

**CHARTER SCHOOL FACILITIES PROGRAM
2011 LOTTERY FUNDING ROUND
STAFF SUMMARY REPORT – JULY 2013**

Applicant/Obligor:	Aspire Public Schools
Project School:	Aspire Antonio Maria Lugo Academy
CDS (County – District – School) Code:	19-64733-0109660
Project Location:	To Be Determined
Type of Project:	New Construction
County:	Los Angeles County
District in which Project is Located:	Los Angeles Unified School District
Charter Authorizer:	Los Angeles Unified School District
Total OPSC Project Cost:	\$21,195,282
State Apportionment (50% Project Cost):	\$10,597,641
Lump Sum Contribution:	\$0
Total CSFP Financed Amount:	\$10,597,641
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	2.00%
Estimated Annual CSFP Payment:	\$473,184
First Year of Occupancy of New Project:	2015-16

Applicant/Obligor:	Aspire Public Schools
Project School:	Aspire Junior Collegiate Academy (aka Aspire Clarendon Elementary)
CDS (County – District – School) Code:	09-76489-0114884
Project Location:	To Be Determined
Type of Project:	New Construction
County:	Los Angeles County
District in which Project is Located:	Los Angeles Unified School District
Charter Authorizer:	Los Angeles Unified School District
Total OPSC Project Cost:	\$31,073,722
State Apportionment (50% Project Cost):	\$15,536,861
Lump Sum Contribution:	\$0
Total CSFP Financed Amount:	\$15,536,861
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	2.00%
Estimated Annual CSFP Payment:	\$693,720
First Year of Occupancy of New Project:	2015-16

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that Aspire Public Schools (Aspire), on behalf of Aspire Antonio Maria Lugo Academy (AMLA) and Aspire Junior Collegiate Academy (also known as Aspire Clarendon Elementary) (JCA), is financially sound for the Charter School Facilities Program (Program) Advance Apportionment, but not for purposes of Final Apportionment under the Program. This determination as it relates to an Advance Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. This determination of financial soundness also is contingent upon Aspire agreeing 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 immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.

Background: Aspire, on behalf of AMLA, is seeking a Proposition 1D Advance Apportionment of \$1,419,528 for design services and \$5,500,000 for site acquisition. Aspire is making the CSFP payments on behalf of the school. In addition, Aspire, on behalf of JCA, is seeking a Proposition 1D Advance Apportionment of \$2,407,372 for design services and \$5,500,000 for site acquisition. Although AMLA was previously found financially sound for Advance Apportionment in March 2011, AMLA did not receive a release of funds at that time.

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 combined Advance and Final Apportionments under Proposition 55 of \$19,669,826 for Aspire Ollin University Preparatory Academy (formerly Aspire Centennial College Preparatory Academy), a preliminary apportionment under Proposition 1D of \$31,073,722 for JCA, and a preliminary apportionment under Proposition 1D of \$21,195,282 for AMLA. Staff’s financial analysis of Aspire assumes that the organization’s 50% local matching share of the combined funding amount of \$71,928,830 is documented through a 30-year funding agreement with CSFA at an interest rate of 2.00%, resulting in annual payments of \$1,606,032 commencing in 2016-17. 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 \$1,837,827.

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.

<i>Criteria</i>	<i>Comments</i>
<i>EMO Information</i>	
Demographic Information	1. In 2012-13, Aspire operated 34 charter schools chartered by 12 chartering authorities; enrollment totaled 12,581 students, up 5% from 2011-12. In 2011-12, Aspire’s

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	<p>enrollment totaled 11,978, up 21.7% from 2010-11, and in 2010-11, enrollment increased by approximately 25% from the previous year, 2009-10; the system-wide ADA rate was 96.2%.</p> <ol style="list-style-type: none"> 2. In 2013-14, Aspire plans to operate 35 schools in California and two new schools in Tennessee, with total projected enrollment of 12,941 students in California and 660 students for the two schools in Tennessee. 3. Aspire projects its enrollment to increase to 13,143, 13,436, 13,936, and 14,349 for 2014-15 through 2017-18, respectively. 4. Aspire achieved average daily attendance rates of 96.3% and 96.2% for 2011-12 and 2012-13, respectively.
Student Performance	<ol style="list-style-type: none"> 1. During each of 2011-12 and 2012-13, 23 of 30 schools (77%) had statewide and similar schools rankings of greater than “5” (“10”=best), and a large number of schools had both statewide and similar schools rankings of “8” or better. 2. During the most recent reported year, 2011-12, more than 65% of Aspire’s schools achieve API growth scores of 800 or greater. 3. In spite of the increasingly difficult task of meeting all AYP criteria over successive years, a large percentage of Aspire schools continued to meet such criteria during 2010-11 and 2011-12, including 13 of 30 schools (43.3%) during 2010-11 and 9 of 30 schools (30%) during 2011-12.
Debt Service Coverage	<p>Based on Aspire’s financial projections, the projected debt service coverage levels for the anticipated combined CSFP lease payment in 2016-17 and 2017-18 are 269.3% and 250.2%, respectively. Aspire will need to receive on average at least 54% (\$3.4 million) of expected contributions in 2016-17 and 2017-18 in order to meet the 100% projected debt service coverage ratio threshold.</p>
Other Financial Factors	<ol style="list-style-type: none"> 1. Measured as a percentage of total revenues, contributions from 2016-17 through 2017-18 are projected to average 4.9% annually, which is below the 15.0% threshold level employed by staff. Of the \$34.3 million in projected fundraising receipts, roughly 34.6% is committed and 55.4% is anticipated, with the remainder of 10.0% to come from start-up site donations. 2. Aspire’s net working capital (NWC) at June 30, 2012 was \$31.4 million, or 26.4% of total expenses. Staff considers NWC in excess of 5.0% of total expenses to be a strong liquidity indicator.
School Information	
Eligibility Criteria	<ol style="list-style-type: none"> 1. AMLA has met all eligibility criteria: (1) AMLA

