

**CHARTER SCHOOL FACILITIES PROGRAM  
STAFF SUMMARY REPORT – APRIL 2015**

<b>Applicant/Obligor:</b>	Aspire Public Schools
<b>Project School:</b>	Aspire Antonio Maria Lugo Academy
<b>CDS (County – District – School) Code:</b>	19-64733-0109660
<b>Project Location:</b>	To Be Determined
<b>Type of Project:</b>	New Construction
<b>County:</b>	Los Angeles County
<b>District in which Project is Located:</b>	Los Angeles Unified School District
<b>Charter Authorizer:</b>	Los Angeles Unified School District
<b>Total OPSC Project Cost:</b>	\$21,195,282
<b>State Apportionment (50% Project Cost):</b>	\$10,597,641
<b>Lump Sum Contribution:</b>	\$0
<b>Total CSFP Financed Amount:</b>	\$10,597,641
<b>Length of CSFP Funding Agreement:</b>	30 years
<b>Assumed Interest Rate:</b>	3.00%
<b>Estimated Annual CSFP Payment:</b>	\$540,684
<b>First Year of Occupancy of New Project:</b>	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) is financially sound for the Charter School Facilities Program (Program) Final Apportionment under the Program. This determination as it relates to an Final 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:** 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 Aspire Clarendon (formerly Junior Collegiate Academy), and a preliminary apportionment under Proposition 1D of \$21,195,282 for AMLA. However, Aspire Clarendon has since rescinded its award. After being found financially sound for Advance Apportionment in August 2013, Aspire AMLA received its Advance Apportionment for design in the amount of

\$1,419,528.20 and Advance Apportionment for site acquisition in the amount of \$5,500,000. Aspire, on behalf of AMLA, is seeking a Proposition 1D Final Apportionment.

Staff's financial analysis of Aspire assumes that the organization's 50% local matching share of the combined funding amount of \$40,865,108 is documented through a 30-year funding agreement with CSFA at an interest rate of 3.00%, resulting in annual payments of \$1,042,454 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 \$1,274,249.

**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.

<b>Criteria</b>	<b>Comments</b>
<b>EMO Information</b>	
Demographic Information	<ol style="list-style-type: none"> <li>1. In 2014-15, Aspire operated 34 schools across California serving 13,519 students, up by 4.3% from the prior year. In 2013-14, Aspire's enrollment totaled 12,948, up 3.0% from 2012-13, and in 2011-12, enrollment increased by 5.0% from 11, 978 to 12,581. Projected enrollment totals for 2015-16 through 2018-19 are 14,213 for 2015-16 and 14,307 for all subsequent years, which is reasonable in relation to historical growth.</li> <li>2. The average ADA over the past three years was 96.3%, which supports the assumption of 95% used in the multi-year projections.</li> </ol>
Student Performance	<ol style="list-style-type: none"> <li>1. The vast majority of Aspire schools achieved API growth scores of greater than 800, including more than 70% of the schools in 2012-13.</li> <li>2. 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 2011-12. However, in 2012-13, only 3 of 30 schools (10%) met all AYP criteria (one of these schools is AMLA)</li> </ol>
Debt Service Coverage	Based on Aspire's financial projections, the projected debt service coverage levels for the anticipated combined CSFP lease payment in 2016-17, 2017-18, and 2018-19 are 262.6%, 243.8%, and 222.2%, respectively. Aspire will need to receive on average at least 55% (\$2.2 million) of expected contributions in 2016-17 through 2018-19 in order to meet the 100% projected debt service coverage ratio threshold.

<p>Other Financial Factors ***(to be completed)</p>	<ol style="list-style-type: none"> <li>1. Measured as a percentage of total revenues, contributions from 2016-17 through 2018-19 are projected to average 2.5% annually, which is below the 15.0% threshold level employed by staff.</li> <li>2. Aspire's net working capital (NWC) at June 30, 2014 was \$56.5 million, or 42.6% of total expenses. Staff considers NWC in excess of 5.0% of total expenses to be a strong liquidity indicator.</li> </ol>
<b>School Information</b>	
<p>Eligibility Criteria</p>	<p>AMLA has met all eligibility criteria: (1) AMLA commenced operations in 2005-06; (2) AMLA's charter was renewed in 2014 with its chartering authorizer, Los Angeles County Office of Education, and is in place through June 2019; and (3) AMLA is in good standing with its chartering authority, and in compliance with the terms of its charter.</p>
<p>Student Performance</p>	<ol style="list-style-type: none"> <li>1. For each of these four years, 2009-10 through 2012-13, AMLA met its API growth target with API growth scores in excess of 800.</li> <li>2. For three of the four most recent years for which is data is available, all years except 2011-12, AMLA met all AYP criteria.</li> </ol>
<p>Demographic Information</p>	<ol style="list-style-type: none"> <li>1. AMLA has shown consistent student enrollment growth from 2008-09 through 2011-12, and stable student enrollment over the past two years, with enrollment of 197, 203, 224, 234, and 235 for 2008-09 through 2012-13, respectively, all in grades K-6. For 2013-14 and 2014-15, AMLA had 185 and 190 students in grades K-5, respectively, which also reflects stable enrollment based on grades served.</li> <li>2. AMLA is projecting student enrollment of 360 for 2015-16 and in all subsequent years.</li> <li>3. For 2013-14 and 2014-15, AMLA achieved year-to-year retention rates of 91% and 94%, respectively.</li> </ol>

**Program Eligibility:** On February 23, 2015, verification was received from the Assistant Superintendent for the Los Angeles County Office of Education confirming that AMLA is (1) in compliance with the terms of its charter agreement, and (2) is in good standing with its chartering authority. AMLA's charter was renewed in 2014 with LACOE and is effective through 2019.

