

**CHARTER SCHOOL FACILITIES PROGRAM
2011 LOTTERY FUNDING ROUND
STAFF SUMMARY REPORT – MARCH 2011**

| | |
|--|-------------------------------------|
| Applicant/Obligor: | Aspire Public Schools |
| Project School: | Aspire Antonio Maria Lugo Academy |
| CDS (County – District – School) Code: | 19-64733-0109660 |
| Project Location: | To Be Determined |
| Type of Project: | New Construction |
| County: | Los Angeles County |
| District in which Project is Located: | Los Angeles Unified School District |
| Charter Authorizer: | Los Angeles Unified School District |
| Total OPSC Project Cost: | \$21,195,282 |
| State Apportionment (50% Project Cost): | \$10,597,641 |
| Lump Sum Contribution: | \$0 |
| Total CSFP Financed Amount: | \$10,597,641 |
| Length of CSFP Funding Agreement: | 30 years |
| Assumed Interest Rate: | 3.00% |
| Estimated Annual CSFP Payment: | \$540,684 |
| First Year of Occupancy of New Project: | 2013-14 |

Staff Recommendation: Aspire Public Schools (Aspire), on behalf of Aspire Antonio Maria Lugo Academy (AMLA), is seeking a Proposition 1D Advance Apportionment of \$1,419,528 (this figure constitutes the State grant and loan portion) for design services. Aspire is making the CSFP payments on behalf of the school. Staff recommends that the California School Finance Authority (CSFA) Board determine that Aspire Public Schools is financially sound for the Charter School Facilities Program (Program) Advance Apportionment, but not for purposes of Final Apportionment under the Program. This determination as it relates to an Advance Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.

Aspire, an educational management organization (EMO), has applied for CSFP Prop 1D financing on behalf of AMLA. AMLA received a preliminary apportionment for \$21,195,282 and should be sufficient to complete the project. The project has an anticipated occupancy date of 2013-14.

In June 2007, Aspire received Final Apportionment of \$9,517,000 for its CSFP Proposition 47 financing of Aspire Rosa Parks Academy (Rosa Parks) in Stockton. Aspire is matching 50% of this project cost through a signed funding agreement with CSFA. This agreement has a 30-year term to January 2037 with annual payments of \$231,795 based on a final interest rate of 2.202%. Additionally, Aspire has received a Preliminary Apportionment of

\$50,743,548 under CSFP Proposition 55 and 1D to fund new construction for the Aspire Centennial College Preparatory Academy (Centennial) and Clarendon Elementary (Junior Collegiate) (AJCA). Staff’s financial analysis of Aspire assumes that the organization’s 50% local matching share of the combined funding amount of \$71,938,830 is documented through a 30-year funding agreement with CSFA at an interest rate of 3.00%, resulting in annual payments of \$1,835,133 commencing in 2013-14. In accordance with the CSFP payment subordinate lien pledge, debt service coverage is calculated including the \$231,795 CSFP lease payment associated with the Rosa Parks project, for a total lease payment of \$2,066,928.

Application Highlights: Below staff has highlighted key criteria that were evaluated when conducting our financial soundness review of Aspire. Detailed information is contained in the body of the report.

| Criteria | Comments |
|---------------------------|--|
| EMO Information | |
| Demographic Information | <ol style="list-style-type: none"> 1. In 2009-10, Aspire operated 25 charter schools chartered by 11 districts; enrollment totaled 7,870 students (up 25.3%); the system-wide ADA rate was 96.2%. Aspire has noted that their retention rate is 96%. 2. By 2015-16, Aspire plans to operate 50 schools with total projected enrollment of 16,284 students. |
| Debt Service Coverage | Based on Aspire’s financial projections, the projected debt service coverage levels for the anticipated combined CSFP lease payment in 2014-15 and 2015-16 are 226.2% and 276.6%, respectively. Aspire will need to receive on average at least 38% (\$1.63 million) of expected contributions in 2014-15 in order to meet the 100% projected debt service coverage ratio threshold. In 2015-16, Aspire will need to receive at least 14% (\$588,928) to maintain 100% projected debt service coverage. |
| Other Financial Factors | <ol style="list-style-type: none"> 1. Measured as a percentage of total revenues, contributions from 2010-11 through 2015-16 are projected to average 4.1% annually, which is below the 15.0% threshold level employed by staff. Of the \$26.53 million in projected fundraising receipts, roughly 15.5% is committed and 18.4% is anticipated, with the remainder of 66.2% to come from start-up site donations. 2. Aspire’s net working capital (NWC) at June 30, 2009 was \$1.57 million, or 2.4% of total expenses, and decreased to (\$2.37) million, or less than 0.0% of total expenses at June 30, 2010 when excluding restricted cash balances. Staff considers NWC representing less than 5.0% of total expenses to be a weak liquidity indicator. |
| School Information | |
| Eligibility Criteria | AMLA has met all eligibility criteria: (1) AMLA commenced operations in 2005-06; (2) AMLA’s charter was renewed in |

| | |
|-------------------------|--|
| | June 2009 and is in place through June 2014; (3) AMLA is in good standing with its chartering authority, and in compliance with the terms of its charter. |
| Student Performance | All AYP criteria for AMLA were met in 2007-08, 2008-09, and 2009-10. AMLA's API growth target was also met in these years. AMLA was ranked 7 out of 10 statewide and 10 out of 10 among similar schools in 2009-10. |
| Demographic Information | AMLA currently serves 221 students in grades K-5. Enrollment in 2011-12 is expected to be 230 students but AMLA plans to increase enrollment to 352 students to accommodate the capacity of the proposed facility. Based on the 2010-11 P-1 report, AMLA's ADA rate was 95.02%. ADA rates of 96.6%, 97.3%, and 96.2% were achieved in 2007-08, 2008-09, and 2009-10 respectively. Aspire's financial projections assume an ADA rate of 95.0% for AMLA. |

Program Eligibility: On March 14, 2011, at CSFA staff's request, verification was sent to the Office of Innovation and Charter Schools Division of Los Angeles Unified School District (LAUSD), confirming that AMLA is (1) in compliance with the terms of its charter agreement, and (2) is in good standing with its chartering authority.

Legal Status Questionnaire: CSFA staff and counsel review responses to the questions contained in the Legal Status Questionnaire. Aspire answered "Yes" to a LSQ question(s). CSFA staff and counsel have reviewed the facts surrounding the disclosure(s) and have determined that the potential liability does not impact the organization's ability to make its CSFP payments should Aspire be granted an apportionment.

Project Description: Aspire has requested total Proposition 1D funding for anticipated project costs of \$21,195,282, and is currently seeking an Advance Apportionment of \$1,419,528 (this figure constitutes the State grant and loan portion) for design services. The expected construction completion date is the beginning of the 2013-14 school year, with occupancy expected immediately hereafter. AMLA's proposed project is for new construction of a 35,000 square feet, K-5 school facility to be located within a three mile radius of the currently located leased facility at 2665 Clarendon Avenue in Huntington Park. This new facility would accommodate approximately 355 students. The area is an economically disadvantaged neighborhood within LAUSD's boundaries.

AMLA anticipates funding its 50% local matching share of the OPSC calculated Project cost of \$21,195,282 through a 30-year agreement with the State. CFSP payments are assumed to commence in 2014-15. Aspire will make the payments on behalf of the AMLA.

AMLA Organizational Information: AMLA's charter was approved by the LAUSD on July 1, 2004, and the school began operations in 2005-06 and since has been renewed through June 30, 2014.

