

**CHARTER SCHOOL FACILITIES PROGRAM
PROP 55 FUNDING ROUND
STAFF SUMMARY REPORT – FEBRUARY 2012**

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| Applicant/Obligor: | Aspire Public Schools |
| Project School: | Aspire Centennial College Preparatory Academy |
| CDS (County – District – School) Code: | 19-64733-0112128 |
| Project Location: | 2535 & 2540 East 58 th St., Huntington Park, CA |
| 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: | \$19,669,826 |
| State Apportionment (50% Project Cost): | \$9,834,913 |
| Lump Sum Contribution: | \$0 |
| Total CSFP Financed Amount: | \$9,834,913 |
| Length of CSFP Funding Agreement: | 30 years |
| Assumed Interest Rate: | 3.00% |
| Estimated Annual CSFP Payment: | \$501,770 |
| First Year of Occupancy of New Project: | 2013-14 |

Staff Recommendation: Aspire Public Schools (Aspire), on behalf of LA 6-12 Charter School operating as Aspire Centennial College Preparatory Academy (Centennial), is seeking a Proposition 55 Final Apportionment. 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) Final Apportionment. This recommendation is contingent upon Aspire electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to 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 55 financing on behalf of Centennial. Centennial had previously increased their projected construction costs to \$23,078,329 but has since decreased these estimates due to reduction in site acquisition costs. Centennial received a preliminary apportionment for \$19,669,826 and should be sufficient to complete the Centennial project. If project costs are in excess of \$19,669,826, CSFP may be able to increase funding amounts depending on the availability of excess funds. The project has an anticipated occupancy date of August 2013.

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 \$52,269,004 under CSFP Proposition 1D to fund new construction for the Antonio Maria Lugo Academy (AMLA) and Clarendon Elementary (Clarendon). 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 2014-15. 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 2010-11, Aspire operated 30 charter schools chartered by 11 districts; enrollment totaled 9,815 students (up 22.1%); the system-wide ADA rate was 95.8%. Aspire has noted that their retention rate is 88.75%. 2. By 2014-15, Aspire plans to operate 35 schools with total projected enrollment of 13,113 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 114.3% and 149.0%, respectively. Aspire will need to receive on average at least 97% (\$9.78 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 87% (\$7.10 million) 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 2011-12 through 2015-16 are projected to average 9.9% annually, which is below the 15.0% threshold level employed by staff. Of the \$54.66 million in projected fundraising receipts, roughly 46.9% is committed and 32.9% is anticipated, with the remainder of 20.1% to come from site donations. 2. Aspire’s net working capital (NWC) at June 30, 2010 was \$40.87 million, or 45.5% of total expenses, and decreased to \$27.54 million, or 27.9% of total expenses at June 30, 2011. Staff considers NWC representing less than 5.0% of total expenses to be a weak liquidity indicator. |
| School Information | |
| Eligibility Criteria | Centennial has met all eligibility criteria: (1) Centennial |

| | |
|-------------------------|--|
| | commenced operations in 2006-07; (2) Centennial’s charter was renewed in December 2008 and is in place through June 2014; (3) Centennial is in good standing with its chartering authority, and in compliance with the terms of its charter. |
| Student Performance | All AYP criteria for Centennial were met in 2007-08 through 2009-10, but were not met in 2010-11. Centennial’s API growth targets was also met in the years 2007-08 through 2009-10, but were not met in 2010-11. Centennial was ranked 6 out of 10 statewide and 10 out of 10 among similar schools in 2010-11. |
| Demographic Information | Centennial currently serves 540 students in grades 6-8 and anticipates expanding to include grades 7-12 in 2013-14. Enrollment in 2011-12 and 2012-13 is expected to be 540 students but Centennial plans to downsize enrollment to 486 students to accommodate the capacity of the proposed facility. Based on the 2011-12 first interim report, Centennial’s ADA rate was 97.92%. ADA rates of 96.9%, 96.3%, 93.5%, and 95.8% were achieved in 2007-08, 2008-09, 2009-10, and 2010-11 respectively. Aspire’s financial projections assume an ADA rate of 95.0% for Centennial. |

Program Eligibility: On January 25, 2012, at CSFA staff’s request, verification was received from Los Angeles Unified School District (LAUSD), confirming that Centennial 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 55 funding for anticipated project costs of \$19,669,826, and is currently seeking the Final Apportionment. Aspire has already received advance apportionment of Prop 55 funding in the amount of \$914,503 for design costs, and \$10,524,800 for site acquisition that is associated with Centennial project. The Los Angeles 6-12 Charter’s expected construction completion date is August 2013, with occupancy expected immediately hereafter. This project will provide a secondary school facility for Aspire Public Schools. The site is located in downtown Huntington Park on 58th St. at the intersection of Pacific Blvd., just east of Alameda St. The proposed building will create approximately 486 seats serving grades 7-12. The building is designed with 18 classrooms including 3 auxiliary rooms as well as a multi-purpose room on the ground floor. The campus will provide a soccer field as well as a detached gymnasium. The school will have 69 on-site parking spaces and will be built to Field Act requirements and be LEED certified. The site is primarily improved with paved parking. The proposed design combines 14 lots and requires the City of Huntington Park to vacate a portion of 58th Street to

accommodate the soccer field. The property has already received all necessary local approvals from the City of Huntington Park including adoption of the Mitigated Negative Declaration for an amendment to the City's zoning map, a Conditional Use Permit, a Tentative Parcel Map, a Development Agreement and the vacation of a portion of 58th Street. On the state level, the site has Contingent Site Approval from CDE and has gone through preliminary plan review for the site design. Aspire stopped all work on this project in November 2010 due to lack of funding from State. Now that they know money is available for their project, Aspire resumed work and began the DTSC work the first week in February 2011. Aspire also resumed work on the construction documents to the DSA in March, 2011. The current status of the project is that Aspire have received Final Site and Plan approval from CDE, DTSC approval and have approved drawings for bid and construction from DSA. Aspire was seeking to hold title for the property through SB592 and has submitted a letter of intent to OPSC for review and placement on the November SAB board meeting agenda for approval, which was approved. The property was purchased by Aspire Public Schools with a short-term acquisition loan from Low Income Investment Fund in April 2010.

