Pathways KM Charter Schools, Inc. - Entity ID 78890
School: Rimrock Public High School

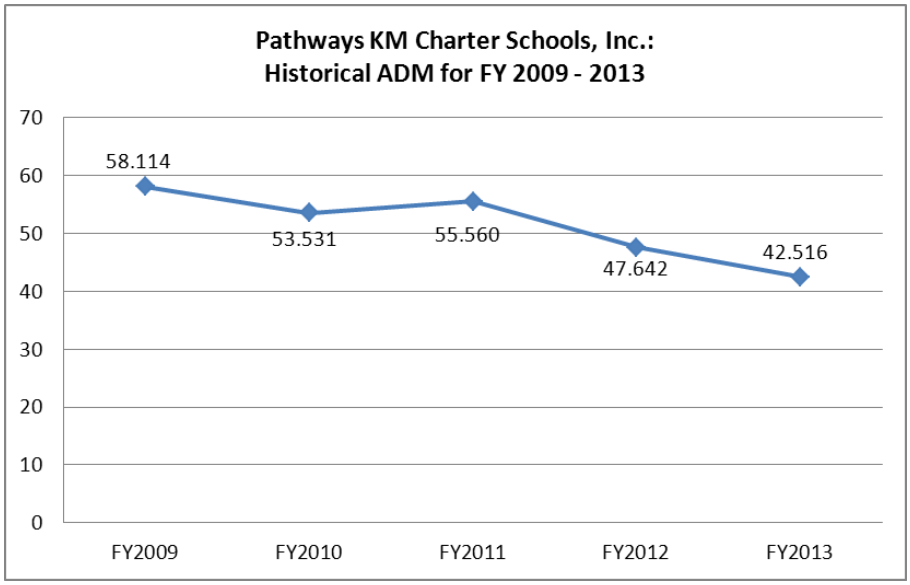
Renewal Executive Summary

Performance Summary

Pathways KM Charter Schools, 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 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. The charter holder's organizational membership on file with the Board was not consistent with the information on file with the Arizona Corporation Commission and the charter holder was required to submit the Organizational Membership portion of the Detailed Business Plan Section of the renewal application. The renewal application package submitted by the charter holder provides evidence of organizational membership alignment as required in the application.

Profile

Pathways KM Charter Schools, Inc. operates one school serving grades 9-12 in Rimrock. As part of the five-year interval review conducted in 2010 the charter holder was required to submit a Performance Management Plan. The graph below shows the charter holder's actual 100th day average daily membership (ADM) for fiscal years 2009-2012 and the fiscal year 2013 ADM as of May 13, 2013.



A dashboard representation of Rimrock Public High School's academic outcomes, based upon the indicators and measures adopted by the Board, is provided below.

Academic Performance Rating FY 2012

Charter Holder: Pathways KM Charter Schools, Inc.
Entity ID 78890

Charter School: Rimrock Public High School
Entity ID 78891, Grades 9-12

1. Growth

Small High School		1a. SGP		1b. SGP Bottom 25%	
School	**School Year**	**Math**	**Read**	**Math**	**Read**
Rimrock Public High School	2011-2012	38.5	52	56.5	53
Points Assigned		50	75	75	75
Weight		7.5	7.5	7.5	7.5

2. Proficiency

Small High School		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**
Rimrock Public High School	2011-2012	34/32	76/61	2.5	16	NR	NR	39/31	78/58	15/9	36/29
Points Assigned		75	75	75	100	0	0	75	75	75	75
Weight		10	10	7.5	7.5	0	0	3.75	3.75	3.75	3.75

3. State Accountability & Overall Rating

Small High School		3a. State Accountability	4a. Graduation Rate	Overall Rating
School	**School Year**	**Grade**	**GradRate**	
Rimrock Public High School	2011-2012	50	50	66.25
Points Assigned		50	25	
Weight		5	15	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

Additional information regarding the Academic Framework can be found at http://www.asbcs.az.gov/

5/23/2013

I. 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.

The overall rating for the school on the Board's academic performance measures was 66.25 including points received for the FY 2012 letter grade of C as reported by the Arizona Department of Education.

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" and two or more "Does Not Meet 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.

Pathways KM Charter School, Inc.

Financial Data				
	2012	2011	2010	
Statement of Financial Position				2009
Cash	$20,073	$45,987	$54,880	$50,557
Unrestricted Cash	$16,648	$43,165	$45,546	
Total Assets	$44,741	$69,539	$87,362	
Total Liabilities	$6,316	$3,958	$4,475	
Current Portion of Long-Term Debt & Capital Leases	-	-	-	
Net Assets	$38,425	$65,581	$82,887	
Statement of Activities				
Revenue	$404,771	$462,960	$457,895	
Expenses	$431,927	$480,266	$452,480	
Net Income	($27,156)	($17,306)	$5,415	
Change in Net Assets	($27,156)	($17,306)	$5,415	
Financial Statements or Notes				
Depreciation & Amortization Expense	$6,536	$6,731	$6,768	
Interest Expense	-	-	-	
Lease Expense	$49,200	$49,200	$48,000	

Financial Performance				
	2012	2011	2010	3-yr Cumulative
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Cash	14.07	32.81	36.74	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Total Liabilities to Equity Ratio	0.16	0.06	0.05	N/A
Net Income	($27,156)	($17,306)	$5,415	N/A
Cash Flow	($25,914)	($8,893)	$4,323	($30,484)
Fixed Charge Coverage Ratio	0.58	0.79	1.25	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: c. 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

Over the past five years, there were no items to report.

B. Other Compliance Matters

The fiscal year 2010 audit stated that a background check was not obtained for one employee who worked only during the month of June 2010 when school was not in session. The employee in question was employed for a total of 18 hours in which they moved equipment and school supplies so that flooring could be replaced in the modular. Since the individual was no longer employed by the charter holder, a corrective action plan was not required.

The fiscal year 2012 audit identified a repeated audit issue that had not been corrected from the prior year's audit involving documentation not being available to support the posting of meeting notices on the school's website. Additionally, the fiscal years 2009 and 2012 audits identified a repeated audit issue that had not been corrected from the prior years' audits involving the charter holder's management not possessing the competencies required to prepare full disclosure financial statements in accordance with generally accepted accounting principles.

C. Charter Holder's Organizational Membership

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

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. 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 Pathways KM Charter Schools, 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 Pathways KM Charter Schools, 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.)