AMLA currently serves 221 students in grades K-5. Enrollment in 2013-14, when the new facility will open is expected to be 352 students. Based on the 2010-11 first interim report, AMLA’s ADA rate was 95%. ADA rates of 97.3% and 96.2% were achieved in 2008-09 and 2009-10. Aspire’s financial projections assume an ADA rate of 95.0% for AMLA.

School Management: AMLA does not have executive positions at the school level as these duties are handled by staff at Aspire’s corporate level. Ms. Sarah Ali is currently serving as Principal.

Management Experience for Schools Open Less than Two Years: Not applicable as AMLA began operations in 2005-06, exceeding the two years of instruction requirement.

Student Performance: Because of its implications for student enrollment stability and growth, staff views student performance as a leading indicator of a charter school’s financial position. Schools with improving student performance trends are viewed favorably, especially if these trends exceed threshold goals set by the school or the California Department of Education (CDE). In order to measure student performance, staff utilizes Academic Performance Index (API) and Adequate Yearly Progress (AYP) trend data generated by the CDE. The API is also used as an indicator for measuring AYP per the No Child Left Behind Act of 2001. Any school not meeting AYP targets would face additional mandates and corrective actions if the school is a recipient of federal Title 1 funds.

AMLA has five years of reported API scores, allowing a review of progress and comparison to similar schools. The following table summarizes the school’s trend in student performance.

| Aspire Antonio Maria Lugo Academy | FY 2007-08 | FY 2008-09 | FY 2009-10 |
|---|------------|------------|------------|
| ADEQUATE YEARLY PROGRESS (AYP) | | | |
| Met All AYP Criteria? | Yes | Yes | Yes |
| Criteria Met / Required Criteria | 17 / 17 | 17 / 17 | 17 / 17 |
| Met API Indicator for AYP? | Yes | Yes | Yes |
| Met Graduation Rate? | N/A | N/A | N/A |
| ACADEMIC PERFORMANCE INDEX (API) | | | |
| Met Schoolwide Growth Target? | Yes | Yes | Yes |
| Met Comparable Improvement Growth Target? | Yes | Yes | Yes |
| Met Both Schoolwide & CI Growth Targets? | Yes | Yes | Yes |
| API Base Statewide Rank (10 = best) | 2 | 6 | 7 |
| API Base Similar Schools Rank (10 = best) | 4 | 10 | 10 |
| School's Actual Growth | 87 | 39 | 23 |
| Similar Schools Median of Actual Growth | 22 | 12 | 10 |
| Did School's Growth Exceed Median? | Yes | Yes | Yes |

For 2007-08, AMLA recorded a growth API score of 777, which was 87 points above its base API score of 690 and 81 points above its growth target. The growth score of 777 was above the 721 median score for similar schools. The school ranked 2 out of 10 statewide and 4 out of 10 among similar schools in 2007-08. AMLA met all 17 of the AYP criteria for 2007-08, 2008-09 and 2009-10 while meeting API growth targets. AMLA improved in API rankings to 6 out of 10 statewide and 10 out of 10 among similar schools in 2008-09 with an API base of 785 and API growth of 824. For 2009-10, AMLA recorded a growth API score of 847, which was 23 points above its base API score of 824. The growth score of 847 was above the 747 median score for similar schools. The school ranked 7 out of 10 statewide and 10 out of 10 among similar schools in 2009-10.

Overview of Aspire Public Schools: According to information supplied by Aspire, Aspire Public Schools was founded in 1998 to manage, guide, direct, and promote charter schools that provide quality education to California youth in primary and secondary grades. Aspire is a nonprofit, public-benefit corporation with 501(c)(3) status operating charter schools in three clusters located in the San Francisco Bay Area, the Central Valley, and Los Angeles County. Aspire has a four part mission: (1) to increase the academic performance of California students; (2) to develop effective educators; (3) to start change in the public school system; and (4) to share practices with other educators. Aspire locates their charter schools in areas with academically underperforming traditional schools in order to provide an alternative learning experience. Geographic areas where at least 75% of the students qualify for free or reduced priced meals also are targeted by Aspire. In 2009-10, Aspire was operating 25 schools serving 7,870 students. The organization maintains plans to expand to 50 schools by 2015-16 by opening three to five new schools each year. However, due to the recent recession and California budgetary pressures, Aspire may open fewer schools depending on future schools financial feasibility.

Enrollment Trends and Projections: The table on the following page presents school and enrollment information for Aspire's schools open during 2009-10 and for new schools expected to be opened between 2010-11 and 2012-13. As of June 30, 2010, Aspire operated 25 charter schools chartered by eleven districts. In 2008-09 Aspire opened up four additional schools: Aspire Millsmont Secondary Academy; Aspire East Palo Alto Phoenix Academy; Aspire Langston Hughes Academy; and Aspire Huntington Park Charter School. In 2009-10, Aspire continued to grow opening Aspire ERES Academy, Aspire Vanguard College Preparatory Academy, Aspire Alexander Twilight College Preparatory Academy, and Aspire Titan Academy. In 2010-11 Aspire opened up five additional schools: Aspire Firestone Academy, Aspire Gateway Academy, Aspire APEX Academy, Aspire Alexander Twilight Secondary Academy, and Aspire Pacific Academy.

In 2009-10, enrollment totaled 7,870 students, with attendance at 7,571 students to produce an average daily attendance (ADA) rate of 96.2%. From 2005-06 through 2007-08, Aspire's schools had total enrollments and ADA rates of 3,968 (95.8%), 4,917 (95.8%), and 5,809 (96.8%). The aggregate ADA rate has averaged 96.3% for the last four years. Aspire has noted that their re-enrollment (retention) rate is at 96% in all schools and 96% at AMLA from the end of 2009-10 to the beginning of 2010-11.

System-wide enrollment for 2010-11 is up by 25.3% to 9,844 students from 2009-10. In 2010-11, Aspire opened three elementary grade schools and two secondary grade schools. The majority of the enrollment growth in 2010-11 and subsequent years is expected to come from the opening of new schools, as existing schools will have reached mature enrollment levels. Projected enrollment totals for 2011-12 through 2015-16 are 11,073, 12,376, 13,678, 14,981, and 16,284 students, respectively. Aspire plans to operate 38 schools by 2012-13 and 50 by 2015-16. The organization's financial projections incorporate these expected enrollment levels as well as an assumed system-wide ADA rate of 95.0%.

Aspire Public Schools - School and Enrollment Information for Existing and New Schools

