

**Charter School Facilities Program
2022 Filing Round
Staff Summary Report – April 2025
Item# 5 Resolution 25-12**

Applicant/Obligor:	Inspire School of Arts and Sciences
Project School:	Inspire School of Arts and Sciences
CDS (County – District – School) Code:	04 61424 0120394
School Address:	335 West Sacramento Ave. Chico, CA 95926-3908
Type of Project:	New Construction / Rehabilitation
Type of Apportionment:	Final
County:	Butte
District in which Project is Located:	Chico Unified School District
Charter Authorizer:	Chico Unified School District
Total Rehabilitation Project Cost:	\$8,225,714.00
Total New Construction Project Cost:	\$19,949,844.30
Total OPSC Project Cost:	\$28,175,558.30
State Apportionment (50% Project Cost):	\$14,087,779.15
Total Cash Contribution (District):	\$4,087,779.15
Total CSFP Financed Amount:	\$10,000,000.00
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	3.00%
Estimated Annual CSFP Payment:	\$718,748
First Year of Occupancy of New Project:	2026-27

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Inspire School of Arts and Sciences (School or ISAS), is financially sound for Charter School Facilities Program (Program or CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, shall remain in effect for twelve months and assumes no financial, operational, or legal material findings within this period. ISAS is electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction (OPSC) and the State Allocation Board (SAB) regarding this determination.

As this determination is for Final Apportionment, ISAS will not return to the CSFA board for further consideration. Staff will monitor ISAS's project to ensure the school occupies its CSFP facility and payments commence pursuant to Program regulations.

Application Highlights: Below staff highlighted key criteria evaluated when conducting the financial soundness review for ISAS. Detailed information is contained in the body of the report:

Criteria	Comments
Demographic Information	In 2024-25, ISAS had a total enrollment of 332 students in grades K-8; the average daily attendance (ADA) rate was 90.4%, and the Unduplicated Pupil Percentage (UPP) of ADA was 47.3%.
Debt Service Coverage	ISAS's debt service coverage from adjusted net income on this CSFP loan is projected to average 120.6% over the first three years that payments are due.
Eligibility Criteria	ISAS has met all eligibility criteria: (1) School commenced operations in 2010; (2) ISAS's charter is in place through June 2028; (3) ISAS is in good standing with its chartering authority and in compliance with the terms of its charter.
Student Performance	ISAS students' performance consistently exceeded that of peers in their local district during the period examined, based on California standardized testing (CAASPP).

Program Eligibility: Chico Unified School District (CUSD) has confirmed that as of February 28, 2025, ISAS is in compliance with the terms of its Charter Agreement and has no pending or outstanding Notices of Violation or Intent to Revoke.

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: ISAS's application request is for the construction of a new High School Campus. The new campus consists of a total of 24 classrooms, 3 toilet room buildings, and 1 administrative building. The projected scope of the project includes 10 relocated Modular Buildings from Existing Chico Senior High School to new campus, 7 new single story modular buildings, one 2-Story Modular Classroom building with modular elevator, 2 PC shade Structures, 1 single story Type VB construction wood frame building, new PG&E utility service, and campus site work. Site work includes concrete walkways, landscape areas, student and staff parking lots, student drop-off, underground water retention storage pipes, and bioretention areas.

School Organizational Information: ISAS describes their academics as a curriculum that 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, ISAS offers 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.

ISAS is governed by the Inspire Charter School Board of Directors. The ISAS Board of Directors is composed of seven individuals representing various stakeholders from the

surrounding community including faculty from CSU Chico, Butte College, the local business community, parents and local educators.

2024-25 ISAS Board of Directors

Name	Position	Term Expiration
Pat Macias	Board Chair	November 2025
Ron Pope	Vice Chair	November 2025
Juni Banerjee-Stevens	Member	November 2025
Christian Fosen	Member	November 2025
Debbie Travers	Member	November 2025
Bob White	Member	November 2026
Erin Whitney	Member	November 2025

School Academic Performance: The following tables represent the recent academic performance of ISAS; the local public high school, Chico High; a similar local high school, Pleasant Valley High School; and Chico Unified School District. Results are provided through the California Department of Education's CAASPP Smarter Balanced testing data.

