

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

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| Applicant/Obligor: | Para Los Niños |
| Project School(s): | Para Los Niños Middle School |
| CDS (County – District – School) Code: | 19-64733-0117846 |
| Proposed Project Location: | 820 Towne Ave. Los Angeles, CA 90021 |
| Type of Project: | New Construction and Rehabilitation |
| County: | Los Angeles |
| District in which Project is Located: | Los Angeles Unified School District |
| Charter Authorizer: | Los Angeles Unified School District |
| Total OPSC Project Cost: | \$8,333,780 |
| State Apportionment (50% Project Cost): | \$4,166,890 |
| Lump Sum Contribution: | \$4,000,000 |
| Total CSFP Financed Amount: | \$166,890 |
| Length of CSFP Funding Agreement: | 30 years |
| Assumed Interest Rate: | 3.00% |
| Estimated Annual CSFP Payment: | \$8,515 |
| First Year of Occupancy of New Project: | 2013-14 |

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board members determine that Para Los Niños (PLN) on behalf of Para Los Niños Middle School (PLNMS) is financially sound for purposes of the Charter School Facilities Program (CSFP or the Program) 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 and the State Allocation Board regarding this determination.

Application Highlights: Given that Para Los Niños oversees Para Los Niños Elementary School and Para Los Niños Middle School, staff has reviewed the financial, management, and student performance information for all three of these aforementioned entities when applicable. Below staff has highlighted key criteria that were evaluated when conducting the financial soundness review of PLNMS. Detailed information is contained in the body of the report.

| Criteria | Comments |
|--------------------------------|---|
| Eligibility Criteria | PLNMS met all Program eligibility criteria, including 1) having a charter in place, 2) Being in operation as a charter school for more than two years, and 3) being in compliance and in good standing with its chartering authority. |
| Demographic Information | PLNMS currently serves 50 students in grades 6 and projects enrollment to increase to 375 students for grades 6,7, and 8 during its first year of occupancy in FY 2013-2014. |

| | |
|--------------------------------|---|
| Debt Service Coverage | <ul style="list-style-type: none"> • PLNMS projects debt service coverage of 8,319.5% and 8,673.8% during 2014-15 and 2015-16, which is well above the minimum Program requirement of 100%. • PLNMS is not reliant upon contributions from PLN to meet its debt service coverage requirement. |
| Other Financial Factors | <ul style="list-style-type: none"> • CSFP payments are projected to account for 0.3% of the revenues in 2014-15 and 2015-16. |
| Student Performance | <ul style="list-style-type: none"> • Even though PLNMS did not make AYP during 2008-09, having met only 3 of the 5 criteria, the school did meet ALL AYP criteria in 2009-10. Additionally, PLNMS achieved an API growth score of 708, meeting its growth target for 2009-10. • Para Los Niños Elementary School (PLNES), the other school under PLN, has not made AYP nor met its API growth target in the last two years—2008-09 and 2009-10. |

Program Eligibility: On March 1, 2011, staff received notification from the Los Angeles Unified School District (“District” or “LAUSD”), that PLNMS is: 1) in compliance with the terms of its charter agreement, and 2) in good standing with its chartering authority. PLNMS’s charter was authorized by the District on May 13, 2008, and is valid through June 30, 2013.

Legal Status Questionnaire: Staff reviewed PLNMS’s responses to the questions contained in the Legal Status Questionnaire (LSQ). PLNMS responded that it does not have any civil or criminal matters to report and answered “No” to the questions.

Project Description: PLNMS is proposing to rehabilitate the 9th Street Elementary School Facility located at 820 Towne Ave. in Los Angeles. The project includes the replacement of portable buildings with new permanent facilities. The redevelopment will replace an elementary school that will continue to be operated by LAUSD and build a new middle school facility to be operated by PLNMS. PLNMS will share the project with 9th Street Elementary School. The project will provide PLNMS with 15 classrooms and administrative space, as well as a shared library, combined multi-purpose room and gymnasium, food service and lunch shelter, playfields, and parking. The current site encompasses 2.86 acres and LAUSD intends to acquire 0.37 acres to expand the site for this project. PLNMS has been allocated 1.47 acres and 18,945 square feet of the site to rehabilitate, which will accommodate 375 students. PLNMS and LAUSD estimate that instructional operations at the new facility will commence in 2013-14.