**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:** AMLA's proposed project is for new construction of a 15-classroom 35,000 square feet, K-5 school facility at 6100 Carmalita Avenue in Huntington Park on a 1.84 acre lot. This facility is to be located within a two miles of the currently leased facility at 2565 E. 58th St., Huntington Park. This new facility is anticipated to accommodate up to 400 students. The area is an economically disadvantaged neighborhood within LAUSD's boundaries. The expected construction completion date is the beginning of the 2015-16 school year, with occupancy expected immediately thereafter.

**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's charter was most recently approved by LACOE for five years and is effective through June 30, 2019. AMLA served 185 students in grades K-5 during 2013-14 academic year, representing a drop from 235 during the previous year due to AMLA's having moved into a smaller temporary facility during 2013-14. AMLA's enrollment for the current 2014-15 academic year is 190 students in grades K-5. However, enrollment is expected to increase to 360 grade K-5 students in 2015-16 when the new facility is opened.

**School Management:** AMLA's current Principal is Sandra Lee. Ms. Lee has served as Principal since 2012. Prior to this position Ms. Lee served as the Lead Literacy Intervention Specialist (2010-12). Ms. Lee holds a Masters degree in Reading from California State University, Fullerton, as well as a Clear California Multiple Subjects Credential, K-12 California Reading/Language Arts Specialist Credential, and Preliminary Administrative Credential.

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

**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. Aspire grew its organization from one charter school,

Aspire Vincent Shalvey Academy to nine schools by 2008-09. 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 2013-14, Aspire opened two additional schools, Aspire Triumph Technology Academy and Aspire Centennial College Preparatory Academy. (Aspire gave the name Aspire Centennial College Preparatory Academy to a new school in 2013-14, which was the same as the former name of Aspire Ollin University Preparatory Academy, even though they represent different charters.) In 2014-15, Aspire operated 34 schools across California serving 12,581 students.

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.

Delphine Sherman has served as Vice President and Director of Finance since May 2009. Ms. Sherman is responsible for the financial management of Aspire and oversees the finance and accounting teams. Prior to joining Aspire, Ms. Sherman was the Vice President of Client Services at EdTec, working with dozens of charter schools across the state in a financial and operational capacity. Before joining the education finance field, Ms. Sherman was a Senior Consulting Associate at Cambridge Associates, consulting to foundations and endowments on their investment strategy and manager selection. Ms. Sherman is a graduate of Dartmouth College and has an M.B.A. from U.C. Berkeley. She has also

served on several non-profit boards in the Bay Area, and is currently an advisory board member for the Center for Nonprofit and Public Leadership at the Haas School of Business at UC Berkeley.

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.

**Student Performance:** Pursuant to SB X51 (2010), a designated California State Commission was given the authority to review the Common Core State Standards (Standards), as promulgated by the U.S. Department of Education, and make recommendations to the California Board of Education (Board). This resulted in the Board's adoption of the Standards for purposes of statewide accountability on academic performance. Although this adoption does not directly require all local educational agencies (LEAs) to adopt the standards, pursuant to Education Code, Sections 52060 through 52077, in order for districts to receive funding through LCFF, school districts must submit "Local Control and Accountability Plans" (LCAPs) to their respective county offices of education that address State and local educational priorities, and, pursuant to Education Code, Section 52060(d)(2), these priorities must include Common Core State Standards.

Assessments based on the Standards are derived from the "Smarter Balanced Assessment System," a test planned for initial implementation in spring 2015 for purposes of establishing a baseline for comparing academic performance between schools, and subsequent improvement. As such, the Standards do not currently provide metrics for comparing academic performance between schools.

It is noteworthy that since 2013, CDE's Accountability Progress Reporting has significantly changed in that Growth Academic Performance Index (API) and Base API reporting has been temporarily suspended and rankings are no longer being reported, and Adequate Yearly Progress (AYP) reporting pursuant the No Child Left Behind Act of 2001 has been limited to public high schools receiving Title 1 funding when they meet specific enrollment criteria.

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), has reflected increases each year up to 2012-13 when the percent-proficient requirement in both mathematics and English-language arts reached approximately 89%.<sup>[1]</sup> Therefore, with each successive year, charter schools have been increasingly challenged in "making AYP" (meeting all AYP criteria). This requirement

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<sup>[1]</sup> Information regarding AYP requirements are derived from the California Department of Education's "2013 Adequate Yearly Progress Report Information Guide."

applies to both school wide performance and performance of each numerically significant subgroup within any school.

