

**CHARTER SCHOOL FACILITIES PROGRAM
2010 AND 2011 LOTTERY FUNDING ROUND
STAFF SUMMARY REPORT – APRIL 2011**

Applicant:	California Montessori Project
Project School:	California Montessori Project – Elk Grove
CDS (County-District-School) Code:	34-67314-0111732
Proposed Project Location:	Bradshaw Rd. and Elk Grove Blvd.
Type of Project:	New Construction
County:	Sacramento County
School District Where Located:	Elk Grove Unified School District
Chartering Entity:	Elk Grove Unified School District
OPSC Project Cost:	\$11,834,282
Total State Apportionment:	\$5,917,141
Lump Sum Contribution:	N/A
Total CSFP Lease Amount:	\$5,917,141
Length Of CSFP Lease Payments:	30 years
Assumed Interest Rate On Obligation:	3.00%
Estimated Annual CSFP Lease Payment:	\$301,888
First Year Of Occupancy Of New Project:	2012-13

Applicant:	California Montessori Project
Project School:	California Montessori Project – Shingle Springs
CDS (County-District-School) Code:	09-61838-0111724
Proposed Project Location:	4271 Shingle Springs Dr, Shingle Springs
Type of Project:	New Construction
County:	Sacramento County
School District Where Located:	Buckeye Unified School District
Chartering Entity:	Buckeye Unified School District
OPSC Project Cost:	\$5,310,746
Total State Apportionment:	\$2,655,373
Lump Sum Contribution:	N/A
Total CSFP Lease Amount:	\$2,655,373
Length Of CSFP Lease Payments:	30 years
Assumed Interest Rate On Obligation:	3.00%
Estimated Annual CSFP Lease Payment:	\$135,475
First Year Of Occupancy Of New Project:	2012-13

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that California Montessori Project-Elk Grove (CMP-EG) is financially sound for purposes of the Charter School Facilities Program (CSFP) Advance Apportionment, but not for purposes of Final Apportionment. 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 notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

Additionally, Staff recommends that the California School Finance Authority (CSFA) Board determine that California Montessori Project-Shingle Springs (CMP-SS) is financially sound for purposes of the Charter School Facilities Program (CSFP) Advance Apportionment, but not for purposes of Final Apportionment. 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 notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

This determination of financial soundness is contingent upon CMP-EG and CMP-SS' execution of an Implementation Agreement with CSFA, the State Controller's Office and CDE, at the appropriate time, whereby CSFA will intercept the CMP-EG and CMP-SS state-aid portion of its General Purpose Block Grant at regular intervals to satisfy the payment requirements of its CSFP obligations.

Background: On December 22, 2004, the Authority determined that CMP (an educational management organization or EMO) was financially sound for purposes of a preliminary apportionment. On February 23, 2005, the State Allocation Board subsequently awarded the preliminary apportionment in the amount of \$17,145,028, representing two separate CSFP projects: one project for CMP-EG in the amount of \$11,834,282; and another project for CMP-SS in the amount of \$5,310,746. On May 10, 2006, the Authority determined that CMP was financially sound to receive an Advance Apportionment for the CMP-EG project. Pursuant to the Authority's determination, the State Allocation Board awarded CMP with an advance apportionment for design in the amount of \$538,692 for the CMP-EG project.

In June 2009, CMP requested Advance Apportionments for site acquisition and design, including site acquisition for the CMP-EG project and both site acquisition and design for the CMP-SS project. Overall, CMP-EG and CMP-SS were found financially sound for the following Advance Apportionment amounts: CMP-EG: \$6,447,362 for site acquisition; and CMP-SS: \$462,928 for design, and \$681,454 for site acquisition. However, due to a lack of funds and the inability of the State to sell GO bonds within the six months pursuant to CMP's financially sound determination, CMP was never awarded the funds it was approved for.

On December 3, 2010 the Office of Public School Construction (OPSC) held a lottery to allocate \$40 million that the State Allocation Board (SAB) approved for schools in the Advance Apportionment stage of the Charter School Facilities Program (CSFP). CMP won an award and is now requesting \$7,582,274 in Advance Apportionments with the following

breakdown: CMP-EG: \$6,447,362 for site acquisition; and CMP-SS: \$453,458 for design, and \$681,454 for site acquisition.