Centennial anticipates funding its 50% local matching share of the OPSC calculated Project cost of \$19,669,826 through a 30-year agreement with the State. CFSP payments are assumed to commence in 2013-14. Aspire will make the payments on behalf of the Centennial.

Centennial Organizational Information: Centennial's charter was approved by the LAUSD on June 6, 2003, and the school began operations in 2006-07 and since has been renewed through June 30, 2014.

Centennial currently serves 540 students in grades 6-8 and anticipates expanding to include grades 7-12 in 2013-14. Enrollment in 2012-13 is expected to be 540 students but Centennial plans to downsize enrollment to a maximum 486 students to accommodate the capacity of the proposed facility. The students that do not reenroll with Centennial will be transferred to another Aspire school which plans on sharing its campus. Based on the 2011-12 first interim report, Centennial's ADA rate was 97.92%. ADA rates of 96.3%, 93.5%, and 95.8% were achieved in 2008-09, 2009-10, and 2010-11 respectively. Aspire's financial projections assume an ADA rate of 95.0% for Centennial.

School Management: Centennial does not have executive positions at the school level as these duties are handled by staff at Aspire's corporate level. Ms. Jennifer Garcia is currently serving as Principal.

Management Experience for Schools Open Less than Two Years: Not applicable as Centennial began operations in 2006-07, 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.

Centennial 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 Centennial College Preparatory Academy | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|---|------------|------------|------------|------------|------------|
| ADEQUATE YEARLY PROGRESS (AYP) | | | | | |
| Met All AYP Criteria? | No | Yes | Yes | Yes | No |
| Criteria Met / Required Criteria | 16 / 17 | 17 / 17 | 17 / 17 | 17 / 17 | 9 / 17 |
| Met API Indicator for AYP? | Yes | Yes | Yes | Yes | Yes |
| Met Graduation Rate? | N/A | Yes | Yes | Yes | N/A |
| ACADEMIC PERFORMANCE INDEX (API) | | | | | |
| Met Schoolwide Growth Target? | N/A | Yes | Yes | Yes | No |
| Met Comparable Improvement Growth Target? | N/A | Yes | Yes | Yes | No |
| Met Both Schoolwide & CI Growth Targets? | N/A | Yes | Yes | Yes | No |
| API Base Statewide Rank (10 = best) | N/A | 1 | 6 | 7 | 6 |
| API Base Similar Schools Rank (10 = best) | N/A | 6 | 10 | 10 | 10 |
| School's Actual Growth | N/A | 79 | 25 | 10 | -4 |
| Similar Schools Median of Actual Growth | N/A | 27 | 25 | 12 | 15 |
| Did School's Growth Exceed Median? | N/A | Yes | Yes | No | No |

For 2006-07, the school’s first operational year, Centennial recorded a growth API score of 671. Centennial did not meet its AYP English proficiency percentage and as a result met 16 of 17 AYP criteria. For 2007-08, Centennial recorded a growth API score of 749, which was 79 points above its base API score of 670 and seven points above its growth target. The growth score of 749 was above the 684 median score for similar schools. The school ranked 1 out of 10 statewide and 6 out of 10 among similar schools in 2007-08. Centennial met all 17 of the AYP criteria for 2007-08 and 2008-09 while meeting API growth targets. Centennial 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 761 and API growth of 786. For 2009-10, Centennial recorded a growth API score of 794, which was 10 points above its base API score of 784 and five points above its growth target. The growth score of 794 was above the 686 median score for similar schools. The school ranked 7 out of 10 statewide and 10 out of 10 among similar schools in 2009-10. For 2010-11, Centennial recorded a growth API score of 789, which was 4 points below its base API score of 793 and nine points below its growth target. The growth score of 789 was above the 720 median score for similar schools. The school ranked 6 out of 10 statewide and 10 out of 10 among similar schools in 2009-10. When staff inquired as to the large drop in the AYP score for the 2010-11 school year, Aspire stated that this drop was due to, “a large portion of the administration, teachers, and its 9th graders went on to start a new Aspire High School (Aspire Pacific Academy). As a result the school went through a building year with a new principal, vice principal, and a significant number of new teachers.”

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.

Enrollment Trends and Projections: As of June 30, 2011, Aspire operated 30 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. For the 2011-12 school year, Aspire has opened four more schools: Aspire College Academy, Aspire Tate Academy, Aspire Inskeep Academy, and Aspire Slauson Academy.

In 2010-11, enrollment totaled 9,815 students, with attendance at 9,407 students to produce an average daily attendance (ADA) rate of 95.8%. From 2007-08 through 2009-10, Aspire's schools had total enrollments and ADA rates of 5,809 (96.9%), 6,280 (96.3%), and 7,870 (93.5%). The aggregate ADA rate has averaged 95.6% for the last four years. Aspire has noted that their re-enrollment (retention) rate is at 88.75% in all schools and 95.45% at Centennial from the end of 2010-11 to the beginning of 2011-12.