| Charter School | Grades Served | Year Opened | Chartering District | County | Charter Expiration | 2009-10 Enrollment | | Current | 2010-11 |
|---|---------------|-------------|---|-------------|--------------------|--------------------|--------------|-------------------------|-----------------|
| | | | | | | Actual Enroll. @ | P-Annual ADA | Waitlist as of 12/22/10 | Enroll. @ CBEDS |
| | | | | | | | | | |
| 1 Aspire Alexander Twilight College Preparatory Academy | K - 5 | 2009-10 | CA. Dept. of Education | Sacramento | 6/30/2012 | 343 | 94.5% | 5 | 374 |
| 2 Aspire Alexander Twilight Secondary Academy | 6 - 9 | 2010-11 | CA. Dept. of Education | Sacramento | 6/30/2012 | n/a | n/a | 3 | 135 |
| 3 Aspire Antonio Maria Lugo Academy | K - 5 | 2005-06 | Los Angeles Unified School District | Los Angeles | 6/30/2014 | 202 | 96.2% | 137 | 221 |
| 4 Aspire APEX Academy * | K - 3 | 2010-11 | CA. Dept. of Education | San Joaquin | 6/30/2012 | n/a | n/a | - | 210 |
| 5 Aspire Benjamin Holt College Preparatory Academy | 6 - 12 | 2003-04 | Lodi Unified School District | San Joaquin | 6/30/2013 | 572 | 97.2% | 600 | 581 |
| 6 Aspire Berkley Maynard Academy | K - 8 | 2005-06 | Oakland Unified School District | Alameda | 6/30/2015 | 451 | 95.4% | 245 | 560 |
| 7 Aspire California College Preparatory Academy | 9 - 12 | 2005-06 | Alameda County Office of Education | Alameda | 6/30/2013 | 191 | 96.7% | 76 | 192 |
| 8 Aspire Capitol Heights Academy | K - 5 | 2003-04 | Sacramento City Unified School District | Sacramento | 6/28/2013 | 212 | 94.8% | 35 | 262 |
| 9 Aspire Centennial College Preparatory Academy | 6 - 8 | 2006-07 | Los Angeles Unified School District | Los Angeles | 6/30/2014 | 516 | 96.6% | 302 | 480 |
| 11 Aspire East Palo Alto Charter School | K - 8 | 1997-98 | Ravenswood School District | San Mateo | 6/30/2014 | 415 | 97.6% | 317 | 458 |
| 12 Aspire East Palo Alto Phoenix Academy (1) * | 9 - 12 | 2008-09 | Sequoia Union High School District | San Mateo | 6/30/2013 | 134 | 97.8% | - | 161 |
| 13 Aspire ERES Academy | K - 8 | 2009-10 | Oakland Unified School District | Alameda | 6/30/2014 | 217 | 96.4% | 124 | 215 |
| 14 Aspire Firestone Academy * | K - 5 | 2010-11 | Los Angeles Unified School District | Los Angeles | 6/30/2015 | n/a | n/a | - | 349 |
| 15 Aspire Gateway Academy * | K - 5 | 2010-11 | Los Angeles Unified School District | Los Angeles | 6/30/2015 | n/a | n/a | - | 328 |
| 16 Aspire Huntington Park Charter School (3) | K - 5 | 2008-09 | Los Angeles Unified School District | Los Angeles | 6/30/2013 | 201 | 96.5% | 148 | 215 |
| 10 Aspire Junior Collegiate Academy | K - 6 | 2007-08 | CA. Dept. of Education | Los Angeles | 6/30/2012 | 279 | 97.1% | 181 | 295 |
| 17 Aspire Langston Hughes Academy (2) | 6 - 10 | 2008-09 | Stockton Unified School District | San Joaquin | 6/30/2013 | 266 | 96.5% | 36 | 399 |
| 18 Aspire Lionel Wilson College Preparatory Academy | 6 - 12 | 2002-03 | Oakland Unified School District | Alameda | 6/30/2012 | 434 | 93.8% | 114 | 491 |
| 19 Aspire Millsmont Academy | K - 5 | 2005-06 | Oakland Unified School District | Alameda | 6/30/2014 | 250 | 95.5% | 87 | 264 |
| 20 Aspire Millsmont Secondary Academy | 6 - 12 | 2007-08 | Oakland Unified School District | Alameda | 6/30/2013 | 265 | 94.5% | 28 | 327 |
| 21 Aspire Monarch Academy | K - 5 | 2000-01 | Oakland Unified School District | Alameda | 6/30/2014 | 350 | 97.0% | 227 | 381 |
| 22 Aspire Pacific Academy * | 9 - 10 | 2010-11 | Los Angeles Unified School District | Los Angeles | 6/30/2015 | n/a | n/a | - | 318 |
| 23 Aspire Port City Academy | K - 5 | 2007-08 | CA. Dept. of Education | San Joaquin | 6/30/2012 | 260 | 96.5% | 592 | 401 |
| 24 Aspire River Oaks Charter School * | K - 5 | 2001-02 | Lodi Unified School District | San Joaquin | 6/30/2011 | 355 | 97.2% | - | 368 |
| 25 Aspire Rosa Parks Academy | K - 5 | 2005-06 | Stockton Unified School District | San Joaquin | 6/30/2015 | 351 | 96.4% | 246 | 353 |
| 26 Aspire Summit Charter Academy | K - 8 | 2001-02 | Ceres Unified School District | Stanislaus | 6/30/2011 | 344 | 95.6% | 59 | 363 |
| 27 Aspire Titan Academy | K - 5 | 2009-10 | CA. Dept. of Education | Los Angeles | 6/30/2012 | 254 | 97.2% | 308 | 282 |
| 28 Aspire University Charter School | K - 5 | 2000-01 | Sylvan Union Elementary School District | Stanislaus | 6/30/2013 | 245 | 96.5% | 112 | 245 |
| 29 Aspire Vanguard College Preparatory Academy | 6 - 10 | 2009-10 | CA. Dept. of Education/SBE | San Joaquin | 6/30/2014 | 197 | 95.5% | 6 | 256 |
| 30 Aspire Vincent Shalvey Academy | K - 5 | 1999-00 | Lodi Unified School District | San Joaquin | 6/30/2014 | 353 | 96.6% | 601 | 360 |
| Sub-total for Existing Schools | | | | | | 7,657 | 96.2% | 4,589 | 9,844 |

*Item 5.1 – Aspire Public Schools –
Aspire Centennial College Preparatory Academy*

School Model: Aspire’s vision is to improve the achievement of all students in California. One of Aspire’s missions is to educate students that are not being well-served in their current educational environment through their curriculum. According to information provided by Aspire representatives, Aspire implements curriculum packages created by other parties, complementary to the Aspire system and aligned to the California State standards. The school’s educational program, simultaneously rigorous and relevant to the students, will emphasize interdisciplinary thinking across subject areas.

Academic Performance: As mentioned previously, staff views student performance as a leading indicator of a school’s financial position. Student performance data is available for the 25 Aspire schools operating during 2009-10.

| Aspire Public Schools - API Growth Scores* | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| School | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
| Aspire Alexander Twilight College Preparatory Academy (K-5) | N/A | N/A | N/A | N/A | 766 |
| Aspire Antonio Maria Lugo Academy (K-5) | 724 | 691 | 777 | 825 | 847 |
| Aspire Benjamin Holt College Preparatory Academy (6-12) | 824 | 825 | 844 | 860 | 886 |
| Aspire Berkley Maynard Academy (K-8) | 645 | 730 | 769 | 817 | 825 |
| Aspire California College Preparatory Academy (9-12) | 650 | 725 | 771 | N/A | 835 |
| Aspire Capitol Heights Academy (K-5) | 675 | 758 | 789 | 828 | 825 |
| Aspire Centennial College Preparatory Academy (6-8) | N/A | 671 | 749 | 786 | 794 |
| Aspire East Palo Alto Charter School (K-8) | 821 | 837 | N/A | 842 | 882 |
| Aspire East Palo Alto Phoenix Academy (9-12) | N/A | N/A | N/A | 674 | 791 |
| Aspire ERES Academy (K-8) | N/A | N/A | N/A | N/A | 695 |
| Aspire Huntington Park Charter School (K-5) | N/A | N/A | N/A | 818 | 833 |
| Aspire Junior Collegiate Academy (K-6) | N/A | N/A | 763 | 795 | 844 |
| Aspire Langston Hughes Academy (6-10) | N/A | N/A | N/A | 738 | 793 |
| Aspire Lionel Wilson College Preparatory Academy (6-12) | 665 | 667 | 735 | 792 | 797 |
| Aspire Millsmont Academy (K-5) | 643 | 687 | 692 | 783 | 757 |
| Aspire Millsmont Academy Secondary (6-12) | N/A | N/A | N/A | 666 | 661 |
| Aspire Monarch Academy (K-5) | 713 | 795 | 776 | 774 | 825 |
| Aspire Port City Academy (K-5) | N/A | N/A | 775 | 837 | 870 |
| Aspire River Oaks Charter School (K-5) | 821 | 815 | 826 | 850 | 887 |
| Aspire Rosa Parks Academy (K-5) | 649 | 726 | 734 | 775 | 813 |
| Aspire Summit Charter Academy (K-5) | 781 | 824 | 815 | 857 | 839 |
| Aspire Titan Academy (K-5) | N/A | N/A | N/A | N/A | 824 |
| Aspire University Charter School (K-5) | 884 | 902 | N/A | 909 | 916 |
| Aspire Vanguard College Preparatory Academy (6-10) | N/A | N/A | N/A | N/A | 857 |
| Aspire Vincent Shalvey Academy (K-5) | 868 | 868 | 887 | 939 | 927 |