However, due to the difficult economic times and uncertainty that educational management organizations, including CMP, are currently facing and for purposes of this financially sound determination, CMP-EG and CMP-SS will **individually** assume full responsibility for the CSFP loan obligations of \$5,917,141 and \$2,655,373, respectively.

To assess CMP-EG and CMP-SS's financial soundness status for purposes of Advance Apportionment, CSFA staff reviewed the following: (1) updated financial information for both CMP-EG and CMP-SS, individually; (2) updated project information for both schools; (3) copies of the current charters and verification of each charter's expiration date; (4) academic performance results for each school; (5) updated Legal Status Questionnaires for each school; (6) updated enrollment projections and retention rates; (7) updated management and Board of Directors information; and (8) disclosure of additional material changes that may have an impact on CMP's financial condition. In addition, staff requested confirmation of each school's compliance with the terms of its charter and good standing with its chartering authority.

Application Highlights: Highlighted below are key criteria that were evaluated when conducting the financial soundness review of CMP. Detailed information is contained in the body of the report.

Criteria	Comments
Eligibility Criteria	Both CMP-EG and CMP-SS have met Program eligibility criteria, including: 1) having a charter in place, 2) being in operation as charter schools for more than two years; and 3) being in compliance with their respective charters and in good standing with their respective chartering authorities.
Demographic Information	<ul style="list-style-type: none"> • Currently serving 279 students in grades K-8, CMP-EG is projected to increase its enrollment to 320 during 2012-13, the first year of CSFP project occupancy, and to 343 by 2014-15. • Currently serving 352 students in grades K-8, CMP-SS is projected to increase its enrollment to 360 (average enrollment) during 2012-13, the first year of project occupancy, and remain stable thereafter.
Debt Service Coverage	<ul style="list-style-type: none"> ▪ CMP-EG's projected debt service coverage is 120.7% and 129.6% for the first two years of CSFP payments, 2013-14 and 2014-15, respectively. ▪ CMP-SS's projected debt service coverage is 138.6% and 155.8% for the first two years of CSFP payments, 2013-14 and 2014-15, respectively. ▪ CMP-SS' coverage projections adjusted for EMO management fees (discussed in "Financial Analysis").
Other Financial Factors	<ul style="list-style-type: none"> ▪ For CMP-EG, CSFP payments are projected to represent 13.3% and 12.9% of total revenues during each of the first

	<p>two years of CSFP payments, 2013-14 and 2014-15, which are within the recommended 10-15% threshold levels.</p> <ul style="list-style-type: none"> ▪ For CMP-SS, CSFP payments are projected to represent 6.0% and 5.8% of total revenues during each of the first two years of CSFP payments, 2013-14 and 2014-15, which are well within the recommended 10-15% threshold levels. ▪ Neither CMP-EG nor CMP-SS rely on private contributions to meet its CSFP obligation.
<p>Student Performance</p>	<ul style="list-style-type: none"> ▪ For 2009-10, CMP-EG and CMP-SS achieved API growth scores 799 and 909, respectively, and both met their API growth targets. Also for 2009-10, CMP-SS ranked 9 out of 10 statewide and CMP-EG ranked 6 out of 10 statewide relative to API. Both schools met all AYP criteria for 2009-10.

Program Eligibility: On December 16, 2010, staff received verification from the Superintendent of Buckeye Union Elementary School District confirming that CMP-SS is currently (1) in compliance with the terms of its charter agreement, and (2) in good standing with its chartering authority. CMP-SS’s charter with Buckeye Union Elementary School District was initially approved in 2006. The charter is due to expire on June 30, 2014.

On April 5, 2011, staff received verification from the Superintendent of Elk Grove Unified School District confirming that CMP-EG is currently (1) in compliance with the terms of its charter agreement, and (2) in good standing with its chartering authority. CMP-EG’s charter with Elk Grove Union School District was initially approved in 2006 and is due to expire on June 30, 2011. CMP-EG is currently in the charter renewal process with Elk Grove Unified School District (EGUSD). EGUSD has scheduled April 26, 2011 as the date of the Public Hearing for the charter renewal and May 3, 2011 as the date of the charter renewal approval.