System-wide enrollment for 2011-12 is up by 22.1% to 11,980 students from 2009-10. In 2010-11, Aspire opened three elementary grade schools and two secondary grade schools, and in the 2011-12 school year, Aspire has opened an additional four elementary schools. The majority of the enrollment growth in 2012-13 and subsequent years is expected to come from existing schools realizing full enrollment levels. Projected enrollment totals for 2012-13 through 2015-16 are 12,459, 12,849, 13,113, and 13,158 students, respectively. Aspire plans to operate 35 schools by 2013-14. The organization's financial projections incorporate these expected enrollment levels as well as an assumed system-wide ADA rate of 95.0%.

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 30 Aspire schools operating during 2010-11.

| Aspire Public Schools - API Growth Scores* | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| School | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| Aspire Alexander Twilight College Preparatory Academy (K-5) | N/A | N/A | N/A | N/A | 766 | 802 |
| Aspire Antonio Maria Lugo Academy (K-5) | 724 | <i>691</i> | 777 | 825 | 847 | 847 |
| Aspire Benjamin Holt College Preparatory Academy (6-12) | 824 | 825 | 844 | 860 | 886 | 891 |
| Aspire Berkley Maynard Academy (K-8) | 645 | 730 | 769 | 817 | 825 | 841 |
| Aspire California College Preparatory Academy (9-12) | 650 | 725 | 771 | N/A | 835 | 825 |
| Aspire Capitol Heights Academy (K-5) | 675 | 758 | 789 | 828 | 825 | 836 |
| Aspire Centennial College Preparatory Academy (6-8) | N/A | 671 | 749 | 786 | 794 | 789 |
| Aspire East Palo Alto Charter School (K-8) | 821 | 837 | N/A | 842 | 882 | 866 |
| Aspire East Palo Alto Phoenix Academy (9-12) | N/A | N/A | N/A | 674 | 791 | 764 |
| Aspire ERES Academy (K-8) | N/A | N/A | N/A | N/A | 695 | 765 |
| Aspire Huntington Park Charter School (K-5) | N/A | N/A | N/A | 818 | 833 | 830 |
| Aspire Junior Collegiate Academy (K-6) | N/A | N/A | 763 | 795 | 844 | 868 |
| Aspire Langston Hughes Academy (6-12) | N/A | N/A | N/A | 738 | 793 | 780 |
| Aspire Lionel Wilson College Preparatory Academy (6-12) | 665 | 667 | 735 | 792 | 797 | 799 |
| Aspire Millsmont Academy (K-5) | 643 | 687 | 692 | 783 | 757 | 749 |
| Aspire Golden State College Preparatory Academy (6-12) | N/A | N/A | N/A | 666 | 661 | 736 |
| Aspire Monarch Academy (K-5) | 713 | 795 | 776 | 774 | 825 | 787 |
| Aspire Port City Academy (K-5) | N/A | N/A | 775 | 837 | 870 | 868 |
| Aspire River Oaks Charter School (K-5) | 821 | <i>815</i> | 826 | 850 | 887 | 885 |
| Aspire Rosa Parks Academy (K-5) | 649 | 726 | 734 | 775 | 813 | 806 |
| Aspire Summit Charter Academy (K-5) | 781 | 824 | <i>815</i> | 857 | 839 | 879 |
| Aspire Titan Academy (K-5) | N/A | N/A | N/A | N/A | 824 | 849 |
| Aspire University Charter School (K-5) | 884 | 902 | N/A | 909 | 916 | 937 |
| Aspire Vanguard College Preparatory Academy (6-12) | N/A | N/A | N/A | N/A | 857 | 847 |
| Aspire Vincent Shalvey Academy (K-5) | 868 | 868 | 887 | 939 | 927 | 936 |
| Aspire Apex Academy (K-5) | N/A | N/A | N/A | N/A | N/A | 742 |
| Aspire Alexander Twilight Secondary Academy (6-12) | N/A | N/A | N/A | N/A | N/A | 700 |
| Aspire Firestone Academy (K-5) | N/A | N/A | N/A | N/A | N/A | 815 |
| Aspire Gateway Academy (K-5) | N/A | N/A | N/A | N/A | N/A | 803 |
| Aspire Pacific Academy (6-12) | N/A | N/A | N/A | N/A | N/A | 757 |