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. However, due the recent changes to Common Core State Standards, student performance information for purposes of the financial soundness determination is limited to API up until 2012-13 and AYP up to 2012-13 with the exception of specific high schools receiving Title 1 funding.

AMLA has more than four years of reported API scores and AYP results, allowing a review of progress and comparison to similar schools. The following table summarizes AMLA's student performance for 2009-10 through 2012-13.

Aspire Antonio Maria Lugo Academy	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
<b>ADEQUATE YEARLY PROGRESS (AYP)</b>				
Met All AYP Criteria?	Yes	Yes	No	Yes
Criteria Met / Required Criteria	17 / 17	17 / 17	9 / 17	17 / 17
Met API Indicator for AYP?	Yes	Yes	Yes	Yes
Met Graduation Rate?	N/A	N/A	N/A	N/A
<b>ACADEMIC PERFORMANCE INDEX (API)</b>				
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)	7	8	7	6
API Base Similar Schools Rank (10 = best)	10	10	10	9
School's Actual Growth	23	0	-22	14
Similar Schools Median of Actual Growth	10	6	10	N/A
Did School's Growth Exceed Median?	Yes	No	No	N/A

For three of the four most recent years for which is data is available, all years except 2011-12, AMLA met all AYP criteria. For each of these four years, 2009-10 through 2012-13, AMLA met its API growth target with API growth scores in excess of 800. 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).

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.

<b>Aspire Public Schools - API Growth Scores</b>				
<b>School</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Aspire Alexander Twilight College Preparatory Academy (K-5)	766	802	829	828
Aspire Antonio Maria Lugo Academy (K-5)	847	847	825	835
Aspire Benjamin Holt College Preparatory Academy (6-12)	886	891	890	892
Aspire Berkley Maynard Academy (K-8)	825	841	851	833
Aspire California College Preparatory Academy (K-12)	835	825	790	792
Aspire Capitol Heights Academy (K-5)	825	836	870	860
Aspire Ollin University Prep (formerly Aspire Centennial College Preparatory Academy) (6-8)	794	789	809	807

*Items 6 – Aspire Public Schools  
Aspire Antonio Maria Lugo Academy*

<b>Aspire Public Schools - API Growth Scores</b>				
<b>School</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Aspire East Palo Alto Charter School (K-8)	882	866	825	822
Aspire East Palo Alto Phoenix Academy (9-12)	791	764	779	819
Aspire ERES Academy (K-8)	695	765	812	833
Aspire Huntington Park Charter School (K-5)	833	830	853	826
Aspire Junior Collegiate Academy (K-6)	844	868	841	852
Aspire Langston Hughes Academy (6-11)	793	780	769	785
Aspire Lionel Wilson College Preparatory Academy (6-12)	797	799	827	807
Aspire Millsmont Academy (K-5)	757	749	737	732
Aspire Golden State College Preparatory Academy (6-12)	661	736	699	676
Aspire Monarch Academy (K-5)	825	787	773	761
Aspire Port City Academy (K-5)	870	868	855	844
Aspire River Oaks Charter School (K-5)	887	885	890	901
Aspire Rosa Parks Academy (K-5)	813	806	815	804
Aspire Summit Charter Academy (K-5)	839	879	868	860
Aspire Titan Academy (K-5)	824	849	854	838
Aspire University Charter School (K-5)	916	937	921	917
Aspire Vanguard College Preparatory Academy (6-11)	857	847	837	876
Aspire Vincent Shalvey Academy (K-5)	927	936	931	917
Aspire Apex Academy (K-5)	N/A	742	712	751
Aspire Alexander Twilight Secondary Academy (6-10)	N/A	700	745	730
Aspire Firestone Academy (K-6)	N/A	815	836	860
Aspire Gateway Academy (K-6)	N/A	803	839	844
Aspire Pacific Academy (9-11)	N/A	757	737	741

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 70% of the schools in 2012-13.

<b>Aspire – Base API Score Statewide Ranking / Similar School Ranking (10 = best)</b>				
<b>School</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Aspire Alexander Twilight College Preparatory Academy (K-5)	N/A	4/4	5/5	6/7
Aspire Antonio Maria Lugo Academy (K-5)	7/10	8/10	7/10	6/9
Aspire Benjamin Holt College Preparatory Academy (6-12)	9/10	10/10	10/9	10/10
Aspire Berkley Maynard Academy (K-8)	7/10	7/10	7/10	7/10
Aspire California College Preparatory Academy (K-12)	9/10	9/10	9/10	7/10
Aspire Capitol Heights Academy (K-5)	7/10	7/10	7/10	8/10
Aspire Ollin University Prep (formerly Centennial College Preparatory Academy) (6-8)	7/10	6/10	6/10	6/9
Aspire East Palo Alto Charter School (K-8)	8/10	9/10	8/10	6/10
Aspire East Palo Alto Phoenix Academy (9-12)	N/A	N/A	6/N/A	6/10
Aspire ERES Academy (K-8)	N/A	1/3	3/7	5/10
Aspire Huntington Park Charter School (K-5)	7/10	7/10	6/10	7/10
Aspire Junior Collegiate Academy (K-6)	6/10	7/10	8/10	7/10