Legal Status Questionnaire: On March 14, 2011 and January 3, 2011, staff received responses to the requests for disclosure contained in the Legal Status Questionnaires (LSQs) for CMP-EG and CMP-SS, respectively. These responses had no disclosures to provide regarding material information related to legal or regulatory proceedings or legal action in which either school is a named party.

Project Description: Both the CMP-EG and CMP-SS projects involve the construction of facilities consisting of 12 classrooms. Due to the schools having different classroom capacity standards, with CMP-EG having a standard of 25:1 and CMP-SS having a standard of 29:1, the student capacity for the facilities is 345 and 360 for CMP-EG and CMP-SS, respectively.

Organizational Information: CMP-EG and CMP-SS established their own charters with Elk Grove Unified School District and Buckeye Unified School District, respectively in 2006. Prior to that, both schools were under one charter authority held by California Montessori Project.

Educational Management Organization: As an EMO, California Montessori Project (CMP) provides administrative and financial support to each of its five campuses including CMP-EG and CMP-SS.

CMP is a non-profit public benefit corporation, and an education management organization (EMO), with a 501(c)(3) status serving grades K-8. CMP received its first charter from Wheatland Union Elementary School District in January 2001, and began instructional operations in August 2001 across multiple campuses, which included CMP-EG and CMP-SS, with 463 students in grades K-6. CMP established and currently operates five campuses, serving grades K-8, across four school districts, Buckeye Union School District, Elk Grove Unified School District, Sacramento City Unified School District, and San Juan Unified School District. Due to a change in legislation, in 2006, each of the five campuses were required to establish separate charters within their local districts. As a result, CMP-EG and CMP-SS established their own charters with Elk Grove Unified School District and Buckeye Unified School District, respectively.

CMP is governed by a Board of Directors, which consists of the following members: up to five parent representatives, one from each campus (elected by CMP parents); one teacher representative (elected by CMP teaching staff); one Community Representative (chosen by the Board); one Business Representative (chosen by the Board); one Montessori Representative (chosen by the Board); one Charter Representative (chosen by the Board); four District Representatives; and one from each of CMP’s four authorizing school districts (appointed by their respective districts; districts may choose if their representative is to be a voting or non-voting member). The Board is responsible for the operation and fiscal affairs of CMP amongst other things.

Board members generally serve three-year terms, with the exception of two of the five parent representatives, who serve two-year terms. Below is a list of the Board Members and the expiration of their term:

Name	Title	Occupation	City of Residence	Term of Office	Term Expiration
Nick Dakis	Parent Rep	Senior Sales Representative - Ortho-McNeil-Janssen Pharmaceuticals	Elk Grove	3 year	Jun-12
Jayna Gaskell	Charter School Rep	Charter School Executive Director	Truckee	3 year	Jun-12
Patty Hagemeyer	District Rep	Chief Business Officer - Sacramento City Unified School District	Orangevale	1 year	Jun-11
Temperance Harkins	Parent Rep	Homemaker	Sacramento	2 year	Jun-11
Rob Henderson	Business Rep	Retail Store Manager - REI	Roseville	3 year	Jun-12
Raquel Leuze	Parent Rep	Homemaker	Fair Oaks	3 year	Jun-11
Dave Nelson	Parent Rep	Commercial Loan Officer/Relationship Manager - Umpqua Bank	Shingle Springs	2 year	Jun-11
Jenny Savakus	Community Rep	Bookkeeper	Shingle Springs	3 year	Jun-12
Natasha Vidic	Parent Rep	College Instructor	Sacramento	3 year	Jun-12
Deb Williams	Teacher Rep	Elementary School Teacher	Rocklin	3 year	Jun-12
Jonathan Wolff	Montessori Rep	Assistant Head of School - The Renaissance School/Montessori School Consultant	Oakland	3 year	Jun-12

Management Experience: The resumes of CMP-EG’s and CMP-SS’s personnel and management team demonstrate that professional, experienced and qualified individuals are serving in key capacities within the organization.

