

**Charter School Facilities Program (CSFP)  
 Prop 51 Funding Round  
 Staff Summary Report – December 2020  
 Item #9 - Resolution No. 20-46**

|   |  |
|---|--|
| <b>Applicant/Obligor:</b>   | Inspire School of Arts and Science                                     |
| <b>Project School:</b>  | Inspire School of Arts and Science                                     |
| <b>CDS (County – District – School) Code:</b>                       | 04-61424-0120394   |
| <b>School Address/Proposed Site:</b>                                | 335 West Sacramento Ave.<br>Chico, CA 95926-3908                       |
| <b>Type of Project:</b>   | New Construction / Rehabilitation                                      |
| <b>Office of Public School Construction (OPSC) Project Numbers:</b> | New Construction – 54/61424-00-006<br>Rehabilitation – 54/61424-00-007 |
| <b>Type of Apportionment:</b>                                       | Advance  |
| <b>County:</b>  | Butte  |
| <b>District in which Project is Located:</b>                        | Chico Unified School District  |
| <b>Charter Authorizer:</b>  | Chico Unified School District  |
|   | NC: \$7,055,732  |
| <b>Total OPSC Project Cost:*</b>                                    | Rehab: <u>\$10,187,544</u><br>Total: \$17,243,276                      |
| <b>State Apportionment (50% Project Cost):</b>                      | Total: \$8,621,638   |
| <b>Lump Sum Contribution:</b>                                       | \$4,678,848  |
| <b>Total CSFP Financed Amount:</b>                                  | Total: \$3,942,790   |
| <b>Design Advance Amount (NC):</b>                                  | \$705,573.20   |
| <b>Design Advance Amount (Rehab):</b>                               | \$1,018,754.40   |
| <b>Design Advance Amount (Total):</b>                               | \$1,724,327.60   |
| <b>Length of CSFP Funding Agreement:</b>                            | 30 years   |
| <b>Assumed Interest Rate:</b>                                       | 3.00%  |
| <b>Estimated Annual CSFP Payment:</b>                               | Total: \$201,158   |
| <b>First Year of Occupancy of New Project:</b>                      | 2022-23  |

*\*The amount identified as total project costs represents an estimate provided by the Office of Public School Construction for purposes of Advance-Apportionment financial soundness review. Final project costs will be provided at the time of Final Apportionment.*

Staff recommends the California School Finance Authority (Authority or CSFA) Board determine Inspire School of Arts and Science (Inspire or School) is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Advance Apportionment. This determination, as it relates to Advance Apportionment, is in place for twelve months and assumes no financial, operational, or legal material findings within this time. This recommendation is contingent upon Inspire electing to have its CSFP payments intercepted at the state-level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the California Education Code. Staff recommends the Authority Board direct staff to notify OPSC and the State Allocation Board regarding this determination.

**Application Highlights:** Staff highlighted the key criteria evaluated when conducting its financial soundness review of Inspire. Detailed information is contained in the body of the report.

| <b>Criteria</b>                   | <b>Comments</b>  |
|-----------------------------------|--|
| <b><i>Obligor Information</i></b> |  |
| Eligibility Criteria              | Inspire met all eligibility criteria: (1) began operation in 2010; (2) most recent charter was approved for 2017-18 and is in place through June 2022; (3) is in good standing with its chartering authority, and in compliance with the terms of its charter.   |
| Student Performance               | Inspire outperformed its district and the average of the local schools reviewed in English Language Arts (ELA) and performed comparably in Mathematics. Additional details are listed in the School Academic Performance section below.  |
| Demographic Information           | Inspire served 423 students in grades 9-12 in 2019-20. For that school year, 41.1% of the student body were eligible for Free/Reduced Priced Meals (FRPM) and the Unduplicated Pupil Percentage (UPP) rate is 41.13%. Enrollment in 2020-21 is expected to be 427 students and Average Daily Attendance (ADA) rates are projected to be 92.0%, which staff find historically consistent. |
| Debt Service Coverage             | Inspire’s Debt Service Coverage (DSC), from adjusted net income, is 277.7% and 277.9% respectively in 2023-24 and 2024-25.   |
| Other Financial Factors           | As of June 30, 2020, Inspire had net working capital of \$2,257,735, representing 53.7% of expenditures; and \$2,539,092 in unrestricted cash and cash equivalents, which is equal to 148 days of operation.   |

**Program Eligibility:** On November 3, 2020, at CSFA staff’s request, verification was received from Chico Unified School District (“CUSD” or “District”) confirming that Inspire (1) is in compliance with the terms of its charter agreements, and (2) is in good standing with its chartering authority. Inspire’s current charter is effective through June 30, 2022.