<b>Aspire – Base API Score Statewide Ranking / Similar School Ranking (10 = best)</b>				
<b>School</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Aspire Langston Hughes Academy (6-11)	5/9	6/10	5/9	4/5
Aspire Lionel Wilson College Preparatory Academy (6-12)	8/10	8/10	8/10	8/10
Aspire Millsmont Academy (K-5)	5/9	3/4	2/4	2/2
Aspire Golden State College Preparatory Academy (6-12)	2/7	1/6	4/9	3/7
Aspire Monarch Academy (K-5)	5/10	7/10	4/7	3/4
Aspire Port City Academy (K-5)	7/10	8/10	8/10	7/8
Aspire River Oaks Charter School (K-5)	8/9	9/10	9/10	9/9
Aspire Rosa Parks Academy (K-5)	5/7	6/8	5/8	5/7
Aspire Summit Charter Academy (K-5)	8/10	7/8	8/9	8/7
Aspire Titan Academy (K-5)	N/A	6/10	7/9	7/10
Aspire University Charter School (K-5)	9/10	10/10	10/10	9/7
Aspire Vanguard College Preparatory Academy (6-11)	N/A	9/10	8/10	7/7
Aspire Vincent Shalvey Academy (K-5)	10/10	10/10	10/10	10/9
Aspire Apex Academy (K-5)	N/A	N/A	2/N/A	1/1
Aspire Alexander Twilight Secondary Academy (6-10)	N/A	N/A	2/2	3/3
Aspire Firestone Academy (K-6)	N/A	N/A	6/8	6/9
Aspire Gateway Academy (K-6)	N/A	N/A	5/6	7/8
Aspire Pacific Academy (9-11)	N/A	N/A	6/10	4/8

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.

<b>Aspire Public Schools – Met All AYP Targets</b>				
<b>School</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Aspire Alexander Twilight College Preparatory Academy (K-5)	No	No	No	No
Aspire Antonio Maria Lugo Academy (K-5)	Yes	Yes	No	Yes
Aspire Benjamin Holt College Preparatory Academy (6-12)	Yes	No	No	No
Aspire Berkley Maynard Academy (K-8)	No	Yes	No	No
Aspire California College Preparatory Academy (K-12)	Yes	Yes	No	Yes
Aspire Capitol Heights Academy (K-5)	Yes	Yes	Yes	No
Aspire Ollin University Prep (formerly Aspire Centennial College Preparatory Academy) (6-8)	Yes	No	No	No
Aspire East Palo Alto Charter School (K-8)	Yes	Yes	No	No
Aspire East Palo Alto Phoenix Academy (9-12)	Yes	No	Yes	Yes
Aspire ERES Academy (K-8)	No	Yes	Yes	No
Aspire Huntington Park Charter School (K-	Yes	No	Yes	No

<b>Aspire Public Schools – Met All AYP Targets</b>				
<b>School</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
5)				
Aspire Junior Collegiate Academy (K-6)	Yes	Yes	No	No
Aspire Langston Hughes Academy (6-11)	Yes	No	No	No
Aspire Lionel Wilson College Preparatory Academy (6-12)	No	No	No	No
Aspire Millsmont Academy (K-5)	No	No	No	No
Aspire Golden State College Preparatory Academy (6-12)	No	Yes	No	No
Aspire Monarch Academy (K-5)	Yes	No	No	No
Aspire Port City Academy (K-5)	Yes	No	No	No
Aspire River Oaks Charter School (K-5)	Yes	No	No	No
Aspire Rosa Parks Academy (K-5)	Yes	No	No	No
Aspire Summit Charter Academy (K-5)	No	Yes	No	No
Aspire Titan Academy (K-5)	No	Yes	Yes	No
Aspire University Charter School (K-5)	Yes	Yes	Yes	No
Aspire Vanguard College Preparatory Academy (6-11)	No	No	No	No
Aspire Vincent Shalvey Academy (K-5)	Yes	Yes	Yes	No
Aspire Apex Academy (K-5)	N/A	No	No	No
Aspire Alexander Twilight Secondary Academy (6-10)	N/A	No	Yes	No
Aspire Firestone Academy (K-6)	N/A	No	No	No
Aspire Gateway Academy (K-6)	N/A	No	Yes	No
Aspire Pacific Academy (9-11)	N/A	No	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 2011-12. However, in 2012-13, only 3 of 30 schools (10%) met all AYP criteria (one of these schools is AMLA). Staff acknowledges the challenge for schools in meeting the percent-proficient requirement of approximately 90% in 2012-13 in both mathematics and English-language arts, and does not consider results for this year to be indicative of general performance.