	<p>commenced operations in 2005-06; (2) AMLA’s charter was renewed in June 2009 and is in place through June 2014; and (3) AMLA is in good standing with its chartering authority, and in compliance with the terms of its charter.</p> <p>2. JCA has met all eligibility criteria: (1) JCA commenced operations in 2007-08; (2) JCA’s charter was renewed in 2013 and is in place through June 2018 (under California Department of Education); and (3) JCA is in good standing with its chartering authority, and in compliance with the terms of its charter.</p>
Student Performance	<p>1. For three of the past four years, all years except 2011-12, AMLA met all AYP criteria; AMLA met its API growth target with API growth scores in excess of 800 during each of the past four years; for 2010-11 through 2012-13, AMLA’s statewide and similar schools rankings were “8” and “10”, “7” and “10”, and “6” and “9”, respectively (“10”= best).</p> <p>2. For three of the past four years, all years except 2011-12, JCA met all AYP criteria; JCA met its API growth target with API growth scores in excess of 800 during each of the past three years; for 2010-11 through 2012-13, JCA’s statewide and similar schools rankings were “7” and “10”, “8” and “10”, and “7” and “9”, respectively.</p>
Demographic Information	<p>1. AMLA has shown consistent student enrollment growth from 2008-09 through 2011-12, and stable student enrollment over the past year, with enrollment of 197, 203, 224, 234, and 235 for 2008-09 through 2012-13, respectively; AMLA anticipates enrollment of 228 students in grades K-5 for 2015-16 the first year of project occupancy; AMLA achieved student retention rates of 92% and 88% for 2011-12 and 2012-13, respectively.</p> <p>2. JCA has shown consistent student enrollment growth from 2008-09 through 2011-12, and stable student enrollment over the past year, with enrollment of 191, 247, 295, 296, and 297 for 2008-09 through 2012-13, respectively; AMLA anticipates enrollment of 402 students in grades K-6 for 2015-16 the first year of project occupancy; AMLA achieved student retention rates of 94% and 99% for 2011-12 and 2012-13, respectively.</p>

Program Eligibility: On July 2, 2013, verification was received from the Office of Innovation and Charter Schools Division of Los Angeles Unified School District (LAUSD), confirming that JCA is (1) in compliance with the terms of its charter agreement, and (2) is in good standing with its chartering authority.

Additionally, on July 10, 2013, verification was received from the Office of Innovation and Charter Schools Division of LAUSD, confirming that AMLA is (1) in compliance with the terms of its charter agreement, and (2) is in good standing with its chartering authority.

Legal Status Questionnaire: CSFA staff and counsel review responses to the questions contained in the Legal Status Questionnaire. Aspire answered "Yes" to a LSQ question(s). CSFA staff and counsel have reviewed the facts surrounding the disclosure(s) and have determined that the potential liability does not impact the organization's ability to make its CSFP payments should Aspire be granted an apportionment nor a determination of financial soundness.

Project Description: For both AMLA and JCA projects, the expected construction completion date is the beginning of the 2015-16 school year, with occupancy expected immediately thereafter. AMLA's proposed project is for new construction of a 15-classroom 35,000 square foot, K-6 school facility to be located within a three mile radius of the currently located leased facility at 2665 Clarendon Avenue in Huntington Park. This new facility would accommodate approximately 355 students. The area is an economically disadvantaged neighborhood within LAUSD's boundaries. JCA's proposed project is for new construction of a 23-classroom facility in Huntington Park that would accommodate approximately 552 students in grades K-8.

Organizational Information: AMLA's charter was originally approved by LAUSD on July 1, 2004, and the school began operations in 2005-06 with 159 students in grades K-5. AMLA has since had its charter renewed through June 30, 2014. AMLA served 235 students in grades K-6 during the most recent 2012-13 academic year. Due to AMLA's moving into a smaller temporary facility during 2013-14, AMLA's enrollment for 2013-14 is expected to drop to 180 students. However, enrollment is expected to increase to 228 grade K-5 students in 2015-16 when the new facility is opened.

JCA's charter was originally approved by the California Department of Education in 2007 with the school beginning operations in 2007-08 with 167 students in grades K-4. JCA has since expanded to 297 students in grades K-5 for the most recent academic year, 2012-13. Effective July 1, 2013, JCA's charter was transferred from CDE to LAUSD. JCA's enrollment is expected to increase to 402 grade K-6 students in 2015-16 when the new facility is opened.

School Management: AMLA and JCA do not have executive positions at the school level as these duties are handled by staff at Aspire's corporate level. AMLA's current Principal is Sandra Lee, and JCA's current Principal is Bonnie Brimecombe.

Management Experience for Schools Open Less than Two Years: Not applicable as AMLA began operations in 2005-06 and JCA began operations in 2007-08, exceeding the two years of instruction requirement.

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.

Aspire Public Schools was founded in 1998 to manage, guide, direct, and promote charter schools that provide quality education to youth in primary and secondary grades. Aspire operates charter schools in three clusters located in the San Francisco Bay Area, the Central Valley, and Los Angeles County. Aspire's mission is to open and operate small, high-quality charter schools in low-income neighborhoods in order to: (1) increase the academic performance of underserved students; (2) develop effective educators; (3) share successful practices with other forward-thinking educators; and (4) catalyze change in public schools. 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 2012-13, Aspire operated 34 schools serving 12,581 students. During 2013-14, Aspire is planning to add an additional charter school in Los Angeles, California and two additional charter schools in Memphis, Tennessee.

Aspire's vision is to improve the achievement of all students. 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.

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: Ms. Beth Hunkapiller (Chair), Mr. Jonathan Garfinkel (Vice Chair), Mr. Bill Hughson, Mr. Greg Jones, Mr. Steven L. Merrill, Ms. Louise M. Patterson, and Mr. Richard C. Spalding (Treasurer).

Staff Experience: As previously mentioned, Aspire maintains executive positions at the corporate level. 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.

James Cleveland has served as Chief Operating Officer with Aspire Public Schools since September 2012. Prior to this position, Mr. Cleveland served as an executive officer in

multiple private educational organizations, including Stupski Foundation (2011-12), JumpStart for Young Children, Inc. (2007-2011), and InsideTrack (2000-2002). Mr. Cleveland holds a Bachelor of Science degree from Stanford University.

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. Ms. Darwish is also serving as Interim Area Superintendent for Los Angeles until a permanent position is filled in this role.

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, Ms. Epanchin 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. Ms. Epanchin 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 B.A. in sociology, an M.S.W., 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 B.A. in Liberal Studies from Cal State Fullerton, an M.A. in Special Education from Cal Poly, San Luis Obispo, and a Doctorate in Educational Leadership from the University of Southern California.

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,

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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.

Both AMLA and JCA have more than four years of reported API scores, allowing a review of progress and comparison to similar schools. The following tables summarize the schools' trends in student performance.