The current Executive Director/Superintendent of California Montessori Project is Mr. Gary S. Bowman, an educator with over 20 years of extensive experience as teacher, administrator, school board member and consultant within the domains of traditional, charter and private schools. Mr. Bowman received his Master of Science in Education degree in Curriculum and Instruction from Dominican College of San Rafael, CA, and Administrative Services Credential (Levels One and Two) in association with coursework completed at St. Mary's College (Moraga, CA) and Chico State University.

Ms. Kim Zawilski is the Principal of CMP-Shingle Springs. Ms. Zawilski just began her tenth year as Principal of the Shingle Springs Campus and functions as a mentor Principal to several of the other Principals within the California Montessori Project network. Ms. Zawilski is the Director of Technology for the CMP Network, and meets on a frequent basis with technology representatives from each of the campuses.

Ms. Mickey Slamkowski is the Principal of CMP-Elk Grove. Ms. Slamkowski has 20 years of experience in education and education management including human resources, marketing, operations and testing. She has worked in both private and public schools, with infants through upper elementary populations. Ms. Slamkowski is currently in her seventh year of service as Principal of the CMP-Elk Grove Campus. She will hold the position of Director of Program for CMP (EMO) effective July 1, 2011. This newly created position will allow Ms. Slamkowski to work closely with the Executive Director, principals, campus education specialists, mentors, and instructional staff to achieve academic objectives of the network as well as promote programmatic consistency and excellence. Ms. Slamkowski is a Northwestern University graduate.

Management Experience for Schools Open Less than Two Years: Not applicable, as both CMP-EG and CMP-SS have been in operations as charter schools since 2001.

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 sustainability. In order to measure student performance, staff utilizes Academic Performance Index (API) and Adequate Yearly Progress (AYP), as reported by the California Department of Education (CDE), per the No Child Left Behind Act of 2001. Staff reviewed the individual schools' performance for the past three years.

CMP-EG has met all AYP criteria for two of the past three years. With an API growth score of 799 in 2009-10, CMP-EG met school-wide and comparable improvement growth targets. CMP-EG ranked 4 out of 10 statewide and 1 out of 10 among similar schools for 2009-10 as well. CMP-SS has consistently met all AYP criteria over the past three years. In addition, CMP-SS has met all school-wide and comparable improvement growth API targets over the same period. CMP-SS achieved API growth scores of 864, 890, and 909, from 2007-08 through 2009-10, respectively. CMP-SS also maintained its statewide ranking at 9 out of 10 for this period, as well.

Items 4.3 and 5.3--CMP-Shingle Springs/CMP-Elk Grove

California Montessori Project - Elk Grove	FY 2007-08	FY 2008-09	FY 2009-10
ADEQUATE YEARLY PROGRESS (AYP)			
Met All AYP Criteria?	Yes	No	Yes
Criteria Met / Required Criteria	9 / 9	7 / 9	9 / 9
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	No	Yes
Met Comparable Improvement Growth Target?	Yes	Yes	Yes
Met Both Schoolwide & CI Growth Targets?	Yes	No	Yes
API Base Statewide Rank (10 = best)	3	4	4
API Base Similar Schools Rank (10 = best)	1	1	1
School's Actual Growth	23	11	47
Similar Schools Median of Actual Growth	5	11	8
Did School's Growth Exceed Median?	Yes	No	Yes

California Montessori Project - Shingle Springs	FY 2007-08	FY 2008-09	FY 2009-10
ADEQUATE YEARLY PROGRESS (AYP)			
Met All AYP Criteria?	Yes	Yes	Yes
Criteria Met / Required Criteria	9 / 9	9 / 9	9 / 9
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)	9	9	9
API Base Similar Schools Rank (10 = best)	4	5	6
School's Actual Growth	13	33	19
Similar Schools Median of Actual Growth	1	16	6
Did School's Growth Exceed Median?	Yes	Yes	Yes

Enrollment and Retention Rates: Although CMP-EG experienced a slight (approximately 5%) drop in enrollment from 2009-10 to 2010-11, according to the second interim report, CMP-EG projects approximately an 11.5% increase in enrollment for 2011-12, with the school currently serving 279 students in grades K-8. CMP-EG's enrollment is projected to increase to 320 during 2012-13, the first year of CSFP project occupancy, and to 343 by 2014-15.