For the moment and until the aforementioned occupancy date of the CSFP facility, PLNMS is sharing a facility with PLNES at 1617 East 7th Street, Los Angeles, CA 90021.

Organizational Information: PLNMS began operations as an independent charter middle school in September 2008 with 51 sixth graders under the umbrella organization, Para Los Niños (PLN), a broad-based social services organization that serves some of the most impoverished neighborhoods in Los Angeles, including Skid Row. PLN has been a 501(c)(3) non-profit organization since 1978. Additionally, PLN also administers an elementary charter school, Para Los Niños Elementary School (PLNES), since 2002, which is located in and serves the same community as PLNMS. In exchange for providing an administrative support services, both schools pay a direct support fee of about 1.0% of the charter school block grant revenue.

PLNMS primarily serves children from low-income families in the urban community in which the school is located, the vast majority of which are on free and reduced lunches, and is committed to a recruitment strategy that continues to reach out to such families, especially those not represented by progressive educational institutions. The majority of PLNMS students matriculate from PLN Elementary School. PLNMS's mission is to provide a rigorous, supportive and interdisciplinary arts and sciences curriculum in a nurturing and safe environment. PLNMS's curriculum stresses rigorous academic standards in a cooperative learning environment and gives priority to individual student needs. The school aims to inspire critical thinking, imagination, self-reliance and respect for others. PLNMS's educational plan includes five key elements: (1) Teams of highly qualified teachers "looping" with students so that a cohort of students have the same teachers; (2) assignment of each student to an advisor throughout his/her attendance in order that no student shall be anonymous and to address students' individual needs; (3) grade-level teams of teachers working together to develop interdisciplinary and project-based units of study; (4) health, wellness, and safety of all students; and (5) the use of community partnerships so that students and teachers actively participate in the community. It is noteworthy that students and families associated with PLNMS benefit from the vital services available through PLN,

Educational Management Organization: PLNMS is not managed by an Educational Management Organization.

Management Experience: PLNMS commenced instructional operations on September 2008. The resumes of PLNMS's personnel and management team demonstrate that professional, experienced and qualified individuals are serving in key capacities within the organization.

Ms. Judy Perlmutter has served as Principal of PLNMS since September 2008. Previous to this position, Ms. Perlmutter served in several educational positions, including teacher, school coach, and literacy coach. Additionally, Ms. Perlmutter served as an English teacher at Holmes Humanities Magnet School (LAUSD) for seven years, including one year as a mentor teacher. Hence, she has extensive experience with public alternative progressive educational institutions in addition to her charter school experience. Ms. Perlmutter holds a B.S. in Humanities from University of California at Berkeley, an M.A. in English from Stanford University, and a California Single Subject Life Teaching Credential in English from San Francisco State University.

Ms. Giselle Acevedo, Executive Director for PLN, has been responsible for the charter school oversight of instructional operations at PLNES since she joined the Agency in 2006. Ms. Acevedo holds a Master Degree in Education and credentials in three areas of special education. Additionally, she holds a Juris Doctorate with a specialization in education law.

Ms. Katheryn Steward, Vice President and Chief Financial Officer for Para Los Niños, has served in these capacities since January 2008. Prior to these positions, Ms. Steward served as Director of Finance and Contract Compliance for Para Los Niños; her professional experience includes 20 years in accounting. Ms. Steward has held several leadership positions and has worked for such organizations as Southern California Presbyterian Homes, Dow Chemical Company, Blue Cross of California and the YWCA of Glendale. She holds a B.A. in accounting from the University of Maryland.

Board Experience: PLNMS is governed by the PLN Board of Directors. The Board consists of 17 members who are each elected for a 3-year term. The Board Chair, Zac

Guevara is a retired Senior Vice President of Capital International Research, Inc. He has served on the Board since 2004, and his current term ends in 2014 (June 30, 2014). According to the PLNMS’s charter petition, the key criterion for selection of Board members is a clear commitment to children and their success. Consideration to prospective members is normally given on the basis of having experience in addressing the populations served by PLN/PLNMS, a parental relationship, community collaboration, and/or collaboration and capacity to promote the school with the philanthropic community.