Aspire Antonio Maria Lugo Academy	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
ADEQUATE YEARLY PROGRESS (AYP)				
Met All AYP Criteria?	Yes	Yes	Yes	No
Criteria Met / Required Criteria	17 / 17	17 / 17	17 / 17	9 / 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	Yes	Yes
Met Comparable Improvement Growth Target?	Yes	Yes	Yes	Yes
Met Both Schoolwide & CI Growth Targets?	Yes	Yes	Yes	Yes
API Base Statewide Rank (10 = best)	6	7	8	7
API Base Similar Schools Rank (10 = best)	10	10	10	10
School's Actual Growth	39	23	0	-22
Similar Schools Median of Actual Growth	12	10	6	10
Did School's Growth Exceed Median?	Yes	Yes	No	No

Aspire Junior Collegiate Academy	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
ADEQUATE YEARLY PROGRESS (AYP)				
Met All AYP Criteria?	Yes	Yes	Yes	No
Criteria Met / Required Criteria	17 / 17	17 / 17	17 / 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	Yes	Yes
Met Comparable Improvement Growth Target?	Yes	Yes	Yes	Yes
Met Both Schoolwide & CI Growth Targets?	Yes	Yes	Yes	Yes
API Base Statewide Rank (10 = best)	5	6	7	8
API Base Similar Schools Rank (10 = best)	10	10	10	10
School's Actual Growth	27	49	24	-27
Similar Schools Median of Actual Growth	17	10	4	9
Did School's Growth Exceed Median?	Yes	Yes	Yes	No

For three of the past four years, all years except 2011-12, AMLA met all AYP criteria. For each of the past four years, 2008-09 through 2011-12, AMLA met its API growth target with API growth scores in excess of 800 during each of the past four years. For 2010-11 through 2012-13, AMLA's statewide and similar schools rankings were "8" and "10", "7" and "10", and "6" and "9" (not in table), respectively ("10"= best).

Similar to AMLA, JCA met all AYP criteria during three of the past four years, all years

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except 2011-12, met its API growth target during each of the past four years, and achieved API growth scores in excess of 800 during each of the past three years. In addition, for 2010-11 through 2012-13, JCA's statewide and similar schools rankings were "7" and "10", "8" and "10", and "7" and "9" (not in table), respectively.

Staff also reviewed academic performance data that was available for 30 Aspire schools operating during 2011-12 and 2012-13, as shown in the tables below.

Aspire Public Schools - API Growth Scores							
School	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Aspire Alexander Twilight College Preparatory Academy (K-5)	N/A	N/A	N/A	N/A	766	802	829
Aspire Antonio Maria Lugo Academy (K-5)	724	691	777	825	847	847	825
Aspire Benjamin Holt College Preparatory Academy (6-12)	824	825	844	860	886	891	890
Aspire Berkley Maynard Academy (K-8)	645	730	769	817	825	841	851
Aspire California College Preparatory Academy (K-12)	650	725	771	N/A	835	825	790
Aspire Capitol Heights Academy (K-5)	675	758	789	828	825	836	870
Aspire Centennial College Preparatory Academy (6-8)	N/A	671	749	786	794	789	809
Aspire East Palo Alto Charter School (K-8)	821	837	N/A	842	882	866	825
Aspire East Palo Alto Phoenix Academy (9-12)	N/A	N/A	N/A	674	791	764	779
Aspire ERES Academy (K-8)	N/A	N/A	N/A	N/A	695	765	812
Aspire Huntington Park Charter School (K-5)	N/A	N/A	N/A	818	833	830	853
Aspire Junior Collegiate Academy (K-6)	N/A	N/A	763	795	844	868	841
Aspire Langston Hughes Academy (6-11)	N/A	N/A	N/A	738	793	780	769
Aspire Lionel Wilson College Preparatory Academy (6-12)	665	667	735	792	797	799	827
Aspire Millsmont Academy (K-5)	643	687	692	783	757	749	737
Aspire Golden State College Preparatory Academy (6-12)	N/A	N/A	N/A	666	661	736	699
Aspire Monarch Academy (K-5)	713	795	776	774	825	787	773
Aspire Port City Academy (K-5)	N/A	N/A	775	837	870	868	855
Aspire River Oaks Charter School (K-5)	821	815	826	850	887	885	890
Aspire Rosa Parks Academy (K-5)	649	726	734	775	813	806	815
Aspire Summit Charter Academy (K-5)	781	824	815	857	839	879	868
Aspire Titan Academy (K-5)	N/A	N/A	N/A	N/A	824	849	854
Aspire University Charter School (K-5)	884	902	N/A	909	916	937	921
Aspire Vanguard College Preparatory Academy (6-11)	N/A	N/A	N/A	N/A	857	847	837
Aspire Vincent Shalvey Academy (K-5)	868	868	887	939	927	936	931
Aspire Apex Academy (K-5)	N/A	N/A	N/A	N/A	N/A	742	712
Aspire Alexander Twilight Secondary Academy (6-10)	N/A	N/A	N/A	N/A	N/A	700	745
Aspire Firestone Academy (K-6)	N/A	N/A	N/A	N/A	N/A	815	836
Aspire Gateway Academy (K-6)	N/A	N/A	N/A	N/A	N/A	803	839
Aspire Pacific Academy (9-11)	N/A	N/A	N/A	N/A	N/A	757	737

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With respect to API growth scores, the above table shows that the vast majority of Aspire schools achieved API growth scores of greater than 800, including more than 65% of the schools in 2011-12.