*Commencing in 2006-07, bold and italicized text indicates increases and decreases, respectively in API Growth from prior year.

*Item 5.1 – Aspire Public Schools –
Aspire Centennial College Preparatory Academy*

As shown in the following table, the Aspire schools' statewide and similar schools rankings (base API scores) were generally low in past years but have shown gradual improvement. Of the 20 schools that posted statewide and similar school rankings in 2009-10, only three schools didn't show improvement in either ranking categories.

| Aspire – Base API Score Statewide Ranking / Similar School Ranking (10 = best)** | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| School | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
| Aspire Alexander Twilight College Preparatory Academy (K-5) | N/A | N/A | N/A | N/A | N/A |
| Aspire Antonio Maria Lugo Academy (K-5) | N/A | 4 / 7 | 2 / 4 | 6 / 10 | 7 / 10 |
| Aspire Benjamin Holt College Preparatory Academy (6-12) | 7 / 3 | 9 / 10 | 9 / 9 | 9 / 10 | 9 / 10 |
| Aspire Berkley Maynard Academy (K-8) | N/A | 1 / 4 | 4 / 8 | 5 / 10 | 7 / 10 |
| Aspire California College Preparatory Academy (9-12) | N/A | 2 / N/A | 5 / 10 | N/A | 9 / 10 |
| Aspire Capitol Heights Academy (K-5) | 1 / N/A | 2 / N/A | 5 / 10 | 6 / 10 | 7 / 10 |
| Aspire Centennial College Preparatory Academy (6-8) | N/A | N/A | 1 / 6 | 6 / 10 | 7 / 10 |
| Aspire East Palo Alto Charter School (K-8) | 7 / 10 | 8 / 10 | 8 / 10 | N/A | 8 / 10 |
| Aspire East Palo Alto Phoenix Academy (9-12) | N/A | N/A | N/A | N/A | N/A |
| Aspire ERES Academy (K-8) | N/A | N/A | N/A | N/A | N/A |
| Aspire Huntington Park Charter School (K-5) | N/A | N/A | N/A | N/A | 7 / 10 |
| Aspire Junior Collegiate Academy (K-5) | N/A | N/A | N/A | 5 / 10 | 6 / 10 |
| Aspire Langston Hughes Academy (6-10) | N/A | N/A | N/A | N/A | 5 / 9 |
| Aspire Lionel Wilson College Preparatory Academy (6-12) | 2 / 2 | 3 / 8 | 4 / 8 | 6 / 10 | 8 / 10 |
| Aspire Millsmont Academy (K-5) | N/A | 1 / 3 | 2 / 4 | 2 / 7 | 5 / 9 |
| Aspire Millsmont Academy Secondary (6-12) | N/A | N/A | N/A | N/A | 2 / 7 |
| Aspire Monarch Academy (K-5) | 2 / 4 | 3 / 9 | 6 / 10 | 6 / 10 | 5 / 10 |
| Aspire Port City Academy (K-5) | N/A | N/A | N/A | 6 / 10 | 7 / 10 |
| Aspire River Oaks Charter School (K-5) | 6 / 7 | 8 / 10 | 7 / 7 | 8 / 9 | 8 / 9 |
| Aspire Rosa Parks Academy (K-5) | N/A | 1 / 3 | 4 / 7 | 4 / 7 | 5 / 7 |
| Aspire Summit Charter Academy (K-5) | N/A | N/A | 8 / 10 | 7 / 9 | 8 / 10 |
| Aspire Titan Academy (K-5) | N/A | N/A | N/A | N/A | N/A |
| Aspire University Charter School (K-5) | N/A | N/A | N/A | N/A | 9/10 |
| Aspire Vanguard College Preparatory Academy (6-10) | N/A | N/A | N/A | N/A | N/A |
| Aspire Vincent Shalvey Academy (K-5) | 9 / 6 | 9 / 8 | 9 / 9 | 9 / 10 | 10 / 10 |

** Commencing in 2006-07, bold and italicized text indicate increases and decreases, respectively in either statewide or similar school rankings from prior year.

In 2005-06 and 2006-07, 9 out of 12 (75%) and 13 out of 14 (93%) schools, respectively met all AYP criteria. In 2007-08 and 2008-09, 11 of 15 schools (73%) and 15 of 19 schools (79%), respectively, also met all AYP criteria. In 2009-10, 16 of 25 schools (64%) met all AYP criteria. Aspire has been able to effectively maintain student performance while adding schools to their system. The following table presents AYP target data for each Aspire school over the four year period.

*Item 5.1 – Aspire Public Schools –
Aspire Centennial College Preparatory Academy*

| Aspire Public Schools – Met All AYP Targets | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| School | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
| Aspire Alexander Twilight College Preparatory Academy (K-5) | N/A | N/A | N/A | N/A | No |
| Aspire Antonio Maria Lugo Academy (K-5) | Yes | Yes | Yes | Yes | Yes |
| Aspire Benjamin Holt College Preparatory Academy (6-12) | Yes | Yes | Yes | Yes | Yes |
| Aspire Berkley Maynard Academy (K-8) | No | Yes | Yes | Yes | No |
| Aspire California College Preparatory Academy (9-12) | Yes | Yes | Yes | N/A | Yes |
| Aspire Capitol Heights Academy (K-58) | Yes | Yes | Yes | Yes | Yes |
| Aspire Centennial College Preparatory Academy (6-8) | N/A | No | Yes | Yes | Yes |
| Aspire East Palo Alto Charter School (K-8) | Yes | Yes | No | Yes | Yes |
| Aspire East Palo Alto Phoenix Academy (9-12) | N/A | N/A | N/A | No | Yes |
| Aspire ERES Academy (K-8) | N/A | N/A | N/A | N/A | No |
| Aspire Huntington Park Charter School (K-5) | N/A | N/A | N/A | No | Yes |
| Aspire Junior Collegiate Academy (K-6) | N/A | N/A | No | Yes | Yes |
| Aspire Langston Hughes Academy (6-10) | N/A | N/A | N/A | No | Yes |
| Aspire Lionel Wilson College Preparatory Academy (6-12) | Yes | Yes | Yes | Yes | No |
| Aspire Millsmont Academy (K-58) | No | Yes | No | Yes | No |
| Aspire Millsmont Academy Secondary (6-12) | N/A | N/A | N/A | No | No |
| Aspire Monarch Academy (K-5) | Yes | Yes | Yes | Yes | Yes |
| Aspire Port City Academy (K-5) | N/A | N/A | N/A | Yes | Yes |
| Aspire River Oaks Charter School (K-5) | Yes | Yes | Yes | Yes | Yes |
| Aspire Rosa Parks Academy (K-5) | No | Yes | No | Yes | Yes |
| Aspire Summit Charter Academy (K-5) | N/A | Yes | Yes | Yes | No |
| Aspire Titan Academy (K-5) | N/A | N/A | N/A | N/A | No |
| Aspire University Charter School (K-5) | N/A | N/A | N/A | N/A | Yes |
| Aspire Vanguard College Preparatory Academy (6-10) | N/A | N/A | N/A | N/A | No |
| Aspire Vincent Shalvey Academy (K-5) | Yes | Yes | Yes | Yes | Yes |