CMP-SS currently enrolls 352 K-8 students and is expected to increase its enrollment to 360 during 2012-13, the first year of project occupancy, and remain stable thereafter. Retention rates for the current 2010-11 academic year are as follows: 96% for CMP-SS and 94% for CMP-EG. With respect to waiting lists, as of January 2011, CMP-SS had a waiting list of 244 students while CMP-EG had a waiting list of 188 students. Enrollment projections for CMP-EG and CMP-SS are not considered overly aggressive as affordability of the CSFP payment does not necessitate large enrollment growth for either school.

Financial Analysis: As CMP-EG and CMP-SS are *individually* the financial obligors for their respective CSFP projects, for purposes of determining financial soundness, staff evaluated financial information for both CMP-EG and CMP-SS. Highlighted below are selected financial data and credit indicators used to evaluate each school's ability to meet its CSFP obligation.

Staff's evaluation of CMP-EG and CMP-SS financial performance is based on review of the following documents: (1) CMP-EG's and CMP-SS's audited financial statements from 2007-08 through 2009-10; (2) 2010-11 2nd Interim budget (3) CMP-EG and CMP-SS's multi-year projections for 2011-2012 through 2014-15; and (4) CMP-EG and CMP-SS's enrollment projections through 2014-15.

Based on CMP-SS 2009-10 audited financial statements, the school has two loan agreements with a total outstanding balance of \$831,570: (1) a loan agreement with Western Sierra National Bank with a balance of \$715,097 and an interest rate of 7% per annum; and (2) another unsecured loan agreement with Gardner Partnership with a balance of \$116,473 and an interest rate of 8% per annum. As of June 30, 2010, CMP-ES did not have any loans outstanding.

Performance/Change in Net Assets: CMP-EG recorded increases to net assets of \$112,648 based on revenues of \$2.10 million and \$1.98 million in expenses for 2007-08. Net assets increased again in 2008-09 by \$170,221 on revenues and expenses of \$2.29 million and \$2.13 million, respectively. However, CMP-EG recorded a decrease in net assets in 2009-10 of \$108,840. This was as a result of \$2.09 million in revenues and \$2.22 million in expenses.

CMP-SS recorded increases to net assets of \$278,302 based on revenues of \$2.35 million and \$2.07 million in expenses for 2007-08. Net assets increased again in 2008-09 by \$664,516 on revenues and expenses of \$3.00 million and \$2.40 million, respectively. However, CMP-SS recorded a decrease in net assets in 2009-10 of \$255,234. This was as a result of \$2.13 million in revenues and \$2.45 million in expenses.

Each school's financial projections are based upon the following assumptions: (1) project occupancy in 2012-13; (2) increases in enrollment as described above; (3) projected ADA rates of 95%; and (4) revenue growth (cost of living adjustments on general purpose block grant funding rates) of -7.0%, 1.8%, 2.3%, and 2.7% for 2011-12 through 2014-15, respectively. CMP-EG projects increases in net assets of \$134,991, \$174,601, \$180,724, \$364,337, and \$391,098 in years 2010-11 through 2014-15. For CMP-SS financial projections, it is assumed that the management fee paid to CMP starting in 2013-14 will be subordinated to CMP-SS CSFP obligation. CMP-SS projects changes in net assets for 2010-11 through 2014-15 of \$106,995, (\$57,120), (\$54,112), \$187,778, and \$211,096.

Debt Service Coverage: For the CMP-EG and CMP-SS projects, assuming a 3.00% interest rate and 30-year repayment period, the annual CSFP payment will be \$301,888 and \$135,475, respectively, beginning in 2013-14.