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

*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 24 schools that posted statewide and similar school rankings in 2010-11, eight 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 | 2010-11 |
| Aspire Alexander Twilight College Preparatory Academy (K-5) | N/A | N/A | N/A | N/A | N/A | 4/4 |
| Aspire Antonio Maria Lugo Academy (K-5) | N/A | 4 / 7 | 2 / 4 | 6 / 10 | 7 / 10 | 8/10 |
| Aspire Benjamin Holt College Preparatory Academy (6-12) | 7 / 3 | 9 / 10 | 9 / 9 | 9 / 10 | 9 / 10 | 10/10 |
| Aspire Berkley Maynard Academy (K-8) | N/A | 1 / 4 | 4 / 8 | 5 / 10 | 7 / 10 | 7/10 |
| Aspire California College Preparatory Academy (9-12) | N/A | 2 / N/A | 5 / 10 | N/A | 9 / 10 | 9/10 |
| Aspire Capitol Heights Academy (K-5) | 1 / N/A | 2 / N/A | 5 / 10 | 6 / 10 | 7 / 10 | 7/10 |
| Aspire Centennial College Preparatory Academy (6-8) | N/A | N/A | 1 / 6 | 6 / 10 | 7 / 10 | 6/10 |
| Aspire East Palo Alto Charter School (K-8) | 7 / 10 | 8 / 10 | 8 / 10 | N/A | 8 / 10 | 9/10 |
| Aspire East Palo Alto Phoenix Academy (9-12) | N/A | 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 | 1/3 |
| Aspire Huntington Park Charter School (K-5) | N/A | N/A | N/A | N/A | 7 / 10 | 7/10 |
| Aspire Junior Collegiate Academy (K-5) | N/A | N/A | N/A | 5 / 10 | 6 / 10 | 7/10 |
| Aspire Langston Hughes Academy (6-10) | N/A | N/A | N/A | N/A | 5 / 9 | 6/10 |
| Aspire Lionel Wilson College Preparatory Academy (6-12) | 2 / 2 | 3 / 8 | 4 / 8 | 6 / 10 | 8 / 10 | 8/10 |
| Aspire Millsmont Academy (K-5) | N/A | 1 / 3 | 2 / 4 | 2 / 7 | 5 / 9 | 3/4 |
| Aspire Golden State College Preparatory Academy (6-12) | N/A | N/A | N/A | N/A | 2 / 7 | 1/6 |
| Aspire Monarch Academy (K-5) | 2 / 4 | 3 / 9 | 6 / 10 | 6 / 10 | 5 / 10 | 7/10 |
| Aspire Port City Academy (K-5) | N/A | N/A | N/A | 6 / 10 | 7 / 10 | 8/10 |
| Aspire River Oaks Charter School (K-5) | 6 / 7 | 8 / 10 | 7 / 7 | 8 / 9 | 8 / 9 | 9/10 |
| Aspire Rosa Parks Academy (K-5) | N/A | 1 / 3 | 4 / 7 | 4 / 7 | 5 / 7 | 6/8 |
| Aspire Summit Charter Academy (K-5) | N/A | N/A | 8 / 10 | 7 / 9 | 8 / 10 | 7/8 |
| Aspire Titan Academy (K-5) | N/A | N/A | N/A | N/A | N/A | 6/10 |
| Aspire University Charter School (K-5) | N/A | N/A | N/A | N/A | 9/10 | 10/10 |
| Aspire Vanguard College Preparatory Academy (6-10) | N/A | N/A | N/A | N/A | N/A | 9/10 |
| Aspire Vincent Shalvey Academy (K-5) | 9 / 6 | 9 / 8 | 9 / 9 | 9 / 10 | 10 / 10 | 10/10 |
| Aspire Apex Academy (K-5) | N/A | N/A | N/A | N/A | N/A | N/A |
| Aspire Alexander Twilight Secondary Academy (6-12) | N/A | N/A | N/A | N/A | N/A | N/A |
| Aspire Firestone Academy (K-5) | N/A | N/A | N/A | N/A | N/A | N/A |
| Aspire Gateway Academy (K-5) | N/A | N/A | N/A | N/A | N/A | N/A |
| Aspire Pacific Academy (6-12) | N/A | N/A | N/A | N/A | N/A | N/A |

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

*Aspire Public Schools –
Aspire Centennial College Preparatory Academy*

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 and 2010-11, 16 of 25 schools (64%) and 12 out of 30 schools (40%) met all AYP criteria. The following table presents AYP target data for each Aspire school over the six year period.

| Aspire Public Schools – Met All AYP Targets | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| School | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| Aspire Alexander Twilight College Preparatory Academy (K-5) | N/A | N/A | N/A | N/A | No | No |
| Aspire Antonio Maria Lugo Academy (K-5) | Yes | Yes | Yes | Yes | Yes | Yes |
| Aspire Benjamin Holt College Preparatory Academy (6-12) | Yes | Yes | Yes | Yes | Yes | No |
| Aspire Berkley Maynard Academy (K-8) | No | Yes | Yes | Yes | No | Yes |
| Aspire California College Preparatory Academy (9-12) | Yes | Yes | Yes | N/A | Yes | Yes |
| Aspire Capitol Heights Academy (K-5) | Yes | Yes | Yes | Yes | Yes | Yes |
| Aspire Centennial College Preparatory Academy (6-8) | N/A | No | Yes | Yes | Yes | No |
| Aspire East Palo Alto Charter School (K-8) | Yes | Yes | No | Yes | Yes | Yes |
| Aspire East Palo Alto Phoenix Academy (9-12) | N/A | N/A | N/A | No | Yes | No |
| Aspire ERES Academy (K-8) | N/A | N/A | N/A | N/A | No | Yes |
| Aspire Huntington Park Charter School (K-5) | N/A | N/A | N/A | No | Yes | No |
| Aspire Junior Collegiate Academy (K-6) | N/A | N/A | No | Yes | Yes | Yes |
| Aspire Langston Hughes Academy (6-10) | N/A | N/A | N/A | No | Yes | No |
| Aspire Lionel Wilson College Preparatory Academy (6-12) | Yes | Yes | Yes | Yes | No | No |
| Aspire Millsmont Academy (K-5) | No | Yes | No | Yes | No | No |
| Aspire Golden State College Preparatory Academy (6-12) | N/A | N/A | N/A | No | No | Yes |
| Aspire Monarch Academy (K-5) | Yes | Yes | Yes | Yes | Yes | No |
| Aspire Port City Academy (K-5) | N/A | N/A | N/A | Yes | Yes | No |
| Aspire River Oaks Charter School (K-5) | Yes | Yes | Yes | Yes | Yes | No |
| Aspire Rosa Parks Academy (K-5) | No | Yes | No | Yes | Yes | No |
| Aspire Summit Charter Academy (K-5) | N/A | Yes | Yes | Yes | No | Yes |
| Aspire Titan Academy (K-5) | N/A | N/A | N/A | N/A | No | Yes |
| Aspire University Charter School (K-5) | N/A | N/A | N/A | N/A | Yes | Yes |
| Aspire Vanguard College Preparatory Academy (6-10) | N/A | N/A | N/A | N/A | No | No |
| Aspire Vincent Shalvey Academy (K-5) | Yes | Yes | Yes | Yes | Yes | Yes |
| Aspire Apex Academy (K-5) | N/A | N/A | N/A | N/A | N/A | No |
| Aspire Alexander Twilight Secondary Academy (6-12) | N/A | N/A | N/A | N/A | N/A | No |
| Aspire Firestone Academy (K-5) | N/A | N/A | N/A | N/A | N/A | No |
| Aspire Gateway Academy (K-5) | N/A | N/A | N/A | N/A | N/A | No |
| Aspire Pacific Academy (6-12) | N/A | N/A | N/A | N/A | N/A | No |