EMO Organization and Management: Aspire is a 501(c)(3) non-profit public benefit corporation, governed by a board of directors that creates, controls and operates its schools. Aspire’s Board of Directors is responsible for: establishing broad policies that affect all Aspire’s schools, advocating Aspire’s mission, and providing strategic guidance to the organization. Aspire also has an Advisory Board which supports the Board of Directors and staff by providing expertise on specific issues that affect the organization’s business and education strategies. The Advisory Board includes policy makers, education researchers, community leaders, and investors.

Board Experience: The Board of Directors consists of 7 active members, plus members designated by the organization’s chartering districts. The Aspire Board of Directors includes: Mr. Bill Hughson, Mr. Melvin J. Kaplan, Mr. Steven L. Merrill, Ms. Louise Muhlfeld Patterson, Dr. Don Shalvey, and Mr. Richard C. Spalding.

Staff Experience: As previously mentioned, Aspire maintains executive positions at the corporate level. Mr. James Willcox is the Chief Executive Officer for Aspire and is responsible for setting the direction of Aspire. Prior to his appointment as CEO, Mr. Willcox served as the Chief Operating Officer for Aspire. As COO, Mr. Willcox managed operations, human resources, fund-raising, and facilities. Prior to joining the management team of Aspire, Mr. Willcox was the founding Chief Operating Officer for Education for Change (EFC), a nonprofit charter management organization founded to restructure underperforming district schools as independent charter schools within the Oakland Unified School District. Mr. Willcox graduated from West Point with a B.A. and received a M. Ed. and a M.B.A. from Stanford University.

Mr. Mike Barr is the Chief Financial Officer. Mr. Barr has over 20 years experience in the finance field and oversees Aspire’s financing, accounting, and treasury duties. Mr. Barr received his B.S. from Oregon State University and is a Certified Management Accountant.

Ms. Elise Darwish has been an executive with Aspire Public Schools since its founding and currently serves as the Chief Academic Officer. In this role she supports principals, oversees research and development pertaining to curriculum, instruction, and assessment, and manages internal professional development programs. Ms. Darwish designed the Aspire education model and oversaw its implementation. Ms. Darwish has over 21 years of experience in charter schools, traditional public schools and private schools, and holds a Masters Degree in Educational Administration from San Francisco State University and a B.S. in Early Childhood Education from the University of Illinois.

Tatiana Epanchin serves as Aspire's Bay Area Superintendent. Before joining the management team, Tatiana was the founding principal of Aspire ERES Academy in the Fruitvale neighborhood of Oakland. Previously, she served as principal of Monarch Academy in East Oakland. Under her leadership, the school increased student proficiency levels from 51% to 73% in math and 29% to 45% in language arts. In 2008, Monarch Academy was awarded the National Title I Distinguished School Award for closing the achievement gap, an honor bestowed upon only 1 out of every 9,600 schools in the state. Prior to becoming principal, Tatiana taught at Monarch Academy and served as Lead Teacher for the grades 6-8 Humanities Team at Aspire's Lionel Wilson College Preparatory Academy, where she was also a founding teacher. She began her teaching career with Teach for America in New Orleans where she taught middle school in the Ninth Ward. Tatiana is a New Leaders for New Schools National Fellow from the 2004 cohort. She has also been a social worker in Contra Costa County, working on intensive family preservation cases. She holds a BA in sociology, a MSW and an M.Ed.

Mary Welch serves as Aspire's Central Valley Superintendent. Ms. Welch was the Founding Principal of Aspire Public Schools' first campus in North Stockton in 1999, now known as Vincent Shalvey Academy, a recipient of the California Distinguished Schools Award in

2002. She was most recently the Founding Principal of Rosa Parks Academy, the 13th Aspire school and the first Aspire school within the Stockton Unified School District. Ms. Welch has been an educator for the past 33 years as both a teacher and an administrator. She has been a principal in the Lodi Unified School District and in the San Carlos School District, as well as a district coordinator of special education. While a principal at San Carlos, her school became a California Distinguished School. The school also was a recipient of the Annenberg Torchbearer Award, which is given to exemplary leadership schools in the Bay Area. Ms. Welch holds a BA in Liberal Studies from Cal State Fullerton, a MA in Special Education from Cal Poly, San Luis Obispo, and a Doctorate in Educational Leadership from the University of Southern California.

As the Regional Vice President for Los Angeles, Dr. Roberta Benjamin has spent 35 years in public education in different capacities. She has served in the Los Angeles Unified School District as a teacher, principal, district level leader and former head of the district's charter schools division. Dr. Benjamin is also an Associate Professor at Loyola Marymount University.

Financial Analysis: Staff's review of Aspire's financial performance is based on five years of audited financial statements (2005-06 through 2009-10), and financial projections from 2010-11 through 2015-16 as provided by Aspire.

Highlighted in this section are financial data and credit indicators used to evaluate Aspire's ability to meet its CSFP obligations for its projects funded by Proposition 1D. Staff's financial analysis is based on information for Aspire as an organization and not for each applicant school on a stand-alone basis. Please note that the revenue, expenditure and changes to net assets recorded in financial audits and provided in Aspire's financial projections have been modified by staff, where necessary, to include capital outlays, operating leases and repayment of debt and other significant obligations, and to exclude non-cash items such as depreciation.

Long-Term Liabilities – At June 30, 2010, Aspire had outstanding long-term liabilities of \$108.44 million, which is an increase from the \$35.54 million recorded at June 30, 2009. These debt obligations took the forms of two capital leases (\$18.93 million); two California Department of Education loans (\$1.52 Million); two CSFP funding agreements (\$5.13 million) under Propositions 47 and 55; a publicly offered revenue bond (\$93.25 million); drawn lines of credit from Wells Fargo Bank (\$1.61 million) and Raza Development Fund, Inc. (\$750,000); two loans from the Low Income Investment Fund (\$2.38 Million); a loan and Note from NCB Capital Impact (\$4.69 Million); and two Charter Fund, Inc. loans (\$2 million). Annual payments due under these various obligations will be paid before annual payments are made on the CSFP funding agreements for the projects funded by Proposition 1D. Details regarding these long-term liabilities are provided below.

The capital lease of \$19.47 million for facilities at River Oaks Charter School and Benjamin Holt College Preparatory Academy has a term of January 1, 2005 through August 1, 2032 at an interest rate of 4.35%. Average annual payments due under the capital lease approximate \$1.39 million per year over the term. Aspire also entered into a capital lease for furniture with an outstanding balance of \$77,250 as of June 30, 2010.

One of the California Department of Education loans in the amount of \$250,000 became effective October 2007, bearing an interest rate of 2.69%. The loan is expected to be repaid in five annual installments of \$50,000 through 2014. Another loan from the California Department of Education became effective in December 2007 for \$807,000. The loan is to be repaid in annual installments of \$269,001 through the final maturity of 2011. An additional loan from the California Department of Education became effective in March 2010, bearing an interest rate of 0.53%. The principle is payable in five annual installments of \$210,000, with final maturity occurring in 2015.