| <u>Name</u> | <u>Year Joined</u> | <u>Term Expires</u> |
|----------------------|--------------------|---------------------|
| Roger Carrick | 1990 | 2014 |
| Rob Zielinski | 2008 | 2014 |
| Zac Guevara | 2004 | 2014 |
| John Sussman | 2004 | 2014 |
| Robin Bieker | 1998 | 2014 |
| Jose Sarabia | 2007 | 2014 |
| Mark Hickey | 2009 | 2012 |
| Jim Morrison | 2006 | 2012 |
| Laura Fox | 2003 | 2012 |
| Glenn Sonnenberg | 2003 | 2012 |
| Ronny Bensimon | 1994 | 2012 |
| R. Christine Hershey | 2010 | 2013 |
| Pedro Marti | 2010 | 2013 |
| Matt Kestian | 2010 | 2013 |
| Mark Pan | 2007 | 2013 |
| Colleen Sweeney | 2007 | 2013 |
| Francisco Pinto | 2011 | 2013 |

Student Performance: Because of its implications for student enrollment stability and growth, student performance is considered a leading indicator of a charter school’s sustainability. 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 I funds.

PLNMS opened in September 2008 and received an API growth score of 708 for 2009-10. While PLNMS did not make AYP during 2008-09, having met only 3 of the 5 criteria, the school did meet AYP in 2009-10. Given the limitation that PLNMN is a relatively new charter school and the fact that key management at PLN has overseen school operations at PLNES since 2002, staff evaluated student performance at PLNES as a proxy for student performance at PLNMS. The highlights for PLNES’s academic performance are set forth in the table below. PLNES made AYP in 2007-08, but failed to meet AYP in 2008-09 and 2009-10. The primary reason that PLNES did not make AYP during 2006-07, 2008-09, and 2009-10 was failure to meet percent proficient in English school wide and for three numerically significant subgroups among which include „Hispanic/Latino,” “English Learners,” and “Socio-economically disadvantaged.” PLNES met its growth target in two of the past four years, not meeting the growth target for 2008-09 and 2009-10, with API growth scores of 676, 734, 702, and 699 for 2006-07, 2007-08, 2008-09, and 2009-10, respectively. PLNES’s statewide ranking, where “10” is best, was “1”, “2”, “3”, and “2” for

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2006-07, 2007-08, 2008-09, and 2009-10, respectively, while the similar school ranking was “6”, “7”, and “2” for 2007-08, 2008-09, and 2009-10, respectively. Due to the lack of numerically significant sub-groups for 2006-07, similar schools rankings for this year are not available.

| Para Los Niños Middle School | FY 2008-09 | FY 2009-10 |
|---|-------------------|-------------------|
| ADEQUATE YEARLY PROGRESS (AYP) | | |
| Met All AYP Criteria? | No | Yes |
| Criteria Met / Required Criteria | 3 / 5 | 17 / 17 |
| Met API Indicator for AYP? | Yes | Yes |
| Met Graduation Rate? | N/A | N/A |
| ACADEMIC PERFORMANCE INDEX (API) | | |
| Met Schoolwide Growth Target? | N/A | Yes |
| Met Comparable Improvement Growth Target? | N/A | Yes |
| Met Both Schoolwide & CI Growth Targets? | N/A | Yes |
| API Base Statewide Rank (10 = best) | N/A | 1 |
| API Base Similar Schools Rank (10 = best) | N/A | N/A |
| School's Actual Growth | N/A | 48 |
| Similar Schools Median of Actual Growth | N/A | N/A |
| Did School's Growth Exceed Median? | N/A | N/A |

| Para Los Niños Elementary School | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 |
|---|-------------------|-------------------|-------------------|-------------------|
| ADEQUATE YEARLY PROGRESS (AYP) | | | | |
| Met All AYP Criteria? | No | Yes | No | No |
| Criteria Met / Required Criteria | 13 / 17 | 17 / 17 | 13 / 17 | 13 / 17 |
| Met API Indicator for AYP? | Yes | Yes | Yes | Yes |
| Met Graduation Rate? | N/A | N/A | N/A | N/A |
| ACADEMIC PERFORMANCE INDEX (API) | | | | |
| Met Schoolwide Growth Target? | Yes | Yes | No | No |
| Met Comparable Improvement Growth Target? | No | Yes | No | No |
| Met Both Schoolwide & CI Growth Targets? | No | Yes | No | No |
| API Base Statewide Rank (10 = best) | 1 | 2 | 3 | 2 |
| API Base Similar Schools Rank (10 = best) | N/A | 6 | 7 | 2 |
| School's Actual Growth | 25 | 60 | -33 | -3 |
| Similar Schools Median of Actual Growth | N/A | 29 | 12 | 8 |
| Did School's Growth Exceed Median? | N/A | Yes | No | No |

