

**Charter School Facilities Program  
Prop 2 Filing Round  
Staff Summary Report – May 2026  
Item No. 7 – Resolution 26-17**

**Executive Summary**

<b>Applicant/Obligor:</b>	<b>Magnolia Public Schools</b>
<b>Project School:</b>	<b>Magnolia Science Academy 5</b>
<b>CDS (County – District – School) Code:</b>	<b>19 10199 0137679</b>
<b>School Address:</b>	<b>7111 Winnetka Ave, Winnetka, CA</b>
<b>Type of Project:</b>	<b>New Construction</b>
<b>Type of Apportionment:</b>	<b>Final Apportionment</b>
<b>County:</b>	<b>Los Angeles County</b>
<b>District in which Project is Located:</b>	<b>Los Angeles Unified School District</b>
<b>Charter Authorizer:</b>	<b>Los Angeles County Office of Education</b>
<b>Total OPSC Project Cost:</b>	<b>\$47,341,987.00</b>
<b>State Apportionment (50% Project Cost):</b>	<b>\$23,670,994.00</b>
<b>Total CSFP Financed Amount:</b>	<b>\$23,670,994.00</b>
<b>Length of CSFP Funding Agreement:</b>	<b>30 Years</b>
<b>Assumed Interest Rate:</b>	<b>3.00%</b>
<b>Estimated Annual CSFP Payment:</b>	<b>\$1,207,677.00</b>
<b>First Year of Occupancy of New Project:</b>	<b>FY 2026</b>

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Magnolia Public Schools (MPS or CMO) on behalf of Magnolia Science Academy 5 (School or MSA 5) 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. This recommendation is contingent upon MSA 5 electing to have its CSFP payments intercepted at the state-level, under 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.

**Application Highlights:** Below staff highlighted key criteria evaluated when conducting the financial soundness review for MSA 5. Detailed information is contained in the body of the report:

Criteria	Comments
Demographic Information	In FY 2025, MSA 5 had a total enrollment of 218 students in grades 6-12; the average daily attendance (ADA) rate was 89.65%, and the Unduplicated Pupil Percentage (UPP) of ADA was 87.16%.
Debt Service Coverage	MPS debt service coverage from adjusted net income for this CSFP loan is projected to average 184% over the first five years that payments are due.
Eligibility Criteria	MSA 5 has met all eligibility criteria: (1) MSA 5 commenced operations in 2009; (2) MSA 5 charter is in place through June 2031; (3) Los Angeles County Office of Education (LACOE) has confirmed that as of May 6, 2026, MSA 5 is in compliance with the terms of its Charter Agreement and has no pending or outstanding Notices of Violation or Intent to Revoke.
Student Performance	MSA 5 students' performance consistently meets or exceeds that of peers in their local district during the period examined, based on California standardized testing (CAASPP).

**Legal Status Questionnaire:** MSA 5's response to the Authority's Legal Status Questionnaire stated the borrower, charter school management organization, and all related parties have no knowledge of any civil, criminal, or regulatory proceedings, investigations, or actions as described in the Legal Status Questionnaire that would require disclosure.

**Project Description:** MPS is developing a new, permanent campus for MSA 5 at 7111 Winnetka Ave, Winnetka, CA, slated for an August 1, 2026, opening. The development replaces a previously demolished structure to establish a dedicated location, ensuring MSA 5 remains in the area after being forced to co-locate with another school due to previous space issues with the school district. The project includes constructing a new classroom building and gymnasium with 17 permanent classrooms for grades 6-12 to address the school's urgent need for an independent site.

**School Organizational Information:** MSA 5 is a charter school operated by Magnolia Educational & Research Foundation (MERF), dba Magnolia Public Schools (MPS), a non-profit public charter school management organization dedicated to establishing and managing public charter schools throughout California. According to information provided by the applicant, the vision of MPS is to help reverse the tide of U.S. students falling behind their peers in other nations in critical subjects like math and science. MPS strives to graduate students who come from historically underserved neighborhoods as scientific thinkers that contribute to the global community as socially responsible and educated members of society.

The MPS Board of Directors (Board) is responsible for overseeing MSA 5's operation and governance. The Board is responsible for hiring and supervising the CEO. The current Board consists of six individuals. Each member of the Board is chosen for their commitment to the MPS vision and mission, dedication to education, area of professional expertise, service to the community, and ability to support the vision and mission of MPS. Ali Kaplan currently serves as the Principal, with Dr. Steve Budhreja serving as Chief Business Official.

**FY 2026 MSA 5 Board of Directors**

Name	Position	Term Expiration
Mekan Muhammedov	Chair	4/23/2030
Sandra Covarrubias	Vice-Chair	8/9/2027
Umit Yapanel	Director	10/11/2027
Diane Gonzalez	Director	12/9/2029
Salih Dikbas	Director	12/9/2029
Sofia Perez	Student Board Member	6/30/2026

**School Academic Performance:** The following tables represent the recent academic performance of MSA 5; a similar local 6-12 school, Los Angeles Leadership Academy (LALA); a secondary similar local 6-12 school, Aspire Ollin University Preparatory Academy (AOUPA); and LACOE. Results are provided through the California Department of Education’s CAASPP Smarter Balanced testing data. Percentages represent students who met or exceeded performance standards.