Staff notes that the percent-proficient threshold requirement for AYP, both for English-language arts and mathematics, in accordance with the Elementary and Secondary Education Act (ESEA), reflects increases each year and will continue to reflect increases until 2014. Therefore, with each successive year, charter schools are increasingly challenged in “making AYP” (meeting all AYP criteria). This requirement applies to both school wide performance and performance of each numerically significant subgroup within any school. As an example, since 2002, the percent-proficient requirements for English-language arts (elementary schools, middle schools, and elementary school districts) are as follows: 13.6% for each of 2001-02, 2002-03, and 2003-04; 24.4% for each of 2004-05, 2005-06, and 2006-07; 35.2% for 2007-08; 46.0% for 2008-09; and 56.8% for 2009-10. This specific requirement will increase up until 2014 with the following percent-proficient thresholds: 67.6% for 2010-11; 78.4% for 2011-12; 89.2% for 2012-13; and 100.0% for 2013-14. The English-language arts percent-proficient requirement for high schools shows a similar trend, as do the percent-proficient requirements for mathematics for both elementary schools and high schools. Given that each numerically significant subgroup within a school must meet the percent-proficient requirement in English-language arts and mathematics in order for the school to make AYP, and given the high prevalence of English-language learners in California, charter schools are faced with increasing difficulty in making AYP. In spite of these targets becoming increasingly more difficult, with few exceptions, Aspire has demonstrated the ability to meet AYP criteria year to year.

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, Mr. Jonathan Garfinkel, Mr. Richard C. Spalding, and one vacancy that Aspire is currently recruiting to fill.

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. Wayne Hilty is the Chief Operating Officer and Chief Financial Officer. Mr. Hilty is responsible for Aspire Public Schools' financial and operational functions, including accounting, finance, growth, technology, strategic information systems, facilities, marketing, human resources, and the management of Aspire's Home Office. During his 30-year career, Mr. Hilty has managed and led accounting, finance, strategy, business improvement, property development and technology across a broad range of enterprises. From 2003 to 2010 Mr. Hilty operated his own practice as an Interim CFO/COO to public and private-equity backed companies across a wide range of industries. From 1998 to 2003 Mr. Hilty was Senior Vice President and Chief Financial Officer of Copart, Inc. Mr. Hilty received a B.S. from San Francisco State University in 1980 and became a certified public accountant with Ernst and Young in 1982. He is a member of Financial Executives International and the California Society of CPAs.

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 evaluation of Aspire's financial performance is based on review of the following documents: (1) Aspire's audited financial statements for 2005-06 through 2010-11; (2) Aspire's approved budget for 2011-12; (3) Aspire's budget projections for 2012-13 through 2015-16; and (4) Aspire's current enrollment for 2011-12 as well as projected average annual enrollment for 2012-13 through 2015-16. *Note: the budget and projections provided by Aspire have incorporated the trigger cuts that took place mid-December 2011. However, Aspire's financial projections include a 7% cut (\$377 per student), which is far greater than the maximum 4% trigger that was proposed in the original budget bill. Thus, Aspire has been able to demonstrate that it will be able to meet Debt Service Coverage with a budget and financial projections that are excessively conservative.*

Aspire's financial projections are based upon the following assumptions: (1) occupancy of the constructed CSFP project in 2013-14; (2) increases in enrollment as described above under the Enrollment Trends and Projections section; (3) 2011-12 funding rates for the charter school general purpose block grant of \$4,700, \$4,776, \$4,922, and \$5,767 for grades K-3, 4-6, 7-8, and 9-12, respectively; (4) projected ADA rates of 95%, which is consistent with Aspire's historical performance; (5) revenue growth (cost of living adjustments) on charter school block grant of 0% for 2012-13 through 2014-15, and 2.5% for 2015-16; (6) and cost of living adjustments for the expense categories are 2.0% for the fiscal years of 2012-13 through 2015-16.

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 Propositions 55. 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, 2011, Aspire had outstanding long-term liabilities of \$119.10 million, which is an increase from the \$108.44 million recorded at June 30, 2010. These debt obligations took the forms of two capital leases (\$18.39 million); three California Department of Education loans (\$1.94 Million); two CSFP funding agreements (\$10.27 million) under Propositions 47 and 55; a publicly offered revenue bond (\$93.25 million; a loan and Note from Pacific Charter School Development, Inc. (\$3.78 Million); short term notes from the El Dorado County Office of Education (\$240,884); and two Charter Fund,

Inc. loans (\$1.75 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 Propositions 55. Details regarding these long-term liabilities are provided below.

The capital lease of \$18.39 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 \$1.38 million per year over the term. Aspire also entered into a capital lease for furniture with an outstanding balance of \$33,757 as of June 30, 2011.