The two CSFP funding agreements are for: 50% of the project costs for the Proposition 47 financing of Rosa Parks in Stockton (30-year term to January 2037 with annual payments of \$231,795 based on a final interest rate of 2.202%) and 50% of the Advance Apportionment for the Prop 55 financing for Centennial.

The Series 2010 revenue bonds sold in March 2010 included term bonds in the amount of \$93.30 million and carries interest rates that range from 5.00% to 6.37% through the 2046 final maturity. The bond proceeds will be used to construct nine different schools. Principal payments are due annually beginning July 1, 2014.

Short-Term Liabilities:

In August 2010, Aspire sold \$4.6 million in revenue anticipation notes (RANs) to NCB Capital Impact through CSFA. Aspire paid down its outstanding line of credit with Wells Fargo Bank with the RAN proceeds among addressing other cash flow needs. At the time of this report, Aspire has partially paid down the RANs balance but maintains the ability to borrow additional funds. However, outstanding RANs are to be repaid in full by November 2011. Aspire also expects to issue \$3.0 million of RANs in March 2011 to the Low Income Investment Fund. Aspire has used different forms of short-term borrowing to mitigate revenue deferrals and cyclical budget deficits.

Aspire had two lines of credit with Raza Development Fund, Inc. The first line, dated as of December 30, 2005 and bearing interest at a 6.5% rate, had a capacity of up to \$250,000. Interest on advances were payable monthly in arrears, while the principal balance and all outstanding interest was due and paid at the maturity date of December 30, 2010. Aspire had no advances and no payments of during the year ended June 30, 2010. The outstanding balance as of June 30, 2010 was \$250,000. Aspire's second line of credit was increased from \$500,000 to \$2 Million in July 2010. The interest rate on that line of credit also increased to 7.625%. A principal payment of \$1 Million was due and made on October 31, 2010. The remaining principal and all outstanding interest were due and paid at the maturity date of December 30, 2010. Aspire advanced \$1.5 Million in July 2010. In October 2009, Aspire negotiated extensions to the Raza line of credits to delay repayment of outstanding principal and interest for an additional year. Aspire's liquidity position is discussed further in the "Liquidity" section.

School Facilities – Aspire anticipates operating 50 charter schools with a projected enrollment of 16,284 students by 2015-16. The facility costs consist of capital leases, revenue bond debt service, and expected payments to CSFA for the funding agreements pursuant to Propositions 47, 55, and 1D. Aspire's CSFP payments will account for the

facility costs of four schools: Centennial - \$501,770; AMLA - \$540,684; AJCA - \$792,679; Rosa Parks - \$231,795. Aspire's rent costs for East Palo Alto Charter School (EPACS) are not funded through debt or leases but rather take the form of the 3.0% oversight fee paid to Ravenswood City Elementary District for the use of its facilities.

Aspire leases land and buildings for an administrative office in Oakland and leases land and buildings in Stockton, Oakland, Modesto, East Palo Alto, Los Angeles and Sacramento under various operating leases. The financial audit notes that it is unlikely that Aspire will cancel any of these operating leases before they expire. The aggregate rental payments required under the terms of their operating leases ranges from \$2.71 million in 2009-10 to \$4.91 million in 2015-16.

The aggregate facility costs for all Aspire schools incorporated into the financial projections are as follows: \$10.39 million (2010-11), \$10.35 million (2011-12), \$10.81 million (2012-13), \$12.13 million (2013-14), and \$12.62 million (2014-15). These estimated expenses are equivalent to an average of 11% of annual total revenues including contributions. These levels are below the 10-15% affordability range and these commitments are not expected to impact the organization's flexibility to respond to any unforeseen costs.

Non-Operating Revenues from Contributions - Over the last five years, Aspire received the following total amounts of private grants and contributions averaging \$8.24 million per year: \$4.79 million (2005-06), \$2.4 million (2006-07), \$7.31 million (2007-08), \$7.90 million (2008-09), and \$18.77 million (2009-10). The financial projections estimate the following donations averaging \$4.44 million per year. Historically, fundraising annual receipts averaged 11.6% and 22.3% of revenues in 2008-09 and 2009-10, but this average is expected to decrease to 4.1% from 2010-11 through 2015-16. The projected percentage of contributions to revenues is below the 15.0% threshold level employed by staff.

Aspire's projected contribution revenues are supported by listings of both "committed donations" and "anticipated donations" by donor. The following table presents these details. Of the \$26.53 million in fundraising receipts included in Aspire's financial projections, roughly 15.5% is committed and 18.4% is anticipated with the remainder of 66.2% to come from start-up site donations. For 2013-14 and 2015-16, none of the expected contributions are from committed sources. Projected future contributions have decreased substantially since Aspire's most recent financial soundness review. Aspire projected approximately \$40 million in contributions from 2010-11 through 2014-15, which has since been reduced to \$26.53 million. In addition, the percentage of contributions which were categorized as committed in 2013-14 and 2015-16 went from 24.2% to 0%. Aspire's strong contribution history supports their ability to receive a large percentage of expected contributions which lessens concerns surrounding reduced contribution projections.

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| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | TOTAL |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Committed Donations | | | | | | | |
| BTSA Funding | \$ 375,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 375,000 |
| Gates | 1,020,000 | - | - | - | - | - | \$ 1,020,000 |
| Broad | 445,000 | 500,000 | 500,000 | - | - | - | \$ 1,445,000 |
| Tipping Point | 300,000 | - | - | - | - | - | \$ 300,000 |
| Charter School Growth Fund | 500,000 | - | - | - | - | - | \$ 500,000 |
| New Schools Venture fund | 252,000 | - | - | - | - | - | \$ 252,000 |
| USDOE | 209,000 | - | - | - | - | - | \$ 209,000 |
| Sub-total | \$ 3,101,000 | \$ 500,000 | \$ 500,000 | \$ - | \$ - | \$ - | \$ 4,101,000 |
| % of Total Donations | 69.9% | 10.8% | 10.6% | 0.0% | 0.0% | 0.0% | 15.5% |
| Anticipated Donations | - | 1,375,000 | 875,000 | 875,000 | 875,000 | 875,000 | 4,875,000 |
| Sub-total | \$ - | \$ 1,375,000 | \$ 875,000 | \$ 875,000 | \$ 875,000 | \$ 875,000 | \$ 4,875,000 |
| % of Total Donations | 0.0% | 29.6% | 18.5% | 20.6% | 20.6% | 20.6% | 18.4% |
| Additional Donations - Sites | \$ 1,338,000 | \$ 2,764,000 | \$ 3,364,000 | \$ 3,364,000 | \$ 3,364,000 | \$ 3,364,000 | \$ 17,558,000 |
| % of Total Donations | 30.1% | 59.6% | 71.0% | 79.4% | 79.4% | 79.4% | 66.2% |
| Total Donations | \$ 4,439,000 | \$ 4,639,000 | \$ 4,739,000 | \$ 4,239,000 | \$ 4,239,000 | \$ 4,239,000 | \$ 26,534,000 |

Staff Adjusted Changes in Net Assets - Aspire’s historical and projected financial operations incorporate the aforementioned described enrollment trends, facility costs and non-operating revenues from contributions. The organization’s CFO prepared Aspire’s financial projections by carrying forward the State’s 2009-10 per-pupil funding rates for the 2010-11 through 2015-16 period, with annual increase. This static per-pupil revenue assumption is reasonable given that projected expenses do not include annual inflationary increases. The CFO has noted that the organization’s annual growth in expenses has historically correlated with increases in the State’s per-pupil funding rates. Aspire believes their financial projections are conservative also because per-pupil costs for facilities are expected to be fixed once financing has been arranged while per-pupil block and categorical grant revenues are likely to increase annually over time.