Aspire – Base API Score Statewide Ranking / Similar School Ranking (10 = best)									
School	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
Aspire Alexander Twilight College Preparatory Academy (K-5)	N/A	N/A	N/A	N/A	N/A	4/4	5/5	6/7	
Aspire Antonio Maria Lugo Academy (K-5)	N/A	4 / 7	2 / 4	6 / 10	7 / 10	8/10	7/10	6/9	
Aspire Benjamin Holt College Preparatory Academy (6-12)	7 / 3	9 / 10	9 / 9	9 / 10	9 / 10	10/10	10/9	10/10	
Aspire Berkley Maynard Academy (K-8)	N/A	1 / 4	4 / 8	5 / 10	7 / 10	7/10	7/10	7/10	
Aspire California College Preparatory Academy (K-12)	N/A	2 / N/A	5 / 10	N/A	9 / 10	9/10	9/10	7/10	
Aspire Capitol Heights Academy (K-5)	1 / N/A	2 / N/A	5 / 10	6 / 10	7 / 10	7/10	7/10	8/10	
Aspire Centennial College Preparatory Academy (6-8)	N/A	N/A	1 / 6	6 / 10	7 / 10	6/10	6/10	6/9	
Aspire East Palo Alto Charter School (K-8)	7 / 10	8 / 10	8 / 10	N/A	8 / 10	9/10	8/10	6/10	
Aspire East Palo Alto Phoenix Academy (9-12)	N/A	N/A	N/A	N/A	N/A	N/A	6 / N/A	6/10	
Aspire ERES Academy (K-8)	N/A	N/A	N/A	N/A	N/A	1/3	3/7	5/10	
Aspire Huntington Park Charter School (K-5)	N/A	N/A	N/A	N/A	7 / 10	7/10	6/10	7/10	
Aspire Junior Collegiate Academy (K-6)	N/A	N/A	N/A	5 / 10	6 / 10	7/10	8/10	7/10	
Aspire Langston Hughes Academy (6-11)	N/A	N/A	N/A	N/A	5 / 9	6/10	5/9	4/5	
Aspire Lionel Wilson College Preparatory Academy (6-12)	2 / 2	3 / 8	4 / 8	6 / 10	8 / 10	8/10	8/10	8/10	
Aspire Millsmont Academy (K-5)	N/A	1 / 3	2 / 4	2 / 7	5 / 9	3/4	2/4	2/2	
Aspire Golden State College Preparatory Academy (6-12)	N/A	N/A	N/A	N/A	2 / 7	1/6	4/9	3/7	
Aspire Monarch Academy (K-5)	2 / 4	3 / 9	6 / 10	6 / 10	5 / 10	7/10	4/7	3/4	
Aspire Port City Academy (K-5)	N/A	N/A	N/A	6 / 10	7 / 10	8/10	8/10	7/8	
Aspire River Oaks Charter School (K-5)	6 / 7	8 / 10	7 / 7	8 / 9	8 / 9	9/10	9/10	9/9	
Aspire Rosa Parks Academy (K-5)	N/A	1 / 3	4 / 7	4 / 7	5 / 7	6/8	5/8	5/7	
Aspire Summit Charter Academy (K-5)	N/A	N/A	8 / 10	7 / 9	8 / 10	7/8	8/9	8/7	
Aspire Titan Academy (K-5)	N/A	N/A	N/A	N/A	N/A	6/10	7/9	7/10	
Aspire University Charter School (K-5)	N/A	N/A	N/A	N/A	9/10	10/10	10/10	9/7	
Aspire Vanguard College Preparatory Academy (6-11)	N/A	N/A	N/A	N/A	N/A	9/10	8/10	7/7	
Aspire Vincent Shalvey Academy (K-5)	9 / 6	9 / 8	9 / 9	9 / 10	10 / 10	10/10	10/10	10/9	
Aspire Apex Academy (K-5)	N/A	N/A	N/A	N/A	N/A	N/A	2 / N/A	1/1	
Aspire Alexander Twilight Secondary Academy (6-10)	N/A	N/A	N/A	N/A	N/A	N/A	2/2	3/3	
Aspire Firestone Academy (K-6)	N/A	N/A	N/A	N/A	N/A	N/A	6/8	6/9	
Aspire Gateway Academy (K-6)	N/A	N/A	N/A	N/A	N/A	N/A	5/6	7/8	
Aspire Pacific Academy (9-11)	N/A	N/A	N/A	N/A	N/A	N/A	6/10	4/8	

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As shown in the table above regarding Aspire’s statewide and similar schools rankings (base API scores), during the past three reported years, 2010-11 through 2012-13, the majority of schools had statewide and similar schools rankings of “5” or greater. During each of 2011-12 and 2012-13, 23 of 30 schools (77%) had both rankings of greater than “5”, and a large number of schools had both statewide and similar schools rankings of “8” or better.

Aspire Public Schools – Met All AYP Targets							
School	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Aspire Alexander Twilight College Preparatory Academy (K-5)	N/A	N/A	N/A	N/A	No	No	No
Aspire Antonio Maria Lugo Academy (K-5)	Yes	Yes	Yes	Yes	Yes	Yes	No
Aspire Benjamin Holt College Preparatory Academy (6-12)	Yes	Yes	Yes	Yes	Yes	No	No
Aspire Berkley Maynard Academy (K-8)	No	Yes	Yes	Yes	No	Yes	No
Aspire California College Preparatory Academy (K-12)	Yes	Yes	Yes	N/A	Yes	Yes	No
Aspire Capitol Heights Academy (K-5)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Aspire Centennial College Preparatory Academy (6-8)	N/A	No	Yes	Yes	Yes	No	No
Aspire East Palo Alto Charter School (K-8)	Yes	Yes	No	Yes	Yes	Yes	No
Aspire East Palo Alto Phoenix Academy (9-12)	N/A	N/A	N/A	No	Yes	No	Yes
Aspire ERES Academy (K-8)	N/A	N/A	N/A	N/A	No	Yes	Yes
Aspire Huntington Park Charter School (K-5)	N/A	N/A	N/A	No	Yes	No	Yes
Aspire Junior Collegiate Academy (K-6)	N/A	N/A	No	Yes	Yes	Yes	No
Aspire Langston Hughes Academy (6-11)	N/A	N/A	N/A	No	Yes	No	No
Aspire Lionel Wilson College Preparatory Academy (6-12)	Yes	Yes	Yes	Yes	No	No	No
Aspire Millsmont Academy (K-5)	No	Yes	No	Yes	No	No	No
Aspire Golden State College Preparatory Academy (6-12)	N/A	N/A	N/A	No	No	Yes	No
Aspire Monarch Academy (K-5)	Yes	Yes	Yes	Yes	Yes	No	No
Aspire Port City Academy (K-5)	N/A	N/A	N/A	Yes	Yes	No	No
Aspire River Oaks Charter School (K-5)	Yes	Yes	Yes	Yes	Yes	No	No
Aspire Rosa Parks Academy (K-5)	No	Yes	No	Yes	Yes	No	No
Aspire Summit Charter Academy (K-5)	N/A	Yes	Yes	Yes	No	Yes	No
Aspire Titan Academy (K-5)	N/A	N/A	N/A	N/A	No	Yes	Yes
Aspire University Charter School (K-5)	N/A	N/A	N/A	N/A	Yes	Yes	Yes
Aspire Vanguard College Preparatory Academy (6-11)	N/A	N/A	N/A	N/A	No	No	No
Aspire Vincent Shalvey Academy (K-5)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Aspire Apex Academy (K-5)	N/A	N/A	N/A	N/A	N/A	No	No
Aspire Alexander Twilight Secondary Academy (6-10)	N/A	N/A	N/A	N/A	N/A	No	Yes
Aspire Firestone Academy (K-6)	N/A	N/A	N/A	N/A	N/A	No	No
Aspire Gateway Academy (K-6)	N/A	N/A	N/A	N/A	N/A	No	Yes
Aspire Pacific Academy (9-11)	N/A	N/A	N/A	N/A	N/A	No	No

As shown in the above table, in spite of the increasingly difficult task of meeting all AYP criteria over successive years, a large percentage of Aspire schools continued to meet such criteria during 2010-11 and 2011-12, including 13 of 30 schools (43.3%) during 2010-11 and 9 of 30 schools (30%) during 2011-12.