**Legal Status Questionnaire:** Staff reviewed the applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed that would lead staff to question the financial or legal integrity of this applicant.

**Project Description:** Inspire began in 2010, and according to its charter, may have a maximum student population of 480. The school is housed on the Chico High School campus within an area of approximately 1.9 acres. The Inspire construction projects are planned to be completed in two stages; the first stage is the removal of 13 classrooms and two restrooms, which will be replaced by a two-story, 16 classroom facility with two restrooms. Specifically, the new facility will have two larger science classrooms, one expanded piano lab, one additional dance studio, and one additional engineering room. The remaining spaces would house regularly sized classrooms. The second stage consists of the removal of seven classroom, one restroom and administrative offices. These will be replaced with a two-story, six classroom building with administrative offices and a restroom.

**School Organizational Information:** In 2009, CUSD leadership approached a group of CUSD faculty and staff regarding the idea of creating a local charter high school. Faculty and staff from CUSD and California State University, Chico collaborated on the initial design for a locally funded charter school. Inspire was designed to combine the best features of the district's large, comprehensive high schools with the more personalized environment of a smaller high school. Today, Inspire is a college-preparatory high school that complements the district's existing comprehensive high schools and alternative education programs. Inspire provides an exceptional opportunity for students in and around CUSD to build a strong academic foundation and to discover the personal talents, skills, and interests that assure their success in postsecondary education and careers.

Per Inspire's chartering petition, its courses utilize a similar core academic curriculum as that offered in other CUSD high schools, including the same courses and course descriptions currently used at Chico High School and Pleasant Valley High School, to meet the requirements of standards-based courses in language arts, mathematics, science, social science, foreign language, and visual/performing arts. For physical education, Inspire incorporates dance and/or independent study to complete state physical education requirements. Students enroll in eight classes rather than the traditional six offered in other high school schedules. Inspire employs a modified alternating-day block scheduling structure, meaning students generally have four classes each day with classes being held on different days. Instructors teach six classes per semester rather than five. Teachers are encouraged to develop electives in their areas to supplement the core curriculum.

Inspire's curriculum applies learning concepts across disciplines and has emphasis in the arts and sciences. Inspire offers eight science courses including AP Biology and Physics, and six engineering classes - from robotics to biotech engineering. In visual and performing arts, Inspire offer thirteen music electives, (fourteen theater electives, twenty art classes, and ten dance courses). Inspire also works with the local community college to create articulated classes; at present, the school has six articulated courses in which students may earn Butte College credit. Three courses are in instrumental music and three are in digital arts. Inspire plans to expand offerings every year. Finally, students may also access college courses through "High School Scholars" at California State University, Chico.

As of July 1, 2017, Inspire began operating as an independent charter school as it was district dependent prior to that date. Inspire is governed by the Inspire Charter School Board of

Directors. The 2020-21 Board of Directors are the following: Board Chair Eric Nilsson, Brian Boyer, Kam Bull, Ron Rope, Kate McCarthy, Catherine Sullivan, Joanna Dunlap, and Patricia Macias. Becky Brown has been the Principal/Superintendent for the School since July 2004. Staff has reviewed the credentials of the key board members and staff and determined them to have the proper background and experience to govern and effectively oversee the operations ensure.

**Enrollment Trends and Projections:** The tables below present enrollment information for Inspire from 2016-17 through 2024-25. Staff considered the projected years assumptions are consistent, reasonable, and conservative, based on historical data.

**Inspire Student Enrollment and Average Daily Attendance**

| Year (FY)  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Enrollment | 460   | 454   | 444   | 423   | 427   | 427   | 480   | 480   | 480   |
| ADA (%)    | 91.0% | 92.2% | 91.7% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% |

As part of Staff’s review, historical enrollment from 2016-17 through 2019-20 was used as a measure for the reasonability regarding projected enrollment for 2020-21 through 2024-25. From 2016-17 through 2019-20, Inspire’s enrollment declined by 2.75%, with the largest decrease in the 2019-20 school year at 4.73%. Staff considered the projected attendance to be both reasonable and conservative.