Staff notes that Aspire has been able to maintain positive ending fund balances due to receipt of sizeable donations. As Aspire endeavors to reach full scale with their projected number of schools and student enrollment, they will attempt to alleviate this reliance on donations through cost reductions in their home and regional offices and by realizing the operational efficiencies of opening additional schools. Factoring in their contribution revenues, Aspire experienced a decrease to net assets from 2008-09 to 2009-10 of \$7.00 million and \$(1.76) million. However, Aspire continues to project increases to net assets in the amounts of \$2.39 million, \$3.34 million and \$4.14 million from 2010-11 through 2012-13. From 2014-15 through 2015-16, Aspire projects net revenues available after the CSFP lease payments to be \$2.61 million, and \$3.65 million, respectively.

The 2010-11 ADA funding rates of \$5,107 (grades K – 3), \$5,180 (grades 4 to 6), \$5,330 (grades 7 to 8), and \$6,189 (grades 9 to 12) were used a base when determining projected future funding rates. Aspire assumed growth of 0%, 1.8%, 2.3%, 2.7% and 2.8% in years 2011-12 through 2015-16, respectively, to the general purpose block grant per ADA funding rates. The assumed growth rates are applied to the categorical block grant as well. Expenses are expected to increase based on enrollment levels, using the same annual growth COLAs as the per ADA funding rates.

Projected Debt Service Coverage – Debt service coverage ratios on CSFP payments are calculated using net revenues available after payment of debt service on any existing and

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projected indebtedness. Aspire does have debt outstanding, which has been incorporated into their financial projections. Staff calculates Net Revenues Available for CSFP Payments by adding back capital outlay expenses to the projected change in net assets on the presumption that these costs would be deferred if the obligor was unable to make its CSFP payments, and thus these funds would be accessible for CSFP payments. Prior to Aspire's expected CSFP payments, the annual increases in net assets are projected to be \$4.68 million in 2014-15 and \$5.72 million in 2015-16.

Assuming a 3.00% interest rate and 30-year repayment period, Aspire's annual CSFP payments for AMLA, Junior, and Centennial would total to \$1,835,133 commencing in 2013-14. In addition, Aspire's CSFP payment of \$231,795 for Rosa Parks is included in the calculation of debt service coverage with the combined CSFP payment totaling \$2,066,928. The following table presents detail on the CSFP payments for each of Aspire's four projects. With CSFP payments expected to commence one year after a project's occupancy date, Aspire's Net Revenues Available for CSFP Payments in 2014-15 and 2015-16 are projected to provide debt service coverage of 226.2% and 276.6%, respectively. If debt service coverage is calculated using solely projections from AMLA's operations, coverage of 8.0% and 30.6% are projected in 2014-15 and 2015-16, respectively. Contributions are projected to represent to be 3.2% and 2.9% of total revenues in 2014-15 and 2015-16, respectively. Aspire would need to receive at least 38% of expected contributions in 2014-15 and 14% of contributions in 2015-16 to maintain debt service coverage ratios of greater than 100.0%.

| Aspire Public Schools | Actual FY 2008-09 | Actual FY 2009-10 | Budgeted FY 2010-11 | Projected FY 2011-12 | Projected FY 2012-13 | Projected FY 2013-14 | Projected FY 2014-15 | Projected FY 2015-16 |
|---|----------------------|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ENROLLMENT PROJECTIONS | | | | | | | | |
| Enrollment | 6,280 | 7,870 | 9,844 | 11,073 | 12,376 | 13,678 | 14,981 | 16,284 |
| Average Daily Attendance | 6,079 | 7,571 | 9,526 | 10,519 | 11,757 | 12,994 | 14,232 | 15,470 |
| Average Daily Attendance (%) | 97% | 96% | 97% | 95% | 95% | 95% | 95% | 95% |
| FINANCIAL PROJECTIONS | | | | | | | | |
| Total Revenues Available for CSFP Lease Payment | \$ 68,335,093 | \$ 84,246,045 | \$ 83,556,000 | \$ 93,435,000 | \$ 105,654,000 | \$ 118,342,000 | \$ 132,583,000 | \$ 147,651,000 |
| Total Expenses Paid Before CSFP Lease Payment | 64,587,328 | 89,845,004 | 84,103,000 | 93,390,000 | 105,270,000 | 118,995,000 | 132,679,000 | 147,265,000 |
| Accounting Adjustments | 3,256,843 | 3,842,927 | 2,941,000 | 3,297,000 | 3,751,000 | 4,242,000 | 4,771,000 | 5,331,000 |
| Net Revenues Available for CSFP Lease Payment | \$ 7,004,608 | \$(1,756,032) | \$ 2,394,000 | \$ 3,342,000 | \$ 4,135,000 | \$ 3,589,000 | \$ 4,675,000 | \$ 5,717,000 |
| CSFP Lease Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,066,928 | \$ 2,066,928 | \$ 2,066,928 |
| Net Revenues After CSFP Lease Payment | \$ 7,004,608 | \$(1,756,032) | \$ 2,394,000 | \$ 3,342,000 | \$ 4,135,000 | \$ 1,522,072 | \$ 2,608,072 | \$ 3,650,072 |
| FINANCIAL INDICATORS | | | | | | | | |
| Net Revenues Available for CSFP Lease Payment | \$ 7,004,608 | \$(1,756,032) | \$ 2,394,000 | \$ 3,342,000 | \$ 4,135,000 | \$ 3,589,000 | \$ 4,675,000 | \$ 5,717,000 |
| Debt Service Coverage by Net Revenues | N/A | N/A | N/A | N/A | N/A | 173.6% | 226.2% | 276.6% |
| Contributions | \$ 7,900,816 | \$ 18,771,974 | \$ 4,439,000 | \$ 4,739,000 | \$ 4,739,000 | \$ 4,239,000 | \$ 4,239,000 | \$ 4,239,000 |
| Debt Service Coverage by Net Revenues (w/out Contributions) | N/A | N/A | N/A | N/A | N/A | -31.4% | 21.1% | 71.5% |
| CSFP Lease Payment / Revenues | N/A | N/A | N/A | N/A | N/A | 1.7% | 1.6% | 1.4% |
| Contributions / Revenues | 11.6% | 22.3% | 5.3% | 5.1% | 4.5% | 3.6% | 3.2% | 2.9% |
| Net Revenues After CSFP Lease Payment / Revenues | 10.3% | -2.1% | 2.9% | 3.6% | 3.9% | 1.3% | 2.0% | 2.5% |
| Revenues / ADA | \$ 11,241 | \$ 11,128 | \$ 8,771 | \$ 8,882 | \$ 8,986 | \$ 9,107 | \$ 9,316 | \$ 9,544 |
| Expenses / ADA | \$ 10,625 | \$ 11,867 | \$ 8,829 | \$ 8,878 | \$ 8,954 | \$ 9,317 | \$ 9,468 | \$ 9,653 |
| Surplus (Deficit) / ADA | \$ 617 | \$ (740) | \$ (57) | \$ 4 | \$ 33 | \$ (209) | \$ (152) | \$ (109) |
| Net Working Capital | \$ 1,570,587 | \$ 40,870,568 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Working Capital / Expenses | 2.4% | 45.5% | N/A | N/A | N/A | N/A | N/A | N/A |