On November 4, 2008 LAUSD conducted an audit of PLNMS and the results of the audit demonstrated mixed results. The audit results identified areas recommended for improvement that included the following: publishing of a comprehensive parent handbook; and greater direction and coaching of the core teachers in order to promote more effective classroom instruction.

The combination of PLNES’s inconsistent academic performance results at the time of the CSFP Preliminary award review in May 2010, with PLNMS not making AYP for 2008-09, and LAUSD’s audit results, concerns were raised regarding PLNMS’s sustainability as a financially sound entity. Although staff did not believe that the results raised concern regarding the financial soundness determination for preliminary apportionment at that time. Staff recommended that, prior to the Authority’s awarding of advance or final apportionment,

PLNMS provide evidence of improvement relative to its academic performance on AYP and API as well as improvement relative to the LAUSD audit results.

As previously outlined, PLNMS met all AYP (17 of 17) criteria for 2009-10 which demonstrates a progress in student performance. Furthermore, while PLNES has not met AYP in the last two years—2008-09 and 2009-10—the school has put forth a corrective action plan to address this issue. PLNMS has also published a comprehensive parent handbook as requested by LAUSD in the September 4, 2008 audit.

Student Enrollment: PLNMS began operations in 2008-09 with 51 students in grade 6. Due to facility constraints, PLNMS will only serve 50 students in grade 6 through 2012-13 until PLNMS' CSFP facility is occupied. During the first year of occupancy in 2013-14, PLNMS projects serving grades 6-8 and 375 students in all projected years thereafter. Although staff has noted PLNMS' projected growth from 50 students to 375 in 2013-14 as aggressive, enrollment growth history for PLNES supports strong demand for PLN schools. For purposes of historical perspective, staff reviewed the enrollment growth of PLNES, which showed the following consistent growth pattern since inception: 59 students in 2002-03; 123 students in 2003-04; 194 students in 2004-05; 196 students in 2005-06; 253 students in 2006-07; 330 students in 2007-08; 359 students in 2008-09; and 366 students in the 2009-10 academic year. PLNES's consistent growth has continued to occur even after completing the addition of all grades in 2006-07.

PLNMS has assumed an ADA rate of 97% for its financial projections. The majority of elementary (PLNES) school students will matriculate into the middle school; hence, substantiating the middle schools projected enrollment growth, which is expected to reach 375 students by 2013-14. PLNMS achieved year-to-year retention rates of 93% for 2009-10, and PLNES achieved year-to-year retention rates of 94% and 93% for 2008-09 and 2009-10, respectively.

Financial Analysis: Highlighted below are selected financial data and credit indicators used to evaluate PLNMS's ability to meet its CSFP obligation. Staff's evaluation of PLNMS' financial performance is based on the review of the following documents: (1) PLNMS' audited financial statements for 2008-09 (the first year of operations) and 2009-10; (2) PLN's audited financial statements for 2006-07, 2007-08, 2008-09, and 2009-10; (3) PLNMS' 2010-11 budget; (4) P1 and P2 Reports; and (5) Financial projections from 2011-12 through 2015-16 for PLNMS and PLN.

Staff notes that PLNMS's financial projections are based upon the following assumptions: (1) 3.0% interest rate on CSFP local matching share loan obligation; (2) project occupancy in 2013-14; (3) projected enrollment as described above; (4) funding rates for general purpose block grants of \$5,506 and \$5,672 for grades 4-6 and grades 7-8, respectively, beginning in 2010-11; (5) projected ADA rates of 97%, which is reasonable given historical ADA rates for PLNMS and PLNES; (6) revenue growth (cost of living adjustments on General Purpose Block Grant) of -0.4% for 2010-11, 1.8% for 2011-12, 2.4% for 2012-13, 2.8% for 2013-14, and 3.1% for both 2014-15 and 2015-16; and (7) No anticipated annual contributions from 2010-11 through 2015-16 for PLNMS. In addition, based on a commitment letter from the LAUSD Board of Education to contribute \$4,000,000 towards the local matching share for PLNMS's CSFP project, staff is assuming that PLNMS will be making a lump-sum payment in this amount towards its local matching share, leaving a total CSFP obligation of \$166,890.