Overall, staff considers Aspire’s consistently high academic performance across all schools, as well as AMLA’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 two years, with enrollment of 197, 203, 224, 234, and 235 for 2008-09 through 2012-13, respectively, all in grades K-6. For 2013-14 and 2014-15, AMLA had 185 and 190 students in grades K-5, respectively, which also reflects stable enrollment based on grades served. AMLA is projecting student enrollment of 360 for 2015-16 and in all subsequent years. For 2013-14 and 2014-15, AMLA achieved year-to-year retention rates of 91% and 94%, respectively. For 2012-13 and 2013-14, AMLA achieved ADA rates of 95.7% and 96.6%, respectively. AMLA has a current wait list of 271 students.

The table below depicts school and enrollment information for Aspire's schools open during 2014-15. For the current 2014-15 fiscal year, Aspire operates 34 charter schools under twelve chartering authorities.

In 2011-12, enrollment totaled 11,978, with average daily attendance (ADA) rate of 96.5%. In 2012-13, enrollment totaled 12,581 students, representing growth of approximately 5.0% from the previous year, with an ADA rate of 96.2%. In 2013-14, enrollment totaled 12,958, representing growth of approximately 3.0% students, with an ADA rate of 96.6%. In 2014-15, enrollment has totaled 13,519 students, representing growth of approximately 4.1%, with an ADA rate of 96.1%. Aspire is projecting conservative enrollment growth up through 2018-19, with a projection of 14,213 students in 2015-16 and 14,307 students in each of 2016-17 through 2018-19, which is consistent with its recent historical trend.

