being in both responsibilities might be in conflict with each other. The board has decided that this is not the case and would like Josué to remain on the board. He has accepted the board's recommendation.

Motion to adopt the changes of board members: Bill Williams

Second to adopt the changes of board members: Josué Martinez

Total Vote: 6 The motion to adopt the board member changes was unanimously approved.

G. Expenditure Vouchers

The following vouchers were signed by board members:

Voucher 8, 10, 11, 1041, 1042, 1044 – 1048, 1050 – 1053

H. Next Board Meeting

The next board meeting will take place on December 17, 2012 at 3:30 p.m. in the New World Online Tutoring Room.

I. Consideration of Adjournment

Motion for adjournment: Calvin Smith

Second for adjournment: Joseph Snyder

Total Vote: 6

The consideration for adjournment was unanimously approved.

NEW WORLD EDUCATIONAL CENTER

GOVERNING SCHOOL BOARD

5818 N. 7th Street, Phoenix, Az. 85014

Meeting Minutes
Monday, January 28, 2013 at 3:30 p.m.

Opening:

The regular meeting of the New World Educational Center Governing School Board was called to order at 3:30 p.m. on January 28, 2013 in the New World Online Tutoring Room by Mr. Gordon Ilstrup.

Board Members Present:

Mark Berry, Gordon Ilstrup, Scott Langston, Josué Martinez, Calvin Smith, Joseph Snyder, Bill Williams

Administration Present:

Jesus Armenta

Joseph Perez, from Edvantage

A. Approval of Agenda

Motion to approve agenda: Joseph Snyder

Second to approve agenda: Gordon Ilstrup

Total Vote: 7 The agenda was unanimously approved as distributed.

B. Approval of Minutes

Motion to approve minutes of board meeting (December 17, 2012): Bill Williams

Second to approve minutes of board meeting (December 17, 2012): Gordon Ilstrup

Total Vote: 7

The minutes of the December 17, 2012 meeting was unanimously approved as distributed.

C. Reports from Administration

Academic Performance: Current enrollment (physical): 220 students

Virtual enrollment (virtual): 43

Attendance rate is at 6.24 %

The charter renewal is in progress. On March 28 the P & P and financial plan will be submitted to the charter board.

Math tutoring is in the process for students in preparation for AIM testing.

Advance Academics had some issues about the invoicing with the school. This includes:

- Not required to paying for the school sign.
- Not paying for its installation. Instead, they insist that payment for connections and installation should be done by the school.

D. Public Comment

Billy Williams has made a proposal that the board should be the ones who decide on any cuts to the staff positions.

E. Executive Session

The board entered into executive session.

Motion for adjournment into executive session: Mark Berry

Second for adjournment into executive session: Gordon Ilstrup

Total Vote: 7

The motion to enter into executive session was unanimously approved.

The board exited from executive session.

Motion for exiting executive session: Mark Berry

Second for exiting executive session: Joseph snyder

Total Vote: 7

The motion to exit executive session was unanimously approved.

F. Consent Agenda

The expenditure vouchers were presented for signatures.

Motion to accept and sign the expenditure vouchers: Mark Berry

Second to accept and sign the expenditure vouchers: Joseph Snyder

Total Vote: 7

The motion to accept and sign the expenditure vouchers was unanimously approved.

The following vouchers were signed by board members:

Voucher 15-17, 1067 – 1073, 1075 - 1079

G. Next Board Meeting

The next board meeting will take place on February 25, 2013 at 3:30 p.m. in the New World Online Tutoring Room.

H. Consideration of Adjournment

Motion for adjournment: Scott Langston

Second for adjournment: Joseph Snyder

Total Vote: 7

The consideration for adjournment was unanimously approved.

Executive session minutes excluded from portfolio under A.R.S. §38-431.03(B).

Review Email

Back to previous page

To

- gfilstrup@nweccharter.com

Subject

Notification Administratively Complete

Email Body

See Email HTML

Arizona State Board for Charter Schools

Physical Address
1616 W. Adams Street, Suite 170
Phoenix, AZ 85007

Mailing Address
P.O. Box 18328
Phoenix, AZ 85009

Phone: (602) 364-3080
Fax: (602) 364-3089

March 20, 2013

Gordon Ilstrup
New World Educational Center
1313 North 2nd Street
Suite 200
Phoenix, AZ 85004

Dear Gordon Ilstrup:

The School Closure Notification Request submitted on 03/13/2013 has been deemed administratively complete. The notification will now be reviewed for substantive completeness. You will be notified if any additional information is needed.

Sincerely,
Bianca Ulibarri
Constituent Services Specialist

Date Sent

03/20/13

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