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 March 2010 for \$1.05 million, bearing an interest rate of 0.53%. The loan is to be repaid in annual installments of \$210,000 through the final maturity of 2015. An additional loan from the California Department of Education became effective in June 2011 for \$950,000, bearing an interest rate of 0.38%. The principle is payable in five annual installments of \$215,000, with final maturity occurring in 2016.

The loan and note from Pacific Charter School Development, Inc., for the amount of \$4 million, and bearing an interest rate of 0%, became effective on April 1, 2010. Principal payments of ranging amounts are due twice a year. Final maturity is in 2019.

The two Charter Fund Inc. loans are for the following: a \$1 million loan effective February 2008, and bearing an interest rate of 4.1%. Beginning in 2009 through 2016, interest only payments of \$41,000 are due annually, with principal payments of \$500,000 due in 2015 and 2016. Due to the performance of the school, \$250,000 was forgiven in 2011. The second loan is for the amount of \$1 million, effective January 2009, and bearing an interest rate of 4.1%. Interest only payments of \$41,000 are to be paid from 2010 through 2017. Principal payments of \$500,000 will be paid in 2016 and 2017. Both loans are for general support for the management of the organization.

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:

The short term notes from the El Dorado County Office of Education (EDCOE) are for the amount of \$240,884. This is for the advanced funding for special education apportionment for schools new to EDCOE SELPA. The interest rate is 2% with a final maturity of 2012.

In August 2010, March 2011, and April 2011, Aspire sold \$7.83 million in revenue anticipation notes (RANs) to NCB Capital Impact and Low Income Investment Fund 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 fully paid down the RANs balance. Aspire has used different forms of short-term borrowing to mitigate revenue deferrals and cyclical budget deficits.

School Facilities – Aspire anticipates operating 35 charter schools with a projected enrollment of 12,849 students by 2013-14. 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; Clarendon - \$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 administrative offices in Oakland and Stockton and leases land and buildings in Berkeley, Empire, 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 a high of \$2.99 million in 2011-12 to a low of \$375,796 in 2014-15.

The aggregate facility costs for all Aspire schools incorporated into the financial projections are as follows: \$11.55 million (2011-12), \$10.94 million (2012-13), \$11.37 million (2013-14), \$11.78 million (2014-15) and \$11.83 million (2015-16). These estimated expenses are equivalent to an average of 11% of annual total revenues including contributions. These levels are within 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), \$18.77 million (2009-10), and \$8.89 million (2010-11). The financial projections estimate the following donations averaging \$10.93 million per year. Historically, fundraising annual receipts averaged 14.2% of revenues in 2008-09 through 2010-11, but this average is expected to decrease to 9.9% from 2011-12 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 \$54.66 million in fundraising receipts included in Aspire’s financial projections, roughly 46.9% is committed and 32.9% is anticipated with the remainder of 20.1% to come from site donations. Projected future contributions have increased substantially since Aspire’s most recent financial soundness review. Aspire projected approximately \$26.63 million in contributions from 2010-11 through 2014-15, which has since been increased to \$54.66 million.

| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | TOTAL |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
| Committed Donations | | | | | | |
| Sidney Frank | \$ 152,000 | \$ - | \$ - | \$ - | \$ - | \$ 152,000 |
| Gates | 2,857,326 | 2,626,226 | 3,294,666 | 2,442,786 | 1,547,751 | 12,768,755 |
| Dell | 1,317,750 | - | - | - | - | 1,317,750 |
| Broad | 510,000 | 660,000 | - | 210,000 | - | 1,380,000 |
| Tipping Point | 1,550,000 | - | - | - | - | 1,550,000 |
| Charter School Growth Fund | 1,000,000 | - | 250,000 | - | - | 1,250,000 |
| Aspire Board of Directors | 57,000 | 100,000 | 100,000 | 100,000 | - | 357,000 |
| Anonymous | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 5,000,000 |
| Miscellaneous | 850,000 | 250,000 | 250,000 | 250,000 | - | 1,600,000 |
| Stuart | 215,000 | - | - | - | - | 215,000 |
| Baxter | 10,000 | 10,000 | 10,000 | 10,000 | - | 40,000 |
| Rogers | 25,000 | - | - | - | - | 25,000 |
| Sub-total | \$ 9,544,076 | \$ 4,646,226 | \$ 4,904,666 | \$ 4,012,786 | \$ 2,547,751 | \$ 25,655,505 |
| % of Total Donations | 68.1% | 43.9% | 41.2% | 39.8% | 31.5% | 46.9% |
| Anticipated Donations | | | | | | |
| Other TBD | - | 4,000,000 | 4,000,000 | 5,000,000 | 5,000,000 | 18,000,000 |
| Sub-total | \$ - | \$ 4,000,000 | \$ 4,000,000 | \$ 5,000,000 | \$ 5,000,000 | \$ 18,000,000 |
| % of Total Donations | 0.0% | 37.8% | 33.6% | 49.6% | 61.9% | 32.9% |
| Additional Donations - Sites | \$ 4,462,000 | \$ 1,938,000 | \$ 3,012,000 | \$ 1,061,000 | \$ 531,000 | \$ 11,004,000 |
| % of Total Donations | 31.9% | 18.3% | 25.3% | 10.5% | 6.6% | 20.1% |
| Total Donations | \$ 14,006,076 | \$ 10,584,226 | \$ 11,916,666 | \$ 10,073,786 | \$ 8,078,751 | \$ 54,659,505 |

Staff Adjusted Changes in Net Assets - 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, and an increase to net assets in 2010-11 of \$6.99 million. Aspire is projecting increases to net assets in the amounts of \$3.44 million, \$3.75 million and \$4.35 million from 2011-12 through 2013-14. From 2014-15 through 2015-16, Aspire projects net revenues available after the CSFP lease payments to be \$295,072, and \$1.01 million, respectively.