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| Aspire Antonio Maria Lugo Academy | Actual FY 2008-09 | Actual FY 2009-10 | Budgeted FY 2010-11 | Projected FY 2011-12 | Projected FY 2012-13 | Projected FY 2013-14 | Projected FY 2014-15 | Projected FY 2015-16 |
|---|----------------------|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ENROLLMENT PROJECTIONS | | | | | | | | |
| Enrollment | 197 | 203 | 221 | 230 | 222 | 352 | 352 | 352 |
| Average Daily Attendance | - | - | 210 | 219 | 211 | 334 | 334 | 334 |
| Average Daily Attendance (%) | N/A | N/A | 95% | 95% | 95% | 95% | 95% | 95% |
| FINANCIAL PROJECTIONS | | | | | | | | |
| Total Revenues Available for CSFP Lease Payment | \$ 2,117,644 | \$ 1,913,085 | \$ 1,820,643 | \$ 1,761,233 | \$ 1,749,082 | \$ 2,764,025 | \$ 2,828,828 | \$ 2,893,846 |
| Total Expenses Paid Before CSFP Lease Payment | 1,900,527 | 1,990,318 | 1,861,905 | 1,732,515 | 1,756,385 | 2,831,802 | 2,935,329 | 2,848,267 |
| Accounting Adjustments | 61,909 | 56,455 | 15,999 | - | - | 150,000 | 150,000 | 120,000 |
| Net Revenues Available for CSFP Lease Payment | \$ 279,026 | \$ (20,778) | \$ (25,263) | \$ 28,718 | \$ (7,303) | \$ 82,223 | \$ 43,499 | \$ 165,579 |
| CSFP Lease Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 540,684 | \$ 540,684 |
| Net Revenues After CSFP Lease Payment | \$ 279,026 | \$ (20,778) | \$ (25,263) | \$ 28,718 | \$ (7,303) | \$ 82,223 | \$ (497,185) | \$ (375,105) |
| FINANCIAL INDICATORS | | | | | | | | |
| Net Revenues Available for CSFP Lease Payment | \$ 279,026 | \$ (20,778) | \$ (25,263) | \$ 28,718 | \$ (7,303) | \$ 82,223 | \$ 43,499 | \$ 165,579 |
| Debt Service Coverage by Net Revenues | N/A | N/A | N/A | N/A | N/A | N/A | 8.0% | 30.6% |
| Contributions | \$ 802 | \$ 71 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service Coverage by Net Revenues (w/out Contributions) | N/A | N/A | N/A | N/A | N/A | N/A | 8.0% | 30.6% |
| CSFP Lease Payment / Revenues | N/A | N/A | N/A | N/A | N/A | N/A | 19.1% | 18.7% |
| Contributions / Revenues | 0.0% | 0.0% | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Revenues After CSFP Lease Payment / Revenues | 13.2% | -1.1% | -1.4% | 1.6% | -0.4% | 3.0% | -17.6% | -13.0% |
| Revenues / ADA | #DIV/0! | #DIV/0! | \$ 8,670 | \$ 8,061 | \$ 8,293 | \$ 8,266 | \$ 8,459 | \$ 8,654 |
| Expenses / ADA | #DIV/0! | #DIV/0! | \$ 8,866 | \$ 7,929 | \$ 8,328 | \$ 8,468 | \$ 10,395 | \$ 10,134 |
| Surplus (Deficit) / ADA | N/A | N/A | \$ (196) | \$ 131 | \$ (35) | \$ (203) | \$ (1,935) | \$ (1,481) |
| Net Working Capital | \$ 106,449 | \$ 81,175 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Working Capital / Expenses | 5.6% | 4.1% | N/A | N/A | N/A | N/A | N/A | N/A |

| School (Project) | CSFP Facility Occupancy Date | Project Cost | 50% of Project Cost (Local Match) | Estimated Annual Payment* |
|---|------------------------------|----------------------|-----------------------------------|---------------------------|
| Prop 1D: Clarendon (Junior Collegiate), SBC (K-8) | 2013-14 | \$ 31,073,722 | \$ 15,536,861 | \$ 792,679 |
| Prop 1D: Antonio Maria Lugo Academy (K-5) | 2013-14 | 21,195,282 | 10,597,641 | 540,684 |
| | | \$ 52,269,004 | \$ 26,134,502 | \$ 1,333,363 |
| Prop 55: Centennial College Preparatory | 2012-13 | \$ 19,669,826 | \$ 9,834,913 | \$ 501,770 |
| Prop 47: Rosa Parks Academy | 2008-09 | \$ 9,517,000 | \$ 4,680,246 | \$ 231,795 |
| Total | | \$ 81,455,830 | \$ 40,649,661 | \$ 2,066,928 |

*CSFP payments for Rosa Parks represent actual amounts

Estimated CSFP lease payments are accounted for when calculating debt service coverage in 2014-15.

Liquidity – For the fiscal year ending June 30, 2006, Aspire’s maintained a cash balance of \$233,342. Aspire experienced significant increases in cash balances from the prior year with an ending cash balance of \$3.85 million for 2006-07. Cash balances decreased substantially to \$24,527 at the end of 2007-08, slightly increased to \$106,074 for 2008-09, and decreased slightly to \$72,506 as of June 30, 2010. Liquidity is also measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. Aspire’s NWC at June 30, 2009 was \$1.56 million, or 2.4% of total expenses, and increased to \$40.87 million as June 30, 2010, or 42.2% of total expenses. However, when taking into account the \$43.27 million in restricted funds from the March 2010 bond sale, the true NWC is (\$2.38) million or less than 0.0% of total expenses. Although Aspire’s cash deficit declined from 2008-09 to 2009-10 (\$391,441 to \$250,665), Aspire’s most recent audited financials and cash balances indicate weak liquidity positions.

Aspire has indicated its weak liquidity position has been due to an investment in a property in 2007-08 that is not yet revenue-generating. As of June 30, 2009, a total of \$6.6 million in cash had gone towards the purchase of the property (\$4.7 million) and soft costs related to

the development and environmental cleanup of the property (\$1.9 million). Because the site required substantial environmental cleanup work, the borrowings to cover the cash flow were made via a short-term operating line of credit with Wells Fargo bank.

The property has had extensive environmental cleanup work done and upon completion of that work, Aspire will have paid a total of approximately \$8.0 million towards the property. Aspire issued bonds in March 2010 to finance nine schools on campuses throughout California. With the issuance of the bonds, the cash outflows associated with the aforementioned property will be repaid to Aspire via a sale into a limited liability company.

Strengths, Weaknesses and Mitigants

- + Strong improvement in meeting AYP criteria and continued improvement in API scores
- + Staff projects debt service coverage ratios for 2014-15 and 2015-16 of 226.2% and 276.6%, respectively. Aspire would need to receive at least 38% of expected contributions 2014-15 and 14% of contributions in 2015-16 to maintain debt service coverage ratios of greater than 100.0%
- + Strong management and leadership with support of local districts
- Outstanding long-term liabilities of \$108.44 million as of June 30, 2010
- Aspire's past financials have shown narrow cash balances/deficits along with weak liquidity indicators such as net working capital as a percentage of expenses

Staff Recommendation: Staff recommends that the California School Finance Authority Board determine that Aspire Public Schools is financially sound for the Charter School Facilities Program Advance Apportionment, but not Final Apportionment under the Program. This determination as it relates to an Advance Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.