Demographically, Inspire student population had an unduplicated pupil percentage of 41.13% per its 2019-20 Local Control Funding Formula (LCFF) funding snapshot, which is comparable the District’s percentage of 48.33%. In 2019-20, 0.2% of Inspire’s enrollment was classified as English learners compared to the District at 5.1%.

**School Academic Performance:** The following tables represent the 2016-17, 2017-18, and 2018-19 academic performance for Inspire and two similar local public schools; Chico High School (Chico) and Pleasant Valley High School (Pleasant), and the District. The results are provided through CDE’s CAASPP Smarter Balanced testing data. Due to the COVID-19 pandemic, 2019-20 CAASP tests were not administered.

**English Language Arts – Comparison**

| Standard Met or Exceeded |         |         |         |
|--------------------------|---------|---------|---------|
|                          | 2016-17 | 2017-18 | 2018-19 |
| <b>Inspire</b>           | 84.31%  | 84.94%  | 78.78%  |
| <b>Chico</b>             | 65.80%  | 60.75%  | 74.34%  |
| <b>Pleasant</b>          | 75.00%  | 70.28%  | 65.55%  |
| <b>District</b>          | 51.09%  | 53.37%  | 56.26%  |

**Mathematics– Comparison**

| Standard Met or Exceeded |         |         |         |
|--------------------------|---------|---------|---------|
|                          | 2016-17 | 2017-18 | 2018-19 |
| <b>Inspire</b>           | 39.39%  | 46.16%  | 39.80%  |
| <b>Chico</b>             | 43.98%  | 44.92%  | 41.06%  |
| <b>Pleasant</b>          | 51.72%  | 49.54%  | 48.60%  |
| <b>District</b>          | 42.67%  | 43.76%  | 42.63%  |

Inspire has a percentage of students prepared for success after graduation whether it be college or career-based paths. In 2018-19, CDE determined that 60.6% of Inspire’s student were prepared, which is a 13.4% increase from the previous school year. This compares to Local School with a combined rate of 66.1% and the District with a rate of 59.4%.

Inspire met CDE's Implementation of Academic Standards, which measures the implementation of state academic standards. Annually, Local Educational Agencies (LEAs) measure their progress with implementing state academic standards and report the results to its local governing board at a regularly scheduled meeting. <sup>1</sup>

Academic Engagement: Inspire’s graduation rate was 95.9% in 2018-19. That graduation rate is higher than the Local Schools’ combined graduation rate of 94% for 2018-19 and is also higher than the District’s rate of 91.5%.

Inspire also met the standard regarding 'Access to a Broad Course of Study'. This measure explores whether students have access to, and are enrolled in, a broad course of study including the programs and services developed and provided to unduplicated students and individuals with exceptional needs. The summary of progress is required to be based on information collected through locally selected tools and measures that identifies differences across school sites and student groups, barriers preventing student access, and any revisions to ensure access for all students.

Academic Conditions and Climate: Inspire has a suspension rate with 5.3% at least once for 2018-19, which is a 3.6% increase from the previous year. The Local Schools have comparable rates of 4.5% for Chico High and 4.9% for Pleasant Valley High. Both schools

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<sup>1</sup> Reports to stakeholders and the public are made available through the online services such as the California Department of Educations’ “Dashboard” website.

averaged a 2% increase from the previous school year. The District records the highest rate of 8.7%.

Inspire has met the State standard for 'Basics: Teachers, Instructional Materials, and Facilities'. This measure addresses the percentage of appropriately assigned teachers; students' access to curriculum-aligned instructional materials; and safe, clean and functional school facilities. Inspire has also met the State's standard regarding 'Parent and Family Engagement'. This measure addresses receiving parent input in decision-making and promoting parental participation in education programs for students. Local education agencies report progress of how schools and districts have sought input from parents in decision making and promoted parent participation in programs. Inspire has also met the standard regarding parent and family engagement by implementing all required actions. Lastly, Inspire has also met the Local Climate Survey standard regarding the school environment based on a local climate survey administered every other year on the topics of school safety and connectedness.