CMP-EG's net revenue of \$364,337 for 2013-14, is projected to provide debt service coverage of 120.7%. CMP-EG's projected net revenue of \$391,098 for 2014-15, the

Items 4.3 and 5.3--CMP-Shingle Springs/CMP-Elk Grove

second year of CSFP repayment, is expected to provide debt service coverage of 129.6%. The CSFP payments as a percentage of revenue are projected to be 13.3% and 12.9% in 2013-14 and 2014-15. Such levels are within staff's recommended threshold of 15%.

Furthermore, in order to meet debt service coverage requirements, CMP-SS will subordinate the CMP management fee of approximately \$227,960, to CSFP lease payments. CMP-SS does not adequately meet debt service coverage of 100% in 2013-14 and 2014-15 if the CMP management fee is not subordinated. CMP-SS's net revenue of \$187,778 for 2013-14, is expected to provide debt service coverage of 138.6%. For 2014-15, CMP-SS's projected net revenue of \$211,096 would provide debt service coverage of 155.8%. The CSFP payments as a percentage of revenue are projected to be 6.0% and 5.8% in 2013-14 and 2014-15.

Liquidity:

Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. CMP-EG's NWC was \$1.13 million at year ending 2009-10. CMP-EG's NWC as a percentage of expenses was 51.0% for this period. As of June 30, 2010, CMP-SS's NWC was \$819,128 or 33.4% as a percentage of expenses. Although CMP-SS indicated sufficient net working capital, CMP-SS at year ending 2009-10, did not maintain strong cash balances. CMP-SS ended 2009-10 with a cash balance of \$113,138. The school has been affected by state apportionment deferrals which have adversely impacted the school's cash balances.

California Montessori Project - Elk Grove	Actual FY 2008-09	Actual FY 2009-10	2nd Interim FY 2010-11	Projected FY 2011-12	Projected FY 2012-13	Projected FY 2013-14	Projected FY 2014-15
ENROLLMENT PROJECTIONS							
Enrollment	290	295	279	309	320	343	343
Average Daily Attendance	272	275	265	294	304	326	326
Average Daily Attendance (%)	94%	93%	95%	95%	95%	95%	95%
FINANCIAL PROJECTIONS							
Total Revenues Available for CSFP Lease Payment	\$ 2,285,948	\$ 2,092,695	\$ 2,197,918	\$ 2,188,085	\$ 2,226,961	\$ 2,277,530	\$ 2,338,259
Total Expenses Paid Before CSFP Lease Payment	2,132,089	2,217,897	2,064,801	2,013,485	2,046,238	1,913,193	1,947,161
Accounting Adjustments	16,362	16,362	1,875	-	-	-	-
Net Revenues Available for CSFP Lease Payment	\$ 170,221	\$ (108,840)	\$ 134,991	\$ 174,601	\$ 180,724	\$ 364,337	\$ 391,098
CSFP Lease Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,888	\$ 301,888
Net Revenues After CSFP Lease Payment	\$ 170,221	\$ (108,840)	\$ 134,991	\$ 174,601	\$ 180,724	\$ 62,449	\$ 89,210
FINANCIAL INDICATORS							
Net Revenues Available for CSFP Lease Payment	\$ 170,221	\$ (108,840)	\$ 134,991	\$ 174,601	\$ 180,724	\$ 364,337	\$ 391,098
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	120.7%	129.6%
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	N/A	120.7%	129.6%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	N/A	13.3%	12.9%
Contributions / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Revenues After CSFP Lease Payment / Revenues	7.4%	-5.2%	6.1%	8.0%	8.1%	2.7%	3.8%
Revenues / ADA	\$ 8,404	\$ 7,610	\$ 8,292	\$ 7,454	\$ 7,326	\$ 6,990	\$ 7,176
Expenses / ADA	\$ 7,839	\$ 8,065	\$ 7,790	\$ 6,859	\$ 6,731	\$ 6,798	\$ 6,902
Surplus (Deficit) / ADA	\$ 566	\$ (455)	\$ 502	\$ 595	\$ 594	\$ 192	\$ 274
Net Working Capital	\$ 1,111,296	\$ 1,130,617					
Net Working Capital / Expenses	53.0%	51.0%					