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

ASPIRE PUBLIC SCHOOLS: CHARTER HISTORY							2012-13 P2			2013-2014 P2			2014-2015 P1			Notes
Name of School	Year Opened	Current Charter Term	Next Renewal Deadline	Charter Renewal Status	Chartered By	County	Grades	Enrollment	ADA	Grades	Enrollment	ADA	Grades	Enrollment	ADA	
Aspire Vincent Shalvey Academy	1999-00	2014-15 to 2018-19	6/30/2019	n/a	Lodi Unified School District	San Joaquin County	K-5	387	376	K-5	389	378	K-5	389	375	
Aspire River Oaks Charter School	2001-02	2011-12 to 2015-16	6/30/2016	n/a	Lodi Unified School District	San Joaquin County	K-5	378	367	K-5	382	371	K-5	388	374	
Aspire Benjamin Holt College Preparatory Academy	2003-04	2013-14 to 2017-18	6/30/2018	n/a	Lodi Unified School District	San Joaquin County	6-12	694	675	6-12	707	689	6-12	722	699	
Aspire Capitol Heights Academy	2003-04	2013-14 to 2017-18	6/30/2018	n/a	Sacramento City Unified School District	Sacramento County	K-5	285	274	K-5	297	286	K-5	305	291	
Aspire Rosa Parks Academy	2005-06	2010-11 to 2014-15	6/30/2015	Approved	Stockton Unified School District	San Joaquin County	K-5	381	369	K-5	381	370	K-5	377	363	
Aspire Summit Charter Academy	2006-07	2011-12 to 2015-16	6/30/2016	n/a	Ceres Unified School District	Stanislaus County	K-5	399	385	K-5	406	392	K-5	405	388	
Aspire Langston Hughes Academy	2008-09	2013-14 to 2017-18	6/30/2018	n/a	Stockton Unified School District	San Joaquin County	6-12	601	584	6-12	650	629	6-12	688	662	
Aspire Port City Academy	2007-08	2013-14 to 2017-18	6/30/2018	n/a	Stockton Unified School District	San Joaquin County	K-5	405	388	K-5	407	393	K-5	409	390	
Aspire University Charter School	2008-09	2013-14 to 2017-18	6/30/2018	n/a	Sylvan Union Elementary School District	Stanislaus County	K-5	264	254	K-5	263	255	K-5	265	256	
Aspire Vanguard College Preparatory Academy	2009-10	2014-15 to 2018-19	6/30/2019	n/a	Modesto City Schools (High)	Stanislaus County	6-12	328	314	6-12	323	309	6-12	308	294	
Aspire Alexander Twilight College Preparatory Academy	2009-10	2011-12 to 2015-16	6/30/2016	n/a	San Juan Unified School District	Sacramento County	K-5	412	399	K-5	418	402	K-5	425	407	
Aspire Alexander Twilight Secondary Academy	2010-11	2011-12 to 2015-16	6/30/2016	n/a	San Juan Unified School District	Sacramento County	6-11	267	254	6-12	315	302	6-12	363	346	
Aspire APEX Academy	2010-11	2013-14 to 2017-18	6/30/2018	n/a	Stockton Unified School District	San Joaquin County	K-5	280	270	K-5	281	272	K-5	309	298	
Aspire Monarch Academy	2000-01	2014-15 to 2018-19	6/30/2019	n/a	Oakland Unified School District	Alameda County	K-5	388	374	K-5	392	381	K-5	394	380	
Aspire Lionel Wilson College Preparatory Academy	2002-03	2012-13 to 2016-17	6/30/2017	n/a	Oakland Unified School District	Alameda County	6-12	498	486	6-12	498	487	6-12	487	473	
Aspire East Palo Alto Charter School	2003-04	2014-15 to 2018-19	6/30/2019	n/a	Ravenswood School District	San Mateo County	K-8	528	509	K-8	534	519	K-6	426	412	
Aspire Berkley Maynard Academy	2005-06	2010-11 to 2014-15	6/30/2015	Approved	Oakland Unified School District	Alameda County	K-8	563	538	K-8	560	539	K-8	561	538	
Aspire Millsmont Academy	2005-06	n/a	n/a	n/a	Oakland Unified School District	Alameda County	K-5	264	250	K-5	265	251			Closed after 13-14	
Aspire California College Preparatory Academy	2008-09	2013-14 to 2017-18	6/30/2018	n/a	Alameda County Office of Education	Alameda County	9-12	222	215	9-12	229	223	9-12	241	231	
Aspire East Palo Alto Phoenix Academy	2008-09	2014-15 to 2018-19	6/30/2019	n/a	Ravenswood School District	San Mateo County	9-12	472	449	9-12	202	194	7-12	332	318	
Aspire Golden State College Preparatory	2009-10	2013-14 to 2017-18	6/30/2018	n/a	Oakland Unified School District	Alameda County	6-11	220	214	6-12	515	493	6-12	557	530	
Aspire ERES Academy	2008-09	2014-15 to 2018-19	6/30/2019	n/a	Oakland Unified School District	Alameda County	K-8	220	214	K-8	222	216	K-8	222	214	
Aspire College Academy	2011-12	2013-14 to 2017-18	6/30/2018	n/a	Oakland Unified School District	Alameda County	K-5	235	222	K-5	256	244	K-5	277	264	
Aspire Triumph Technology Academy	2013-14	2014-15 to 2018-19	6/30/2019	n/a	Oakland Unified School District	Alameda County							K-5	278	262	
Aspire Antonio Maria Lugo Academy	2005-06	2014-15 to 2018-19	6/30/2019	n/a	Los Angeles County Office of Education	Los Angeles County	K-6	233	225	K-5	184	179	K-5	190	184	
Aspire Olin University Preparatory Academy	2006-07	2014-15 to 2018-19	6/30/2019	n/a	Los Angeles County Office of Education	Los Angeles County	6-8	539	522	7-9	544	528	7-10	566	545	
Aspire Junior Collegiate Academy	2007-08	2013-14 to 2017-18	6/30/2018	n/a	Los Angeles Unified School District	Los Angeles County	K-5	296	288	K-5	296	290	K-5	296	287	
Aspire Huntington Park Charter School	2008-09	2013-14 to 2017-18	6/30/2018	n/a	Los Angeles Unified School District	Los Angeles County	K-6	235	227	K-5	233	227	K-5	235	229	
Aspire Titan Academy	2009-10	2013-14 to 2017-18	6/30/2018	n/a	Los Angeles Unified School District	Los Angeles County	K-5	298	291	K-5	324	316	K-5	328	319	
Aspire Pacific Academy	2010-11	2010-11 to 2014-15	6/30/2015	Approved	Los Angeles Unified School District	Los Angeles County	9-12	588	560	10-12	438	417	6 <sup>th</sup> , 11 <sup>th</sup> , 12 <sup>th</sup>	457	439	
Aspire Firestone Academy	2010-11	2010-11 to 2014-15	6/30/2015	Approved	Los Angeles Unified School District	Los Angeles County	K-5	377	363	K-5	391	376	K-5	414	400	
Aspire Gateway Academy	2010-11	2010-11 to 2014-15	6/30/2015	Approved	Los Angeles Unified School District	Los Angeles County	K-5	375	361	K-5	387	372	K-5	402	387	
Aspire Tate Academy (K - 6, Public School Choice)	2011-12	2011-12 to 2015-16	6/30/2016	n/a	Los Angeles Unified School District	Los Angeles County	K-6	300	288	K-6	312	300	K-6	331	318	
Aspire Inskip Academy (K - 6, Public School Choice)	2011-12	2011-12 to 2015-16	6/30/2016	n/a	Los Angeles Unified School District	Los Angeles County	K-6	325	312	K-6	339	327	K-6	358	341	
Aspire Slauson Academy (K - 6, Public School Choice)	2011-12	2011-12 to 2015-16	6/30/2016	n/a	Los Angeles Unified School District	Los Angeles County	K-6	324	287	K-6	313	303	K-6	327	315	
Aspire Centennial College Preparatory Academy	2013-14	2012-13 to 2016-17	6/30/2017	n/a	Los Angeles Unified School District	Los Angeles County				6-7	304	296	6-8	488	471	

12,581 12,109 12,958 12,525 13,519 12,998

**Financial Analysis:** Staff's review of Aspire's financial performance is based on three years of audited financial statements (2011-12 through 2013-14), and financial projections from 2014-15 through 2018-19 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, 2014, Aspire had outstanding long-term liabilities of \$133.3 million. These debt obligations took the forms of capital leases (\$16.6 million); California Department of Education (CDE) loans (\$1.08 Million); three CSFP funding agreements (\$17.4 million) under Propositions 47, 55, and 1D; two loans from Charter Fund, Inc. (\$4.5 million); one promissory note from Pacific Charter School Development, Inc. (\$3.0 million); and a publicly offered revenue bond (\$92.8 million). Annual payments due under these various obligations will be paid before annual payments are made on the CSFP funding agreements. Details regarding these long-term liabilities are provided below.