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Contributions: PLN’s organizational audited financial statements show documentation of contribution-related revenues in the amounts of \$2.74 million, \$3.17 million, \$2.56 million, and \$3.33 million from 2006-07 to 2009-10, respectively. Although PLNMS appears to not have any reliance on contributions, PLN’s financials indicate a substantial reliance on contributions. PLN projects receiving contributions of \$6.71 million and \$8.49 million in 2014-15 and 2015-16, respectively. These contribution levels represent 20.7% and 24.8% of PLN’s revenues in these years. This sizable dependence on contributions may have an adverse effect on PLNMS if projected contribution levels are not achieved.

| Para Los Niños Middle School | 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 | Projected FY 2015-16 |
|---|----------------------|----------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ENROLLMENT PROJECTIONS | | | | | | | | |
| Enrollment | 53 | 143 | 50 | 50 | 50 | 375 | 375 | 375 |
| Average Daily Attendance | 53 | 140 | 49 | 49 | 49 | 364 | 364 | 364 |
| Average Daily Attendance (%) | 100% | 98% | 97% | 97% | 97% | 97% | 97% | 97% |
| FINANCIAL PROJECTIONS | | | | | | | | |
| Total Revenues Available for CSFP Payment | \$ 935,889 | \$ 2,357,763 | \$ 573,673 | \$ 578,446 | \$ 584,915 | \$ 2,973,181 | \$ 3,041,581 | \$ 3,112,088 |
| Total Expenses Paid Before CSFP Payment | 942,199 | 2,368,188 | 569,948 | 578,353 | 587,017 | 2,333,977 | 2,373,179 | 2,413,512 |
| Accounting Adjustments | - | - | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Net Revenues Available for CSFP Payment | \$ (6,310) | \$ (10,425) | \$ 43,725 | \$ 40,093 | \$ 37,898 | \$ 679,204 | \$ 708,402 | \$ 738,576 |
| CSFP Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,515 | \$ 8,515 |
| Net Revenues After CSFP Payment | \$ (6,310) | \$ (10,425) | \$ 43,725 | \$ 40,093 | \$ 37,898 | \$ 679,204 | \$ 699,887 | \$ 730,061 |
| FINANCIAL INDICATORS | | | | | | | | |
| Net Revenues Available for CSFP Payment | \$ (6,310) | \$ (10,425) | \$ 43,725 | \$ 40,093 | \$ 37,898 | \$ 679,204 | \$ 708,402 | \$ 738,576 |
| Debt Service Coverage by Net Revenues | N/A | N/A | N/A | N/A | N/A | N/A | 8319.5% | 8673.8% |
| Contributions | \$ 375,836 | \$ 640,285 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service Coverage by Net Revenues (w/out Contributions) | N/A | N/A | N/A | N/A | N/A | N/A | 8319.5% | 8673.8% |
| CSFP Lease Payment / Revenues | N/A | N/A | N/A | N/A | N/A | N/A | 0.3% | 0.3% |
| Contributions / Revenues | 40.2% | 27.2% | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Revenues After CSFP Payment / Revenues | -0.7% | -0.4% | 7.6% | 6.9% | 6.5% | 22.8% | 23.0% | 23.5% |
| Revenues / ADA | \$ 17,658 | \$ 16,841 | \$ 11,828 | \$ 11,927 | \$ 12,060 | \$ 8,174 | \$ 8,362 | \$ 8,556 |
| Expenses / ADA | \$ 17,777 | \$ 16,916 | \$ 11,752 | \$ 11,925 | \$ 12,103 | \$ 6,416 | \$ 6,548 | \$ 6,658 |
| Surplus (Deficit) / ADA | \$ (119) | \$ (74) | \$ 77 | \$ 2 | \$ (43) | \$ 1,757 | \$ 1,814 | \$ 1,897 |

Financial Performance: In 2008-09 and 2009-10, PLN had notes payable in the amount of \$8.19 million and \$8.01 million, respectively. PLN has been current in its payments on these long term debts, and staff does not consider such debts to have a material impact on its financial soundness determination for PLNMS.