Overall, staff considers Aspire’s consistently high academic performance across all schools, as well as AMLA’s and JCA’s performance individually, to be supportive of a recommendation for financial soundness.

Enrollment Trends and Projections: AMLA has shown consistent student enrollment growth from 2008-09 through 2011-12, and stable student enrollment over the past year, with enrollment of 197, 203, 224, 234, and 235 for 2008-09 through 2012-13, respectively. Similarly, JCA has demonstrated the same consistency and stability with enrollment of 191, 247, 295, 296, and 297 for 2008-09 through 2012-13, respectively. For 2011-12 and 2012-13, AMLA achieved year-to-year retention rates of 92% and 88%, respectively, and JCA achieved year-to-year retention rates of 94% and 99%, respectively. For 2011-12 and 2012-13, AMLA achieved ADA rates of 95.7% and 96.6%, respectively, and JCA achieved ADA rates of 97.3% and 97.3%, respectively. AMLA and JCA have current wait lists of 156 and 415 students, respectively.

The table below depicts school and enrollment information for Aspire’s schools open during 2012-13. As of June 30, 2013, Aspire operated 34 charter schools chartered by twelve chartering authorities. In 2009-10, Aspire opened four schools: Aspire ERES Academy, Aspire Vanguard College Preparatory Academy, Aspire Alexander Twilight College Preparatory Academy, and Aspire Titan Academy. In 2010-11 Aspire opened five additional schools: Aspire Firestone Academy, Aspire Gateway Academy, Aspire APEX Academy, Aspire Alexander Twilight Secondary Academy, and Aspire Pacific Academy. In 2011-12, Aspire opened four additional schools: Aspire Juanita Tate Academy, Aspire Slauson Academy, Aspire Inskeep Academy, and Aspire College Academy. .

In 2011-12, enrollment totaled 11,978, with attendance at 11,563 to produce an ADA rate of 96.5%. In 2012-13, enrollment totaled 12,581 students, representing growth of 5% from the previous year, with attendance at 12,109 students to produce an ADA rate of 96.2%. The average ADA over the past two years was 96.35%, which supports the assumption of 95% used in the multi-year projections. System-wide enrollment for 2011-12 was up by 21.7% from 9,844 students in 2010-11 and approximately 25% from 2009-10 to 2010-11. Projected enrollment totals for 2013-14 through 2017-18 are 12,941, 13,143, 13,436, 13,936, and 14,349 students,¹ respectively. Aspire plans to operate 35 schools in California 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%.

Staff considers the consistency in enrollment growth for AMLA, JCA, and Aspire as supportive of a recommendation for financial soundness.

¹ Enrollment projections listed are for 35 charter schools in California only.