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 projected indebtedness. Aspire does have debt outstanding, which has been incorporated into their financial projections. Staff calculates Net Revenues Available for CSFP Payments

*Aspire Public Schools –
Aspire Centennial College Preparatory Academy*

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 \$2.36 million in 2014-15 and \$3.08 million in 2015-16.

Assuming a 3.00% interest rate and 30-year repayment period, Aspire's annual CSFP payments for AMLA, Clarendon, 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. Occupancy of the AMLA and Clarendon Prop 1D projects has not been determined but debt service coverage has been calculated inclusive of these combined projected lease payments. 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 114.3% and 149.0%, respectively, on all three estimated CSFP payments. If debt service coverage is calculated using solely projections from Centennial's operations, coverage of 116.8% and 124.0% are projected in 2014-15 and 2015-16, respectively. Contributions are projected to represent to be 9.0% and 7.1% of total revenues in 2014-15 and 2015-16, respectively. Aspire would need to receive at least 97% of expected contributions in 2014-15 and 87% of contributions in 2015-16 to maintain debt service coverage ratios of greater than 100.0%.

| Aspire Public Schools (for Aspire Centennial) | Actual FY 2008-09 | Actual FY 2009-10 | Actual FY 2010-11 | Budgeted 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 | 9,815 | 11,980 | 12,459 | 12,849 | 13,113 | 13,158 |
| Average Daily Attendance | 6,045 | 7,362 | 9,407 | 11,381 | 11,836 | 12,207 | 12,457 | 12,500 |
| Average Daily Attendance (%) | 96% | 94% | 96% | 95% | 95% | 95% | 95% | 95% |
| FINANCIAL PROJECTIONS | | | | | | | | |
| Total Revenues Available for CSFP Lease Payment | \$ 68,335,093 | \$ 84,246,045 | \$ 101,657,612 | \$ 105,112,000 | \$ 108,737,000 | \$ 112,989,000 | \$ 112,475,000 | \$ 113,348,000 |
| Total Expenses Paid Before CSFP Lease Payment | 64,587,328 | 89,845,004 | 98,603,355 | 104,966,000 | 108,741,000 | 112,883,000 | 114,355,000 | 114,510,000 |
| Accounting Adjustments | 3,256,843 | 3,842,927 | 3,933,121 | 3,297,000 | 3,751,000 | 4,242,000 | 4,242,000 | 4,242,000 |
| Net Revenues Available for CSFP Lease Payment | \$ 7,004,608 | \$ (1,756,032) | \$ 6,987,378 | \$ 3,443,000 | \$ 3,747,000 | \$ 4,348,000 | \$ 2,362,000 | \$ 3,080,000 |
| CSFP Lease Payment | \$ - | \$ - | \$ - | \$ - | \$ 231,795 | \$ 231,795 | \$ 2,066,928 | \$ 2,066,928 |
| Net Revenues After CSFP Lease Payment | \$ 7,004,608 | \$ (1,756,032) | \$ 6,987,378 | \$ 3,443,000 | \$ 3,515,205 | \$ 4,116,205 | \$ 295,072 | \$ 1,013,072 |
| FINANCIAL INDICATORS | | | | | | | | |
| Net Revenues Available for CSFP Lease Payment | \$ 7,004,608 | \$ (1,756,032) | \$ 6,987,378 | \$ 3,443,000 | \$ 3,747,000 | \$ 4,348,000 | \$ 2,362,000 | \$ 3,080,000 |
| Debt Service Coverage by Net Revenues | N/A | N/A | N/A | N/A | 1616.5% | 1875.8% | 114.3% | 149.0% |
| Contributions | \$ 7,900,816 | \$ 18,771,974 | \$ 8,818,829 | \$ 14,006,000 | \$ 10,584,000 | \$ 11,916,000 | \$ 10,073,000 | \$ 8,079,000 |
| Debt Service Coverage by Net Revenues (w/out Contributions) | N/A | N/A | N/A | N/A | -2949.6% | -3265.0% | -373.1% | -241.9% |
| CSFP Lease Payment / Revenues | N/A | N/A | N/A | N/A | 0.2% | 0.2% | 1.8% | 1.8% |
| Contributions / Revenues | 11.6% | 22.3% | 8.7% | 13.3% | 9.7% | 10.5% | 9.0% | 7.1% |
| Net Revenues After CSFP Lease Payment / Revenues | 10.3% | -2.1% | 6.9% | 3.3% | 3.2% | 3.6% | 0.3% | 0.9% |
| Revenues / ADA | \$ 11,304 | \$ 11,443 | \$ 10,807 | \$ 9,236 | \$ 9,187 | \$ 9,256 | \$ 9,029 | \$ 9,068 |
| Expenses / ADA | \$ 10,684 | \$ 12,204 | \$ 10,482 | \$ 9,223 | \$ 9,207 | \$ 9,267 | \$ 9,346 | \$ 9,326 |
| Surplus (Deficit) / ADA | \$ 620 | \$ (761) | \$ 325 | \$ 13 | \$ (20) | \$ (10) | \$ (317) | \$ (258) |
| Net Working Capital | \$ 1,570,587 | \$ 40,870,568 | \$ 27,541,626 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Working Capital / Expenses | 2.4% | 45.5% | 27.9% | N/A | N/A | N/A | N/A | N/A |