English Language Arts Achievement

	FY22	FY23	FY24
Inspire	81.52%	83.52%	78.82%
Chico High	76.37%	71.18%	67.26%
Pleasant Valley HS	74.67%	70.92%	68.79%
CUSD	55.17%	55.01%	52.86%

Mathematics Achievement

	FY22	FY23	FY24
Inspire	45.65%	50.55%	40.00%
Chico High	40.37%	35.67%	31.02%
Pleasant Valley HS	46.94%	42.82%	39.19%
CUSD	38.92%	40.03%	38.89%

Enrollment Trends and Projections: The tables below present enrollment and average daily attendance information for ISAS from FY 2021-22 through FY 2029-30. ISAS administration anticipates occupying the proposed project facility by the start of FY 2026-27. The assumptions made in the projected years are considered reasonable by staff and consistent based on historical data.

ISAS Student Enrollment and Average Daily Attendance

Year (FY)	2022	2023	2024	2025	2026	2027	2028	2029	2030
Enrollment	414	366	357	332	417	460	477	480	480
ADA (%)	92.0	88.8	90.4	90.4	89.9	90.2	90.1	91.7	91.7

Financial Analysis

Financial Data Sources: This financial analysis is based on the consideration and review of the following for ISAS: (1) audited financial statements for FY 2021-22 through 2023-24; (2) budget projections for FYs 2024-25 through 2029-30 along with assumptions.

Assumptions: Staff's financial analysis of ISAS is based upon the following assumptions: (1) occupancy of the project facilities in FY 2026-27; (2) the repayment of ISAS's CSFP matching share loan in the amount of \$10,000,000.00 at 3.0% interest commencing in FY 2027-28; (3) school enrollment and ADA projections as provided above under Enrollment Trends and Projections.

Long-Term Liabilities: Based on available data, staff are not aware of any foreseeable long-term liabilities at this time. Additionally, obligors are required to notify the Authority before taking on additional debt that exceeds certain thresholds.

Benchmark Summary and Analysis: The following table and summary listing sets forth the results of staff's analysis regarding ISAS's financial soundness. Where a threshold has been established based on industry standards or practice, the listing indicates whether or not the threshold was met.

OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE METRICS											
	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	AVERAGE	THRESHOLD LEVEL
OPERATIONAL & FINANCIAL											
Enrollment	414	366	357	332	417	460	477	480	480		
Average Daily Attendance (ADA)	381	325	323	300	375	415	430	440	440		
Average Daily Attendance (%)	92.0%	88.8%	90.4%	90.4%	89.9%	90.2%	90.1%	91.7%	91.7%	90.6%	< 94.0%
LCFF Sources/ADA	\$ 10,906	\$ 12,341	\$ 13,618	\$ 14,854	\$ 13,660	\$ 14,047	\$ 14,374	\$ 14,847	\$ 14,847	\$ 13,722	
% Change		13.2%	10.3%	9.1%	-8.0%	2.8%	2.3%	3.3%	0.0%	4.1%	
Operating Revenues/ADA	\$ 14,553	\$ 17,552	\$ 18,426	\$ 17,722	\$ 14,806	\$ 14,849	\$ 15,155	\$ 15,612	\$ 15,613	\$ 16,010	
% Change		20.6%	5.0%	-3.8%	-17.6%	1.7%	2.1%	3.0%	0.0%	1.4%	
Operating Expenses plus CSFP Lease/ADA	\$ 14,209	\$ 16,486	\$ 17,820	\$ 17,908	\$ 14,038	\$ 15,010	\$ 14,852	\$ 14,859	\$ 15,161	\$ 15,594	
% Change		16.0%	8.1%	0.5%	-21.6%	6.9%	-1.1%	0.0%	2.0%	1.4%	
Free Cash Flow/ADA	\$ 343	\$ 1,066	\$ 607	\$ (186)	\$ 568	\$ (161)	\$ 303	\$ 753	\$ 452	\$ 416	< 0
DEBT SERVICE COVERAGE											
Total Operating Revenues	\$5,544,525	\$5,706,909	\$5,948,247	\$5,316,725	\$ 5,477,393	\$ 6,162,333	\$6,516,556	\$6,869,129	\$ 6,869,740		
Total Operating Expenses	5,413,680	5,360,355	5,752,441	5,372,391	5,264,278	5,510,313	5,667,603	5,819,260	5,952,124		
Total Other Sources/Uses	-	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	130,845	346,554	195,806	(55,666)	213,115	652,020	848,953	1,049,869	917,616		
Add Back Capital Outlay	-	-	-	-	-	-	-	-	-		
Add Back Depreciation	-	-	-	-	-	-	-	-	-		
Adjusted Net Income Available for CSFP Lease Pymt.	130,845	346,554	195,806	(55,666)	213,115	652,020	848,953	1,049,869	917,616		
CSFP Lease Payments	-	-	-	-	-	718,748	718,748	718,748	718,748		
Free Cash Flow	\$ 130,845	\$ 346,554	\$ 195,806	\$ (55,666)	\$ 213,115	\$ (66,728)	\$ 130,205	\$ 331,121	\$ 198,868	\$ 158,236	< 0
DSC from Adj. Net Income	N/A	N/A	N/A	N/A	N/A	90.7%	118.1%	146.1%	127.7%	120.6%	< 110.0%
DSC from LCFF Sources subject to CSFA Intercept								848.5%	848.5%	848.5%	
CSFP Lease Payment/Oper. Revenues	N/A	N/A	N/A	N/A	N/A	11.7%	11.0%	10.5%	10.5%	10.9%	> 15.0%
FUNDRAISING											
Fundraising for Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fundraising/Oper. Revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	> 15.0%
DSC without Fundraising	N/A	N/A	N/A	N/A	N/A	90.7%	118.1%	146.1%	127.7%	120.6%	< 100.0%
% of Fundraising Required for 100% DSC	N/A	N/A	N/A	N/A	N/A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	> 50.0%
LIQUIDITY											
Current Assets	\$4,814,199	\$5,081,872	\$5,201,861								
Current Liabilities	1,251,393	1,172,299	1,103,668								
Net Working Capital	\$3,562,806	\$3,909,573	\$4,098,193								
Net Working Capital/Oper. Expenses	65.8%	72.9%	71.2%							70.0%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$3,158,804	\$3,650,323	\$3,829,081								
Unrest. Cash & CE/Oper. Expenses (Days)	213	249	243								
Unrest. Cash & CE/All Expenses (Days)	213	249	243							235	< 90

Benchmark Summary:

- Enrollment – Average ADA rate is below the 94.0% threshold, with 90.6%, however staff's financial model used a conservative ADA of 89.9%, and growing to 91.7% in later years.
- Free Cash Flow and/or per ADA – ISAS operates with \$158,236 of positive free cash flow; Staff finds projections reasonable and within tolerance given the length of the period examined.
- Debt Service Coverage from Adj. Net Income – Estimated 120.6% average debt service coverage, well above the threshold of 110%.
- CSFP Lease Payment relative to Operational Revenues: Representing an estimated 10.9% of annual operating revenues, indicating the projected CSFP lease payments are unlikely to create any financial hardship.
- Net Working Capital relative to Operating Expenses – ISAS liquidity metrics are strong with a ratio of Net Working Capital to Operational Expenses sitting at 70.0%.
- The model reflects 235 days of unrestricted cash reserves, which is well above the 90-day threshold.

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Inspire School of Arts and Sciences (School or

ISAS), is financially sound for Charter School Facilities Program (Program or CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, shall remain in effect for twelve months and assumes no financial, operational, or legal material findings within this period. ISAS is electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction (OPSC) and the State Allocation Board (SAB) regarding this determination.