Because PLNMS is a newly operating charter school effective 2008-09, staff reviewed the historical performance of PLN and PLNES in addition to the PLNMS’ performance for 2008-09 and 2009-10. PLN recorded an increase in net assets of \$1.24 million and \$77,983 for 2006-07 and 2007-08, and a decrease in net assets of \$470,682 and \$314,696 for 2008-09 and 2009-10. PLNES recorded a decrease in net assets of \$229,591 for 2006-07, an increase in net assets of \$79,911 in 2007-08, an increase in net assets of \$290,212 for 2008-09, and a decrease in net assets of \$623,626 for 2009-10. In 2008-09, PLNMS recorded a decrease in net revenues of \$6,310 on revenues of \$935,889 and expenses of \$942,199. For 2009-10, PLNMS recorded a decrease in net revenues of \$10,425 on revenues of \$2.36 million and expenses of \$2.37 million.

For the year of project occupancy, 2013-14, enrollment is expected to increase to 375 students. PLNMS projects an operating surplus of \$639,204 on revenues of \$3.00 million and expenses of \$2.3 million. In 2014-15 and 2015-16, PLNMS projects operating surpluses of \$708,402 and \$738,576, respectively, prior to the projected CSFP payment. PLNMS does not assume any contributions from 2010-11 through 2015-16.

Projected Debt Service Coverage of CSFP Payments: Assuming a 3.0% interest rate and 30-year repayment period, as well as a lump-sum payment of \$4,000,000, PLNMS's annual CSFP payment will be \$8,515 beginning in 2014-15. PLNMS's projected net revenues of \$708,402 and \$738,576 for 2014-15 and 2015-16, respectively, would provide debt service coverage of 8,319.5% and 8,673.8%, which is well over the minimum requirement. The CSFP payment would represent 0.3% of projected revenues in 2014-15 and 2015-16, which is within the preferred maximum range of 10-15%.

Liquidity: Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. PLN's NWC as of June 30, 2010 was \$1.94 million, or 7.1% of total expenses. Staff considers NWC equivalent to at least 5.0% of total expenses to be sufficient. At June 30, 2010, PLN reported holding \$145,856 in cash.

Strengths, Weaknesses and Mitigants

- + In 2014-15 and 2015-16, PLNMS projects debt service coverage of 8,319.5% and 8,673.8% along with the CSFP payment representing 0.3% of revenues.
- + PLNES, the elementary school under PLN, has shown consistent student enrollment growth since its inception from 2002, growing from 59 kindergarten students in 2002-03 to 366 students in grades K-5 for the 2009-10 academic year. In addition, the majority of elementary school students will matriculate into the middle school; hence, substantiating the middle schools projected enrollment growth, which is expected to reach 375 students by 2013-14.
- + PLNMS has achieved a year-to-year retention rate of 93% for 2009-10, and PLNES has achieved year-to-year retention rates of 94% and 93% for 2008-09 and 2009-10, respectively.
- + PLN, the parent company, has a well-established reputation in the community in which the schools are located, and has successfully implemented a broad base of social programs since its incorporation as a 501(c)(3) non-profit organization in 1978.
- +/- PLNMS is not reliant on contributions to meet financial soundness requirements. However, PLN is very dependent on contributions for sustaining its various programs and this may have an adverse effect on PLNMS if future projected contributions are not achieved.
- /+ PLNMS did not meet AYP during its first year of operational instructions (2008-09) due to failing to meet the required percent proficiency in English language arts and mathematics. Likewise, PLNES did not meet AYP in the two past years due to not meeting the required percent proficiency in English language arts. Nonetheless, PLNMS met AYP in 2009-10 and PLN has implemented a corrective action plan to address PLNES's student performance.

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board members determine that Para Los Niños (PLN) on behalf of Para Los Niños Middle School (PLNMS) is financially sound for the purposes of the Charter School Facilities Program (CSFP or the Program) Advance Apportionment, but not for purposes of Final Apportionment. *This recommendation is contingent upon a contribution of \$4,000,000 from the Los Angeles Unified School District toward the cost of the project.* 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 and the State Allocation Board regarding this determination.