The capital lease of \$16.625 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.

CDE Loans are outstanding for sixteen Aspire schools with interest rates ranging from 0.38% - 2.69% and a 2017 final maturity.

The three 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 and 1D financing (Ollin and AMLA).

Charter Fund Inc. provided two loans to Aspire in 2009 and 2012 for a total of \$4.5 million. Loans bear interest at 4.1% and 1.0%, respectively. The 2009 loan principal is repaid in 2016 and 2017, while the 2012 loan principal is repaid in 2018 and 2022. The 2012 loan has the potential to be forgiven if certain milestones are met.

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 on July 1.

**School Facilities** – Aspire anticipates operating charter schools with a projected enrollment of 14,307 students by 2018-19. 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 three schools: Aspire Ollin University Prep - \$501,770; AMLA - \$540,684; 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 Berkley, 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 were \$3.37 million in 2013-14 and \$3.07 million expected in 2014-15.

**Non-Operating Revenues from Contributions** - Over the last two years, Aspire received the following total amounts of private grants and contributions, averaging \$6.69 million per year: \$5.95 million (2012-13) and \$7.43 million (2013-14). 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 \$4.065 million per year from 2015-16 through 2018-19. Contributions are conservatively projected to represent 2.5% of total revenues in 2017-18 and 2018-19, 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 \$23.7 million in fundraising receipts included in Aspire’s financial projections, roughly 30.4% is committed and 60.4% is anticipated with the remainder of 9.2% to come from start-up site donations. Aspire’s strong contribution history supports their ability to raise a large percentage of expected contributions.

	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
<b>Committed Donations - Current Year</b>						
CSGF - Operating Support	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Charter School Growth Fund	\$ 1,400,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 4,200,000
Tipping Point	\$ 1,000,000					
Sub-total	\$ 4,400,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 7,200,000
% of Total Donations	59.2%	17.2%	17.2%	17.2%	17.2%	30.4%
<b>Anticipated Donations</b>	2,314,074	3,000,000	3,000,000	3,000,000	3,000,000	\$ 14,314,074
Sub-total	\$ 2,314,074	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 14,314,074
% of Total Donations	31.2%	73.8%	73.8%	73.8%	73.8%	60.4%
<b>Additional Donations - Sites</b>	\$ 714,090	\$ 365,000	\$ 365,000	\$ 365,000	\$ 365,000	\$ 2,174,090
% of Total Donations	9.6%	9.0%	9.0%	9.0%	9.0%	9.2%
<b>Total Donations - Current Year</b>	<b>\$ 7,428,164</b>	<b>\$ 4,065,000</b>	<b>\$ 4,065,000</b>	<b>\$ 4,065,000</b>	<b>\$ 4,065,000</b>	<b>\$ 23,688,164</b>

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.

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 2012-13 and 2013-14 of \$10.49 million and \$23.25 million, respectively. The marked increase in net revenue in 2013-14 is due increases in LCFF funding and further releases of restricted funds for use by Aspire, approximately \$11.5 million higher in 2013-14 than in 2012-13. Aspire continues to project increases to net assets in the amounts of \$4.76 million and \$5.54 million from 2014-15 and 2015-16. From 2016-17 through 2018-19, Aspire projects net revenues available prior to the CSFP lease payments to be \$3.35 million, \$3.12 million, and \$2.83 million, respectively.

Staff's assessment of Aspire's financial status is based on the following assumptions: (1) projected ADA rates of 95% each of 2015-16 through 2018-19; (2) 2014-15 LCFF Entitlement funding rate of \$7,589 for grades K-12; (3) average LCFF per ADA rates of \$8,403, \$8,613, \$8,829, and \$9,050 for 2015-16 through 2018-19, incorporating COLA's of 1.58% in 2015-16 and 2.00% thereafter. The projections also assume GAP funding increases of 32.19% in 2015-16 and 12.00% from 2016-17 through 2018-19. (4) Expense categories including salaries and benefits show annual increases between 3-4%.

Projected Debt Service Coverage – 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 3.00% interest rate and 30-year repayment period, Aspire's annual CSFP payments for AMLA, and Ollin would total to \$1,042,454 commencing in 2016-17. 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 \$1,274,249. The following table presents detail on the CSFP payments for each of Aspire's three 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 through 2018-19 are projected to provide debt service coverage of 262.6%, 243.8% and 222.2%, respectively.