**School Financial Analysis:** This financial analysis is based on the consideration and review of the following for Inspire: (1) audited financial statements for 2017-18 and 2018-19; (2) adopted budget for 2019-20; (3) budget projections for 2020-21 through 2024-25 along with assumptions; and (4) confirmation of associated lump sum contributions described below. As mentioned above in the "School Organizational Information" section, Inspire became an independent charter school after the 2016-17 fiscal year. Staff reviewed the 2016-17 District audit and found no issues or concerns relating the financial viability of the project.

**Assumptions:** Inspire's financial projections are based upon the following assumptions: (1) Occupancy of the project in 2022-23; (2) Enrollment projections, as provided above, under "Enrollment Trends and Projections"; (3) Projected ADA rates of at least 92.0%, which is a reasonable estimate based on historical performance; (4) the LCFF per-ADA funding rate of \$10,315 for 2019-20; (5) an Unduplicated Pupil Rate of at least 35.0% for all projected years; (6) an LCFF Cost of Living Adjustment rate of 0.0% for FY 2020-21 and 2021-22; and (7) a lump sum contribution from the District totaling \$1,000,000 which was approved at its March 11, 2020 board meeting; (8) a lump sum contribution from Measure K fund totaling \$2,678,484; and (9) a lump sum contribution from the school Foundation totaling \$1,000,000.

**Long-Term Liabilities:** Inspire has no long-term liabilities per its 2019-20 unaudited financial statement.

**Private Contributions:** Inspire's projected levels of contributions are less 0.4% of projected revenue, which is lower than its average historical levels of 1.0% of revenue. Staff considers these projections to be conservative and reasonable.

**Benchmark Summary and Analysis:** The following table and summary listing sets forth the results of staff's analysis regarding Inspire's financial soundness. Where a threshold has been established based on industry standards or practice, the listing indicates whether the threshold was met.

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| OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE METRICS |    |                   |                   |                   |                      |                      |                      |                      |                      |
|--|----|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  |    | Actual<br>FY 2018 | Actual<br>FY 2019 | Actual<br>FY 2020 | Projected<br>FY 2021 | Projected<br>FY 2022 | Projected<br>FY 2023 | Projected<br>FY 2024 | Projected<br>FY 2025 |
| <b>OPERATIONAL &amp; FINANCIAL</b>                   |    |                   |                   |                   |                      |                      |                      |                      |                      |
| Enrollment   |    | 454               | 444               | 423               | 423                  | 423                  | 423                  | 423                  | 423                  |
| Average Daily Attendance (ADA)                       |    | 419               | 419               | 407               | 389                  | 389                  | 389                  | 389                  | 389                  |
| Average Daily Attendance (%)                         |    | 92.2%             | 94.3%             | 96.2%             | 92.0%                | 92.0%                | 92.0%                | 92.0%                | 92.0%                |
| Retention Rate                                       |    | 0.0%              | 0.0%              | 0.0%              | 0.0%                 | 0.0%                 | 0.0%                 | 0.0%                 | 0.0%                 |
| FTE Teachers   |    | 21                | 21                | 19                | 21                   | 21                   | 21                   | 21                   | 21                   |
| Pupil-Teacher Ratio                                  |    | 21.9              | 21.4              | 21.9              | 19.9                 | 19.9                 | 19.9                 | 19.9                 | 19.9                 |
| LCFF Sources/ADA                                     | \$ | 9,226             | \$ 9,937          | \$ 9,887          | \$ 11,139            | \$ 11,142            | \$ 12,498            | \$ 12,800            | \$ 13,092            |
| % Change   |    |                   | 7.7%              | -0.5%             | 12.7%                | 0.0%                 | 12.2%                | 2.4%                 | 2.3%                 |
| Operating Revenues/ADA                               | \$ | 10,304            | \$ 11,577         | \$ 11,362         | \$ 13,881            | \$ 11,455            | \$ 48,963            | \$ 13,119            | \$ 13,411            |
| % Change   |    |                   | 12.3%             | -1.9%             | 22.2%                | -17.5%               | 327.4%               | -73.2%               | 2.2%                 |
| Operating Expenses plus CSFP Matching Share/ADA      | \$ | 10,415            | \$ 10,893         | \$ 10,329         | \$ 12,219            | \$ 11,215            | \$ 12,689            | \$ 13,883            | \$ 14,175            |
| % Change   |    |                   | 4.6%              | -5.2%             | 18.3%                | -8.2%                | 13.2%                | 9.4%                 | 2.1%                 |
| Free Cash Flow/ADA                                   | \$ | (111)             | \$ 684            | \$ 1,033          | \$ 1,662             | \$ 241               | \$ 36,274            | \$ (764)             | \$ (763)             |