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ASPIRE PUBLIC SCHOOLS: CHARTER HISTORY AND ENROLLMENT							2011-12 Actual			2012-13 Budgeted			2012-13 P2			
Name of School	Year Opened	Charter Date Approved	Approval	Next Renewal Deadline	If expiring in 2013 or a SBC, status of renewal? (as of 1/10/2013)	Chartered By	County	Grades	Enrollment	ADA	Grades	Enrollment	ADA	Grades	Enrollment	ADA
Aspire Vincent Shalvey Academy	1999-00	6/16/2009	3rd	06/30/2014	n/a	Lodi Unified School District	San Joaquin County	K-5	384	373	K-5	388	376	K-5	387	376
Aspire River Oaks Charter School	2001-02	3/1/2011	3rd	6/30/2016	n/a	Lodi Unified School District	San Joaquin County	K-5	376	366	K-5	377	366	K-5	378	367
Aspire Benjamin Holt College Preparatory Academy	2003-04	3/4/2008	2nd	6/30/2018	Approved: 2/19/2013	Lodi Unified School District	San Joaquin County	6-12	642	626	6-12	693	674	6-12	694	675
Aspire Capitol Heights Academy	2003-04	3/27/2008	2nd	6/30/2018	Approved 11/1/2012	Sacramento City Unified School District	Sacramento County	K-5	287	278	K-5	296	287	K-5	285	274
Aspire Rosa Parks Academy	2005-06	3/9/2010	2nd	6/30/2015	n/a	Stockton Unified School District	San Joaquin County	K-5	380	369	K-5	381	370	K-5	381	369
Aspire Summit Charter Academy	2006-07	4/21/2011	2nd	6/30/2016	n/a	Ceres Unified School District	Stanislaus County	K-5	402	387	K-5	402	386	K-5	399	385
Aspire Port City Academy	2007-08	1/11/2007	2nd	6/30/2018	Approved 11/13/2012	Stockton Unified School District	San Joaquin County	K-5	405	390	K-5	405	389	K-5	405	388
Aspire Langston Hughes Academy	2008-09	4/8/2008	1st	6/30/2018	Approved 12/11/2012	Stockton Unified School District	San Joaquin County	6-11	525	510	6-12	613	593	6-12	601	584
Aspire University Charter School	2008-09	11/15/2008	1st	6/30/2018	Approved: 1/15/2013	Sylvan Union Elementary School District	Stanislaus County	K-5	262	253	K-5	264	255	K-5	264	254
Aspire Alexander Twilight College Preparatory Academy	2009-10	1/11/2007	2nd	6/30/2016	Approved 12/11/2012	San Juan Unified School District	Sacramento County	K-5	408	389	K-5	416	396	K-5	412	399
Aspire Vanguard College Preparatory Academy	2009-10	7/8/2009	1st	6/30/2014	n/a	CDE	Stanislaus County	6-11	307	294	6-12	343	329	6-12	328	314
Aspire Alexander Twilight Secondary Academy	2010-11	1/5/2010	2nd	6/30/2016	Approved 12/11/2012	San Juan Unified School District	Sacramento County	6-10	184	176	6-11	284	274	6-11	267	254
Aspire APEX Academy	2010-11	1/11/2007	2nd	6/30/2018	Approved 11/13/2012	Stockton Unified School District	San Joaquin County	K-5	272	261	K-5	281	270	K-5	280	270
Aspire Monarch Academy	2000-01	2/25/2009	3rd	6/30/2014	n/a	Oakland Unified School District	Alameda County	K-5	386	374	K-5	388	376	K-5	388	374
Aspire Lionel Wilson College Preparatory Academy	2002-03	5/30/2007	3rd	6/30/2017	n/a	Oakland Unified School District	Alameda County	6-12	485	471	6-12	495	483	6-12	498	486
Aspire East Palo Alto Charter School	2003-04	3/12/2009	3rd	6/30/2014	Charter revision in process	Ravenswood School District	San Mateo County	K-8	515	500	K-8	531	515	K-8	528	509
Aspire Berkley Maynard Academy	2005-06	2/10/2010	2nd	6/30/2015	n/a	Oakland Unified School District	Alameda County	K-8	564	538	K-8	564	536	K-8	563	538
Aspire Millsmont Academy	2005-06	2/25/2009	2nd	6/30/2014	n/a	Oakland Unified School District	Alameda County	K-5	279	264	K-5	274	259	K-5	264	250
Aspire California College Preparatory Academy	2008-09	8/13/2008	1st	6/30/2013	Approved: 2/12/2013	Alameda County Office of Education	Alameda County	9-12	208	201	9-12	214	207	9-12	222	215
Aspire East Palo Alto Phoenix Academy	2008-09	6/22/2011	2nd	6/30/2016	n/a	Sequoia Union High School District	San Mateo County	9-12	392	373	6-12	483	461	6-12	472	449
Aspire Golden State College Preparatory	2009-10	5/22/2008	1st	6/30/2018	Approved: 1/23/2013	Oakland Unified School District	Alameda County	6-12	222	217	K-8	223	216	K-8	220	214
Aspire ERES Academy	2008-09	5/27/2009	1st	6/30/2014	n/a	Oakland Unified School District	Alameda County	K-8	222	217	K-8	223	216	K-8	220	214
Aspire College Academy	2011-12	7/12/2011	1st	6/30/2013	Approved: 2/12/2013	Alameda County Office of Education	Alameda County	K-5	203	191	K-5	234	221	K-5	235	222
Aspire Antonio Maria Lugo Academy	2005-06	6/9/2009	2nd	6/30/2014	n/a	Los Angeles Unified School District	Los Angeles County	K-5	234	224	K-6	232	222	K-6	233	225
Aspire Centennial College Preparatory Academy	2006-07	6/9/2009	2nd	6/30/2014	n/a	Los Angeles Unified School District	Los Angeles County	6-8	540	524	6-8	540	523	6-8	539	522
Aspire Junior Collegiate Academy	2007-08	1/11/2007	2nd	6/30/2018	Approved by LAUSD: 1/15/2013	Los Angeles Unified School District	Los Angeles County	K-6	296	288	K-5	296	287	K-5	296	288
Aspire Huntington Park Charter School	2008-09	7/8/2008	1st	6/30/2013	Approved: 1/15/2013	Los Angeles Unified School District	Los Angeles County	K-5	230	223	K-6	227	219	K-6	235	227
Aspire Titan Academy	2009-10	1/11/2007	2nd	6/30/2018	Approved by LAUSD: 1/15/2013	Los Angeles Unified School District	Los Angeles County	K-5	293	286	K-5	298	288	K-5	298	291
Aspire Firestone Academy	2010-11	4/20/2010	1st	6/30/2015	n/a	Los Angeles Unified School District	Los Angeles County	K-6	373	359	K-5	378	363	K-5	377	363
Aspire Gateway Academy	2010-11	4/20/2010	1st	6/30/2015	n/a	Los Angeles Unified School District	Los Angeles County	K-6	368	356	K-5	372	358	K-5	375	361
Aspire Pacific Academy	2010-11	5/18/2010	1st	6/30/2015	n/a	Los Angeles Unified School District	Los Angeles County	9-11	475	454	9-12	620	589	9-12	588	560
Aspire Slauson Academy (K - 6, Public School Choice)	2011-12	4/5/2011	1st	6/30/2016	n/a	Los Angeles Unified School District	Los Angeles County	K-6	289	278	K-6	294	283	K-6	324	287
Aspire Tate Academy (K - 6, Public School Choice)	2011-12	4/5/2011	1st	6/30/2016	n/a	Los Angeles Unified School District	Los Angeles County	K-6	285	274	K-6	297	284	K-6	300	288
Aspire Inskip Academy (K - 6, Public School Choice)	2011-12	4/5/2011	1st	6/30/2016	n/a	Los Angeles Unified School District	Los Angeles County	K-6	286	276	K-6	295	283	K-6	325	312

Financial Analysis: Staff's review of Aspire's financial performance is based on three years of audited financial statements (2009-10 through 2011-12), and financial projections from 2012-13 through 2017-18 as provided by Aspire.

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

Long-Term Liabilities – At June 30, 2012, Aspire had outstanding long-term liabilities of \$126.66 million, which is comparable to the \$127.94 million recorded at June 30, 2011. These debt obligations took the forms of a capital lease (\$17.825 million); four California Department of Education (CDE) loans (\$2.21 Million); two CSFP funding agreements (\$10.48 million) under Propositions 47 and 55; two loans from Charter Fund, Inc. (\$1.5 million); one promissory note from Pacific Charter School Development, Inc. (\$3.46 million); and a publicly offered revenue bond (\$93.25 million). Annual payments due under these various obligations will be paid before annual payments are made on the CSFP funding agreements for the projects funded by Proposition 1D. Details regarding these long-term liabilities are provided below.

The capital lease of \$17.825 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 \$1.37 million per year over the term.

One of the CDE loans are in the amount of \$250,000 and became effective in 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 CDE became effective in March 2010 for \$1,050,000. The loan is to be repaid in annual installments of \$210,000 through the final maturity of 2015. An additional CDE loan became effective in June 2011 for 950,000, with a final maturity in 2016. The fourth CDE loan became effective June 2012 for \$750,000, with a final maturity in 2016. The principal is payable in five annual installments of \$187,000.