Items 4.3 and 5.3--CMP-Shingle Springs/CMP-Elk Grove

California Montessori Project - Shingle Springs	Actual FY 2008-09	Actual FY 2009-10	2nd Interim FY 2010-11	Projected FY 2011-12	Projected FY 2012-13	Projected FY 2013-14	Projected FY 2014-15
ENROLLMENT PROJECTIONS							
Enrollment	308	331	352	360	360	360	360
Average Daily Attendance	302	318	342	346	346	346	346
Average Daily Attendance (%)	98%	96%	97%	96%	96%	96%	96%
FINANCIAL PROJECTIONS							
Total Revenues Available for CSFP Lease Payment	\$ 2,997,853	\$ 2,133,706	\$ 2,396,478	\$ 2,171,729	\$ 2,210,248	\$ 2,260,353	\$ 2,320,524
Total Expenses Paid Before CSFP Lease Payment	2,399,141	2,449,764	2,289,859	2,228,849	2,264,360	2,072,575	2,109,428
Accounting Adjustments	65,804	60,824	376	-	-	-	-
Net Revenues Available for CSFP Lease Payment	\$ 664,516	\$ (255,234)	\$ 106,995	\$ (57,120)	\$ (54,112)	\$ 187,778	\$ 211,096
CSFP Lease Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,475	\$ 135,475
Net Revenues After CSFP Lease Payment	\$ 664,516	\$ (255,234)	\$ 106,995	\$ (57,120)	\$ (54,112)	\$ 52,303	\$ 75,621
FINANCIAL INDICATORS							
Net Revenues Available for CSFP Lease Payment	\$ 664,516	\$ (255,234)	\$ 106,995	\$ (57,120)	\$ (54,112)	\$ 187,778	\$ 211,096
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	138.6%	155.8%
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	N/A	138.6%	155.8%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	N/A	6.0%	5.8%
Contributions / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Revenues After CSFP Lease Payment / Revenues	22.2%	-12.0%	4.5%	-2.6%	-2.4%	2.3%	3.3%
Revenues / ADA	\$ 9,927	\$ 6,710	\$ 7,011	\$ 6,284	\$ 6,395	\$ 6,540	\$ 6,714
Expenses / ADA	\$ 7,944	\$ 7,704	\$ 6,699	\$ 6,449	\$ 6,552	\$ 6,389	\$ 6,496
Surplus (Deficit) / ADA	\$ 1,982	\$ (994)	\$ 312	\$ (165)	\$ (157)	\$ 151	\$ 219
Net Working Capital	\$ 998,134	\$ 819,128					
Net Working Capital / Expenses	41.6%	33.4%					

Strengths, Weaknesses and Mitigants:

- + CMP-SS's projected net revenue of \$187,778 and \$211,096 in 2013-14 and 2014-15, would provide debt service coverage of 138.6% and 155.8%, respectively. CMP-EG's projected net revenue of \$364,337 and \$391,098 in 2013-14 and 2014-15, would provide debt service coverage of 120.7% and 129.6%, respectively.
- In order to meet debt service coverage requirements, CMP-SS must subordinate CMP's management fee of approximately \$227,960. Subordination of CMP's management fee is necessary for CMP-SS to project minimum debt service coverage ratios of 100%.
- + CMP-EG and CMP-SS have shown strong academic performance through consistently meeting AYP criteria and API growth score targets.
- + CMP does not rely on private contributions to meet its CSFP obligation.

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that California Montessori Project-Elk Grove (CMP-EG) is financially sound for purposes of the Charter School Facilities Program (CSFP) Advance Apportionment, but not for purposes of Final Apportionment. 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 notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

Additionally, Staff recommends that the California School Finance Authority (CSFA) Board determine that California Montessori Project-Shingle Springs (CMP-SS) is financially sound for the purposes of the Charter School Facilities Program (CSFP) Advance Apportionment,

but not for purposes of Final Apportionment. 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 notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

This determination of financial soundness is contingent upon CMP-EG and CMP-SS' execution of an Implementation Agreement with CSFA, the State Controller's Office and CDE, at the appropriate time, whereby CSFA will intercept the CMP-EG and CMP-SS state-aid portion of its General Purpose Block Grant at regular intervals to satisfy the payment requirements of its CSFP obligations.