| DEBT SERVICE COVERAGE                                  |    |                   |                   |                   |                      |                      |                      |                      |                      |
|--|----|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  |    | Actual<br>FY 2018 | Actual<br>FY 2019 | Actual<br>FY 2020 | Projected<br>FY 2021 | Projected<br>FY 2022 | Projected<br>FY 2023 | Projected<br>FY 2024 | Projected<br>FY 2025 |
|  |    | Programmatic      | Programmatic      | SACS              | SACS                 | SACS                 | SACS                 | SACS                 | SACS                 |
| <b>DEBT SERVICE COVERAGE</b>                           |    |                   |                   |                   |                      |                      |                      |                      |                      |
| Total Operating Revenues                               | \$ | 4,312,946         | \$ 4,845,518      | \$ 4,624,599      | \$ 5,399,596         | \$ 4,456,106         | \$ 4,983,493         | \$ 5,103,371         | \$ 5,216,987         |
| Total Operating Expenses                               | \$ | 4,359,294         | \$ 4,559,269      | \$ 4,204,233      | \$ 4,753,232         | \$ 4,362,528         | \$ 4,936,207         | \$ 5,199,502         | \$ 5,312,790         |
| Total Other Sources/Uses                               | \$ | -                 | \$ -              | \$ -              | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Net Income Available                                   | \$ | (46,348)          | \$ 286,249        | \$ 420,366        | \$ 646,364           | \$ 93,578            | \$ 47,286            | \$ (96,131)          | \$ (95,803)          |
| Add Back Capital Outlay                                | \$ | -                 | \$ -              | \$ -              | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Add Back Depreciation                                  | \$ | -                 | \$ -              | \$ -              | \$ -                 | \$ -                 | \$ 654,808           | \$ 654,808           | \$ 654,808           |
| Adj. Net Income Available for CSFP Matching Share Pymt |    | (46,348)          | 286,249           | 420,366           | 646,364              | 93,578               | 702,094              | 558,677              | 559,005              |
| CSFP Matching Share Payments                           |    | -                 | -                 | -                 | -                    | -                    | -                    | 201,158              | 201,158              |
| Free Cash Flow   | \$ | (46,348)          | \$ 286,249        | \$ 420,366        | \$ 646,364           | \$ 93,578            | \$ 702,094           | \$ 357,519           | \$ 357,847           |
| DSC from Adj. Net Income                               |    | N/A               | N/A               | N/A               | N/A                  | N/A                  | N/A                  | 277.7%               | 277.9%               |
| DSC from LCFF Sources subject to CSFA Intercept        |    |                   |                   |                   |                      |                      |                      | 2475.3%              | 2531.8%              |
| CSFP Matching Share Payment/Oper. Revenues             |    | N/A               | N/A               | N/A               | N/A                  | N/A                  | N/A                  | 3.9%                 | 3.9%                 |
| <b>FUNDRAISING</b>                                     |    |                   |                   |                   |                      |                      |                      |                      |                      |
| Fundraising for Operations                             | \$ | -                 | \$ 83,234         | \$ 355            | \$ 21,884            | \$ 19,884            | \$ 19,884            | \$ 19,884            | \$ 19,884            |
| Fundraising/Oper. Revenues                             |    | 0.0%              | 1.7%              | 0.0%              | 0.4%                 | 0.4%                 | 0.4%                 | 0.4%                 | 0.4%                 |
| DSC without Fundraising                                |    | N/A               | N/A               | N/A               | N/A                  | N/A                  | N/A                  | 267.8%               | 268.0%               |
| % of Fundraising Required for 100% DSC                 |    | N/A               | N/A               | N/A               | N/A                  | N/A                  | N/A                  | -1698.0%             | -1699.7%             |
| <b>LIQUIDITY</b>                                       |    |                   |                   |                   |                      |                      |                      |                      |                      |
| Current Assets   | \$ | 2,204,184         | \$ 2,232,985      | \$ 3,370,176      |                      |                      |                      |                      |                      |
| Current Liabilities                                    | \$ | 653,063           | \$ 395,615        | \$ 1,112,441      |                      |                      |                      |                      |                      |
| Net Working Capital                                    | \$ | 1,551,121         | \$ 1,837,370      | \$ 2,257,735      |                      |                      |                      |                      |                      |
| Net Working Capital/Oper. Expenses                     |    | 35.6%             | 40.3%             | 53.7%             |                      |                      |                      |                      |                      |
| Unrestricted Cash & Cash Equivalents                   | \$ | 1,467,057         | \$ 1,605,062      | \$ 2,539,092      |                      |                      |                      |                      |                      |
| Unrest. Cash & CE/Oper. Expenses (Days)                |    | 123               | 128               | 220               |                      |                      |                      |                      |                      |
| Unrest. Cash & CE/All Expenses (Days)                  |    | 124               | 121               | 200               |                      |                      |                      |                      |                      |