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.

Charter Fund Inc. provided two loans to Aspire in 2008 and 2009 for a total of \$2.0 million. Both loans bear interest at 4.1% and are interest only until the final two years of the loan

term. The 2008 loan principal is repaid in 2015 and 2016, while the 2009 loan principal is repaid in 2016 and 2017. Aspire received a total of \$500,000 in loan forgiveness for the 2008 loan in 2011 and 2012.

Pacific Charter School Development, Inc. provided a \$4.0 million promissory note in 2010, bearing interest at 0%. Final maturity of the note is 2019.

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.

School Facilities – Aspire anticipates operating charter schools with a projected enrollment of 14,349 students by 2017-18. The facility costs consist of operating leases, 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 - \$439,128; AMLA - \$473,184; AJCA - \$693,720; Rosa Parks - \$231,795. Aspire’s rent costs for East Palo Alto Charter School (EPACS) are not funded through debt or leases but rather take the form of the 3.0% oversight fee paid to Ravenswood City Elementary District for the use of its facilities.

Aspire leases land and buildings for an administrative office in Oakland and leases land and buildings in Berkeley, Empire, Modesto, Stockton, Oakland, Modesto, East Palo Alto, Los Angeles and Sacramento under various operating leases. The financial audit notes that it is unlikely that Aspire will cancel any of these operating leases before they expire. The aggregate rental payments required under the terms of their operating leases ranges from \$2.84 million in 2012-13 to \$681,087 in 2015-16.

Non-Operating Revenues from Contributions - Over the last three years, Aspire received the following total amounts of private grants and contributions averaging \$17.0 million per year: \$18.8 million (2009-10), \$8.8 million (2010-11), and \$23.5 million (2011-12). It is important to note that, although, for accounting purposes, these sizable contributions are shown donated in a particular year, a large portion of these contributions will be given to Aspire over a multiple year period. The financial projections estimate the following donations averaging \$6.9 million per year: \$6.8 million (2013-14), \$7.0 million (2014-15), \$7.7 million (2015-16), \$6.7 million (2016-17), and \$6.0 million (2017-18). Contributions are conservatively projected to represent 4.9% of total revenues in 2016-17 and 2017-18, respectively. 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 \$34.3 million in fundraising receipts included in Aspire’s financial projections, roughly 34.6% is committed and 55.4% is anticipated with the remainder of 10.0% to come from start-up site donations. Aspire’s strong contribution history supports their ability to raise a large percentage of expected contributions.

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In September 2012, Aspire was awarded \$27,851,000 over five years, as part of the US Department of Education’s Teacher Incentive Fund. The award provides better pay structures and professional opportunities to teachers in high poverty schools. Aspire began receiving the funding in 2012-13.

	2013-14	2014-15	2015-16	2016-17	2017-18	TOTAL
Committed Donations						
BTSA Funding	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 2,000,000
Gates - TCRP	\$ 113,000	\$ -	\$ -	\$ -	\$ -	\$ 113,000
CSGF - Operating Support	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000			\$ 5,000,000
Broad	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Tipping Point	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School Growth Fund	\$ 1,400,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ -	\$ 3,500,000
Individuals - Committed	\$ 1,015,000	\$ -	\$ -	\$ -	\$ -	\$ 1,015,000
Sub-total	\$ 3,928,000	\$ 3,350,000	\$ 3,100,000	\$ 1,100,000	\$ 400,000	\$ 11,878,000
% of Total Donations	57.9%	48.0%	40.0%	16.3%	6.6%	34.6%
Anticipated Donations	2,000,000	3,000,000	4,000,000	5,000,000	5,000,000	\$ 19,000,000
Sub-total	\$ 2,000,000	\$ 3,000,000	\$ 4,000,000	\$ 5,000,000	\$ 5,000,000	\$ 19,000,000
% of Total Donations	29.5%	42.9%	51.7%	74.2%	82.8%	55.4%
Additional Donations - Sites	\$ 860,491	\$ 635,624	\$ 640,624	\$ 640,624	\$ 640,624	\$ 3,417,987
% of Total Donations	12.7%	9.1%	8.3%	9.5%	10.6%	10.0%
Total Donations	\$ 6,788,491	\$ 6,985,624	\$ 7,740,624	\$ 6,740,624	\$ 6,040,624	\$ 34,295,987

**Excludes support from US Department of Education*

Staff Adjusted Changes in Net Assets - Aspire’s historical and projected financial operations incorporate the aforementioned described enrollment trends, facility costs and non-operating revenues from contributions.

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 an increase to net assets for 2009-10 and 2011-12 of \$7.00 million and \$11.9 million, respectively. Aspire continues to project increases to net assets in the amounts of \$2.9 million, \$4.9 million, \$5.7 million and \$6.8 million from 2012-13 through 2015-16. From 2016-17 through 2017-18, Aspire projects net revenues available after the CSFP lease payments to be \$3.1 million, and \$2.8 million, respectively.

The 2012-13 ADA funding rates of \$5,077 (grades K – 3), \$5,153 (grades 4 to 6), \$5,306 (grades 7 to 8), and \$6,148 (grades 9 to 12) were used as a base when determining projected future funding rates. Aspire assumed growth of 0% in 2013-14 and 2.5% thereafter to the general purpose block grant per ADA funding rates. The assumed growth rates are applied to the categorical block grant as well. Expenses are expected to increase based on enrollment levels, using the same annual growth COLAs as the per ADA funding rates.

Projected Debt Service Coverage – Debt service coverage ratios on CSFP payments are calculated using net revenues available after payment of debt service on any existing and projected indebtedness. Aspire does have debt outstanding, which has been incorporated

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into their financial projections. Staff calculates Net Revenues Available for CSFP Payments by adding back capital outlay expenses to the projected change in net assets on the presumption that these costs would be deferred if the obligor was unable to make its CSFP payments, and thus these funds would be accessible for CSFP payments.

Assuming a 2.00% interest rate and 30-year repayment period, Aspire’s annual CSFP payments for AMLA, Junior, and Centennial would total to \$1,606,032 commencing in 2015-16. 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 \$1,837,827. The following table presents detail on the CSFP payments for each of Aspire’s four projects. With CSFP payments expected to commence one year after a project’s occupancy date, Aspire’s Net Revenues Available for CSFP Payments in 2016-17 and 2017-18 are projected to provide debt service coverage of 269.3% and 250.2%, respectively.