*Items 6 – Aspire Public Schools  
Aspire Antonio Maria Lugo Academy*

School (Project)	Project Cost	50% of Project Cost (Local Match)	Estimated Annual Payment*
Prop 1D: Antonio Maria Lugo Academy (K-5)	\$ 21,195,282	\$ 10,597,641	\$ 540,684
Prop 55: Ollin University Prep**	\$ 19,669,826	\$ 9,834,913	\$ 501,770
Prop 47: Rosa Parks Academy	\$ 9,517,000	\$ 4,680,246	\$ 231,795
<b>Total</b>	<b>\$ 50,382,108</b>	<b>\$ 25,112,800</b>	<b>\$ 1,274,249</b>

Aspire Public Schools	Actual FY 2012/13	Actual FY 2013/14	Budget FY 2014/15	Projected FY 2015/16	Projected FY 2016/17	Projected FY 2017/18	Projected FY 2018/19
<b>ENROLLMENT PROJECTIONS</b>							
Enrollment	12,581	12,958	13,519	14,213	14,307	14,307	14,307
Average Daily Attendance	12,109	12,525	12,998	13,502	13,592	13,592	13,592
Average Daily Attendance (%)	96%	97%	96%	95%	95%	95%	95%
<b>FINANCIAL PROJECTIONS</b>							
Total Revenues Available for CSFP Payment	\$ 123,142,447	\$ 151,177,778	\$ 146,121,065	\$ 155,133,411	\$ 158,047,411	\$ 161,005,097	\$ 164,036,724
Total Expenses Paid Before CSFP Payment	116,921,797	132,698,360	143,278,594	151,547,029	156,693,223	159,890,671	163,196,449
Accounting Adjustments	4,270,410	4,765,660	1,913,721	1,951,995	1,991,035	1,991,035	1,991,035
Net Revenues Available for CSFP Payment	\$ 10,491,060	\$ 23,245,078	\$ 4,756,192	\$ 5,538,378	\$ 3,345,224	\$ 3,105,461	\$ 2,831,311
CSFP Payment	\$ -	\$ -	\$ 231,795	\$ 231,795	\$ 1,274,019	\$ 1,274,019	\$ 1,274,019
Net Revenues After CSFP Payment	\$ 10,491,060	\$ 23,245,078	\$ 4,524,397	\$ 5,306,583	\$ 2,071,205	\$ 1,831,442	\$ 1,557,292
<b>FINANCIAL INDICATORS</b>							
Net Revenues Available for CSFP Payment	\$ 10,491,060	\$ 23,245,078	\$ 4,756,192	\$ 5,538,378	\$ 3,345,224	\$ 3,105,461	\$ 2,831,311
Debt Service Coverage by Net Revenues	N/A	N/A	2051.9%	2389.3%	262.6%	243.8%	222.2%
Contributions	\$ 2,512,066	\$ 3,520,253	\$ 7,428,164	\$ 4,065,000	\$ 4,065,000	\$ 4,065,000	\$ 4,065,000
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	-1152.7%	635.6%	-56.5%	-75.3%	-96.8%
CSFP Lease Payment / Revenues	N/A	N/A	0.2%	0.1%	0.8%	0.8%	0.8%
Contributions / Revenues	2.0%	2.3%	5.1%	2.6%	2.6%	2.5%	2.5%
Net Revenues After CSFP Payment / Revenues	8.5%	15.4%	3.1%	3.4%	1.3%	1.1%	0.9%
Revenues / ADA	\$ 10,169	\$ 12,070	\$ 11,242	\$ 11,490	\$ 11,628	\$ 11,845	\$ 12,069
Expenses / ADA	\$ 9,656	\$ 10,595	\$ 11,041	\$ 11,241	\$ 11,622	\$ 11,857	\$ 12,100
Surplus (Deficit) / ADA	\$ 514	\$ 1,475	\$ 201	\$ 248	\$ 6	\$ (12)	\$ (32)
Net Working Capital	\$ 41,496,432	\$ 56,509,790					
Net Working Capital / Expenses	35.5%	42.6%					

\*CSFP payments for Rosa Parks represent actual amounts

Estimated CSFP lease payments are accounted for when calculating debt service coverage in 2016-17

\*\* Formerly named Centennial College Prep

**Liquidity** – For the fiscal year ending June 30, 2014, Aspire’s maintained a cash balance of \$39.4 million. Cash balances increased markedly from \$19.7 million in 2012-13 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, 2013 was \$41.5 million, or 35.5% of total expenses, and increased to \$56.5 million as of June 30, 2014, or 42.6% of total expenses. Aspire’s 2013-14 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 schools have demonstrated consistently strong academic performance. The vast majority of Aspire schools achieved API growth scores of greater than 800, including more than 70% of the schools in 2012-13.
- + Aspire schools have shown consistent student enrollment growth. In 2014-15, Aspire operated 34 schools across California serving 13,519 students, up by 4.3% from the prior year.
- + Staff projects debt service coverage ratios for 2016-17 through 2018-19 of 262.6%, 243.8%, and 222.2%, respectively. Aspire would need to receive on average at least 55% of expected contributions from 2016-17 through 2018-19 to maintain debt service coverage ratios of greater than 100.0%.
- + Aspire has strong management and leadership with support of local districts.
- + Aspire demonstrated history of sizable donations and contributions.
- Aspire has outstanding long-term liabilities of \$133.3 million as of June 30, 2014.

**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) is financially sound for the Charter School Facilities Program (Program) Final Apportionment under the Program. This determination as it relates to a Final 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.