**Benchmark Summary:**

- Free Cash Flow/ADA – **Met:** \$262 average (>\$0)
- Free Cash Flow – **Met:** \$352,208 average (>\$0)
- CSFP Matching Share Payment/Operating Revenue – **Met:** 3.9% average (<15.0%)
- DSC from Adjusted Net Income – **Met:** 277.8% average (>100%)
- DSC from Adjusted Net Income without Fundraising – **Met:** 267.9% average (>100%)
- Net Working Capital/Operating Expenses – **Met:** 53.7% average (>5.0%)
- Unrestricted Cash & Cash Equivalents/All Expenses – **Met:** 148 days on average (> 90 days)

**Summary of Financial Findings and Other Considerations:** Based on the audited financial statements, Inspire exhibited free cash flow of \$(46,348), \$286,249, and \$420,366 for 2016-17 through 2019-20, respectively. Inspire’s financial projections show the following increases

to free cash flow for 2020-21 through 2024-25, respectively: \$646,364, \$93,578, \$702,094, \$357,519, and \$357,847. The last two years are after annual CSFP repayments.

Staff considers Inspire's liquidity to be adequate, based on net working capital and cash and cash equivalents on-hand, as well as unrestricted cash and cash equivalents as portion of expenditures. As of June 30, 2020, Inspire had net working capital of \$2,257,735, representing 53.7% of expenditures, which greatly exceeds the recommended minimum threshold of 5.0%. As of June 30, 2020, Inspire had \$2,539,092 in unrestricted cash and cash equivalents, which is 220 days of operation. Inspire's unrestricted cash and cash equivalents as portion of expenditures has averaged 148 days over the past three years, which is above the recommended minimum threshold of 90 days.

Inspire has chosen to enter into a loan repayment to cover the local matching share. Assuming a 3.00% interest rate, a 30-year repayment period for the CSFP matching share amount of \$3,942,790, Inspire's annual CSFP payment would be \$201,158 commencing in 2023-24. Inspire's projected debt service coverage ratios from adjusted net income is 277.7% and 277.9% respectively in 2023-24 and 2024-25, an average of 277.8% which meets the minimum requirement of 100% average. The CSFP payments would represent 3.9% of the projected operating revenues for these years, below the maximum range of 15%.

Overall, staff's review of Inspire's financial performance finds Inspire has demonstrated the ability to meet its operating expenses, projected debt service coverage, and has maintained adequate reserves and liquidity, all supportive of a recommendation of financial soundness.

**Strengths, Weaknesses and Mitigants:**

- + Inspire's DSC from adjusted net income is 277.7% and 277.9% respectively in 2023-24 and 2024-25, which is an average of 277.8%.
- + Inspire has outperformed the average of Local Schools reviewed and the District in English Language Arts and performed comparably in Mathematics in last three years.
- + As of June 30, 2020, Inspire had net working capital of \$2,257,735, representing 53.7% of expenditures.
- + As of June 30, 2020, Inspire had \$2,539,092 in unrestricted cash and cash equivalents, which is 220 days of operation.

**Staff Recommendation:** Staff recommends the California School Finance Authority (Authority or CSFA) Board determine Inspire School of Arts and Science (Inspire or School) is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Advance Apportionment. This determination, as it relates to Advance Apportionment, is in place for twelve months and assumes no financial, operational, or legal material findings within this time. This recommendation is contingent upon Inspire electing to have its CSFP payments intercepted at the state-level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the California Education Code. Staff recommends the Authority Board direct staff to notify OPSC and the State Allocation Board regarding this determination.