Aspire Public Schools	Actual FY 2010-11	Actual FY 2011-12	Forecast FY 2012-13	Projected FY 2013-14	Projected FY 2014-15	Projected FY 2015-16	Projected FY 2016-17	Projected FY 2017-18
ENROLLMENT PROJECTIONS								
Enrollment	9,844	11,978	12,581	12,941	13,143	13,436	13,936	14,349
Average Daily Attendance	9,526	11,563	12,109	12,294	12,486	12,764	13,239	13,632
Average Daily Attendance (%)	97%	97%	96%	95%	95%	95%	95%	95%
FINANCIAL PROJECTIONS								
Total Revenues Available for CSFP Lease Payment	\$ 101,657,612	\$ 127,093,506	\$ 115,174,581	\$ 121,954,003	\$ 122,914,876	\$ 126,629,956	\$ 129,252,895	\$ 133,880,167
Total Expenses Paid Before CSFP Lease Payment	98,603,355	119,291,990	116,309,304	118,561,088	118,535,916	121,091,043	125,770,880	130,748,531
Accounting Adjustments	3,933,121	4,057,602	4,276,741	1,780,296	1,517,816	1,466,486	1,466,486	1,466,486
Net Revenues Available for CSFP Lease Payment	\$ 6,987,378	\$ 11,859,118	\$ 3,142,018	\$ 5,173,211	\$ 5,896,776	\$ 7,005,398	\$ 4,948,501	\$ 4,598,122
CSFP Lease Payment	\$ -	\$ -	\$ 231,795	\$ 231,795	\$ 231,795	\$ 231,795	\$ 1,837,827	\$ 1,837,827
Net Revenues After CSFP Lease Payment	\$ 6,987,378	\$ 11,859,118	\$ 2,910,223	\$ 4,941,416	\$ 5,664,981	\$ 6,773,603	\$ 3,110,674	\$ 2,760,295
FINANCIAL INDICATORS								
Net Revenues Available for CSFP Lease Payment	\$ 6,987,378	\$ 11,859,118	\$ 3,142,018	\$ 5,173,211	\$ 5,896,776	\$ 7,005,398	\$ 4,948,501	\$ 4,598,122
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	N/A	269.3%	250.2%
Contributions	\$ 8,818,829	\$ 23,520,278	\$ 7,110,295	\$ 6,788,491	\$ 6,985,624	\$ 7,740,624	\$ 6,740,624	\$ 6,040,624
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	-1712.0%	-696.9%	-469.7%	-317.2%	-97.5%	-78.5%
CSFP Lease Payment / Revenues	N/A	N/A	0.2%	0.2%	0.2%	0.2%	1.4%	1.4%
Contributions / Revenues	8.7%	18.5%	6.2%	5.6%	5.7%	6.1%	5.2%	4.5%
Net Revenues After CSFP Lease Payment / Revenues	6.9%	9.3%	2.5%	4.1%	4.6%	5.3%	2.4%	2.1%
Revenues / ADA	\$ 10,672	\$ 10,991	\$ 9,511	\$ 9,920	\$ 9,844	\$ 9,921	\$ 9,763	\$ 9,821
Expenses / ADA	\$ 10,351	\$ 10,317	\$ 9,624	\$ 9,663	\$ 9,512	\$ 9,505	\$ 9,639	\$ 9,726
Surplus (Deficit) / ADA	\$ 321	\$ 675	\$ (113)	\$ 257	\$ 332	\$ 416	\$ 124	\$ 95
Net Working Capital	\$ 27,541,626	\$ 31,448,602						
Net Working Capital / Expenses	27.9%	26.4%						

* The 2012-13 revenue figures do not include the “restricted carryover from previous year” line item (\$4.1M).

School (Project)	CSFP Facility Occupancy Date	Project Cost	50% of Project Cost (Local Match)	Estimated Annual Payment*
Prop 1D: Clarendon, SBC (K-8)	2014-15	\$ 31,073,722	\$ 15,536,861	\$ 693,720
Prop 1D: Antonio Maria Lugo Academy (K-5)	2014-15	21,195,282	10,597,641	473,184
		\$ 52,269,004	\$ 26,134,502	\$ 1,166,904
Prop 55: Centennial College Preparatory	2012-13	\$ 19,669,826	\$ 9,834,913	\$ 439,128
Prop 47: Rosa Parks Academy	2008-09	\$ 9,517,000	\$ 4,680,246	\$ 231,795
Total		\$ 81,455,830	\$ 40,649,661	\$ 1,837,827

*CSFP payments for Rosa Parks represent actual amounts
Estimated CSFP lease payments are accounted for when calculating debt service coverage in 2016-17.

Liquidity – For the fiscal year ending June 30, 2010, Aspire’s maintained a slim cash balance of \$72,506. Cash balances increased markedly to \$8.8 million in 2010-11 and \$12.2 million in 2011-12. 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, 2011 was \$27.5 million, or 27.9% of total expenses, and increased to \$31.45 million as June 30, 2012, or 26.4% of total expenses. Aspire’s 2011-12 NWC and cash balances indicate a strengthening of the liquidity position compared to Staff’s most recent financial soundness review.

Strengths, Weaknesses and Mitigants

- + Aspire’s schools at-large, as well as AMLA and JCA individually, have demonstrated consistently strong academic performance. Both AMLA and JCA met all AYP criteria during three of the past four years, and both schools achieved API growth scores in excess of 800 over the past three years.
- + Aspire schools at-large, as well as AMLA and JCA individually, have shown consistent student enrollment growth. Aspire schools at-large have grown more than 50% in enrollment between 2009-10 and 2012-13, and AMLA and JCA individually have grown by 19% and 55% over the past four years, respectively.
- + Staff projects debt service coverage ratios for 2014-15 and 2015-16 of 269.3% and 250.2%, respectively. Aspire would need to receive at least 54% of expected contributions 2016-17 and 2017-18 to maintain debt service coverage ratios of greater than 100.0%.
- + Strong management and leadership with support of local districts
- Outstanding long-term liabilities of \$126.66 million as of June 30, 2012

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that Aspire Public Schools (Aspire), on behalf of Aspire Antonio Maria Lugo Academy (AMLA) and Aspire Junior Collegiate Academy (JCA), is financially sound for the Charter School Facilities Program (Program) Advance and/or Final Apportionment under the Program. This determination is in place for six months and assumes no financial, operational, or legal material findings within this time period. This determination of financial soundness also is contingent upon Aspire agreeing 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 immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.