*Aspire Public Schools –
Aspire Centennial College Preparatory Academy*

| Aspire Centennial College Preparatory Academy | Actual FY 2008-09 | Actual FY 2009-10 | Actual FY 2010-11 | Budgeted FY 2011-12 | Projected FY 2012-13 | Projected FY 2013-14 | Projected FY 2014-15 | Projected FY 2015-16 |
|---|----------------------|----------------------|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ENROLLMENT PROJECTIONS | | | | | | | | |
| Enrollment | 406 | 515 | 505 | 540 | 540 | 270 | 338 | 418 |
| Average Daily Attendance | 394 | 497 | 465 | 513 | 513 | 257 | 321 | 397 |
| Average Daily Attendance (%) | 97% | 97% | 92% | 95% | 95% | 95% | 95% | 95% |
| FINANCIAL PROJECTIONS | | | | | | | | |
| Total Revenues Available for CSFP Lease Payment | \$ 4,182,656 | \$ 4,512,092 | \$ 4,473,789 | \$ 4,166,857 | \$ 4,338,397 | \$ 2,320,530 | \$ 2,817,755 | \$ 3,411,230 |
| Total Expenses Paid Before CSFP Lease Payment | 4,366,314 | 4,702,530 | 4,223,397 | 4,186,490 | 4,323,111 | 1,799,933 | 2,249,468 | 2,811,174 |
| Accounting Adjustments | 50,501 | 103,887 | 43,000 | 28,363 | 28,363 | 14,182 | 17,727 | 22,159 |
| Net Revenues Available for CSFP Lease Payment | \$ (133,157) | \$ (86,551) | \$ 293,392 | \$ 8,730 | \$ 43,649 | \$ 534,779 | \$ 586,014 | \$ 622,215 |
| CSFP Lease Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 501,770 | \$ 501,770 |
| Net Revenues After CSFP Lease Payment | \$ (133,157) | \$ (86,551) | \$ 293,392 | \$ 8,730 | \$ 43,649 | \$ 534,779 | \$ 84,244 | \$ 120,445 |
| FINANCIAL INDICATORS | | | | | | | | |
| Net Revenues Available for CSFP Lease Payment | \$ (133,157) | \$ (86,551) | \$ 293,392 | \$ 8,730 | \$ 43,649 | \$ 534,779 | \$ 586,014 | \$ 622,215 |
| Debt Service Coverage by Net Revenues | N/A | N/A | N/A | N/A | N/A | N/A | 116.8% | 124.0% |
| Contributions | \$ 51,000 | \$ 1,180 | \$ 75,036 | \$ 40,000 | \$ - | \$ - | \$ - | \$ - |
| Debt Service Coverage by Net Revenues (w/out Contributions) | N/A | N/A | N/A | N/A | N/A | N/A | 116.8% | 124.0% |
| CSFP Lease Payment / Revenues | N/A | N/A | N/A | N/A | N/A | N/A | 17.8% | 14.7% |
| Contributions / Revenues | 1.2% | 0.0% | 1.7% | 1.0% | N/A | N/A | N/A | N/A |
| Net Revenues After CSFP Lease Payment / Revenues | -3.2% | -1.9% | 6.6% | 0.2% | 1.0% | 23.0% | 3.0% | 3.5% |
| Revenues / ADA | \$ 10,621 | \$ 9,070 | \$ 9,621 | \$ 8,123 | \$ 8,457 | \$ 9,047 | \$ 8,775 | \$ 8,590 |
| Expenses / ADA | \$ 11,087 | \$ 9,453 | \$ 9,083 | \$ 8,161 | \$ 8,427 | \$ 7,017 | \$ 8,568 | \$ 8,343 |
| Surplus (Deficit) / ADA | \$ (466) | \$ (383) | \$ 538 | \$ (38) | \$ 30 | \$ 2,030 | \$ 207 | \$ 248 |
| Net Working Capital | \$ 992,464 | \$ 758,015 | \$ 1,051,407 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Working Capital / Expenses | 22.7% | 16.1% | 24.9% | 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, SBC (K-8) | TBD** | \$ 31,073,722 | \$ 15,536,861 | \$ 792,679 |
| Prop 1D: Antonio Maria Lugo Academy (K-5) | TBD** | 21,195,282 | 10,597,641 | 540,684 |
| | | \$ 52,269,004 | \$ 26,134,502 | \$ 1,333,363 |
| Prop 55: Centennial College Preparatory | 2013-14 | \$ 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

**Although no occupancy date has been determined, estimated CSFP lease payments are accounted for when calculating debt service coverage in 2014-15 and 2015-16

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, decreased slightly to \$72,506 in 2010-11, and increased substantially to \$8.77 million as of June 30, 2011. 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, increased to \$40.87 million as June 30, 2010, or 42.2% of total expenses, and decreased slightly to \$27.54 or 27.9% of total expenses. Staff considers NWC representing less than 5.0% of total expenses to be a weak liquidity indicator.

Strengths, Weaknesses and Mitigants

- +/- Aspire schools have continually demonstrated the ability to meet API growth targets. However, AYP scores have not been met for all Aspire schools (12 of 30 Aspire Schools met AYP in 2010-11). Staff will continue to monitor the AYP scores and all testing data for Aspire schools in the future

- + Given the extremely conservative budget and financial projections, which incorporate a 7% cut in the categorical block grant for the 2011-12 year, Aspire is projected to have debt service coverage ratios of 114.3%, and 149.0% including contributions, for the first two years after project occupancy.

- + Strong management and leadership with support of local districts

- +/- Outstanding long-term liabilities of \$119.10 million as of June 30, 2011

- Aspire would need to receive at least 97% of expected contributions 2014-15 and 87% of expected contributions in 2015-16 to maintain debt service coverage greater than 100.0%.

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 Final Apportionment. This recommendation is contingent upon Aspire electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.