**English Language Arts Achievement**

	FY22	FY23	FY24	FY25
<b>MSA 5</b>	<b>45.34%</b>	<b>45.04%</b>	<b>37.98%</b>	<b>53.39%</b>
LALA	29.17%	27.23%	33.03%	45.85%
AOUPA	45.72%	38.27%	44.40%	46.66%
LACOE	44.93%	50.35%	53.33%	59.21%

**Mathematics Achievement**

	FY22	FY23	FY24	FY25
<b>MSA 5</b>	<b>22.36%</b>	<b>34.29%</b>	<b>22.83%</b>	<b>49.15%</b>
LALA	9.12%	7.08%	13.18%	35.61%
AOUPA	21.15%	19.93%	15.93%	22.34%
LACOE	23.31%	25.00%	25.12%	30.23%

**Enrollment Trends and Projections:** The tables below present enrollment and average daily attendance information for MSA 5 from FY 2023 through FY 2031. MSA 5 administration anticipates occupying the proposed project facility by the start of FY 2026.

From FY 2023–2026, MSA 5 experienced declining enrollment and low ADA below 90% due to facilities instability, a disruptive relocation, and co-location, which hindered recruitment and retention. Operating in a temporary facility also limited the school’s ability to offer the full 6–12 STEAM program experience, including stable classrooms, specialized spaces, athletics/PE facilities, and broader student programming. As a result, MSA 5 operated at a

smaller enrollment level during the transition period. Enrollment is expected to recover with the opening of the permanent campus, which will provide a stronger basis for recruitment, retention, and long-term growth. These challenges, coupled with post-pandemic factors and family hardships, were addressed through targeted strategies, resulting in a 94.97% ADA in FY 2026 that exceeded budgeted assumptions.

To correct low ADA, MSA 5 implemented rigorous attendance monitoring, proactive family outreach, and improved student engagement, allowing the school to outperform its initial projections. Magnolia is now establishing a permanent campus to secure long-term stability and growth.

**MPS Student Enrollment and ADA**

Year (FY)	2023	2024	2025	2026	2027	2028	2029	2030	2031
Enrollment	3586	3715	3794	3744	4093	4424	4518	4723	4780
ADA (%)	92.1%	92.7%	92.6%	93.2%	94.1%	94.1%	94.1%	94.1%	94.1%

**MSA 5 Student Enrollment and Average Daily Attendance**

Year (FY)	2023	2024	2025	2026	2027	2028	2029	2030	2031
Enrollment	238	218	218	194	207	453	453	453	453
ADA (%)	89.1%	89.7%	89.6%	94.8%	93.4%	93.4%	93.4%	93.4%	93.4%

**Financial Analysis**

**Financial Data Sources:** This financial analysis is based on the consideration and review of the following for MPS: (1) audited financial statements for FY 2023 through 2025; (2) budget projections for FYs 2026 through 2031 along with assumptions.

**Assumptions:** Staff’s financial analysis of MPS is based upon the following assumptions: (1) occupancy of the project facilities in FY 2026; (2) the repayment of MPS’s CSFP matching share loan in the amount of \$23,670,994.00 at 3.0% interest commencing in FY 2027; (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 sets forth the results of staff’s analysis regarding MPS’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.

CSFA Charter School Facilities Program											
School:>>	Magnolia Science Academy 5			CDS Code:>>	090009 0137679			District:>>	Los Angeles Unified		
Obligor:>>	CMO			Open Date:>>	09/09/2009			County:>>	Los Angeles		
OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE M											
	Actual FY 2023	Actual FY 2024	Actual FY 2025	Actual FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031	AVERAGE	THRESHOLD LEVEL
<b>OPERATIONAL &amp; FINANCIAL</b>											
Enrollment	3,586	3,715	3,794	3,744	4,093	4,424	4,518	4,723	4,780	4,153	
Average Daily Attendance (ADA)	3,304	3,444	3,513	3,491	3,852	4,162	4,251	4,444	4,498	3,884	
Average Daily Attendance (%)	92.1%	92.7%	92.6%	93.2%	94.1%	94.1%	94.1%	94.1%	94.1%	93.5%	< 94.0%
Retention Rate	87.0%	88.0%	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%	87.1%	< 80.0%
FTE Teachers	411	414	440	459	432	443	449	469	475	444	
Pupil-Teacher Ratio	8.7	9.0	8.6	8.2	9.5	10.0	10.1	10.1	10.1	9.3	> 25.0
LCFF Sources/ADA	\$ 13,448	\$ 14,574	\$ 14,742	\$ 15,003	\$ 15,389	\$ 15,975	\$ 16,494	\$ 17,001	\$ 17,525	\$ 15,572	
% Change	8.4%	1.2%	1.8%	1.8%	2.6%	3.8%	3.1%	3.1%	3.1%	3.4%	
Operating Revenues/ADA	\$ 22,814	\$ 23,990	\$ 24,047	\$ 25,813	\$ 22,046	\$ 21,371	\$ 21,642	\$ 22,026	\$ 22,754	\$ 22,878	
% Change	2.5%	2.8%	7.3%	-14.6%	-3.1%	1.3%	1.8%	3.3%	0.2%		
Operating Expenses plus CSFP Loan/ADA	\$ 20,981	\$ 22,048	\$ 24,177	\$ 22,437	\$ 21,412	\$ 22,347	\$ 22,600	\$ 22,834	\$ 23,221	\$ 22,451	
% Change	5.1%	9.7%	-7.2%	-4.6%	4.4%	1.1%	1.0%	1.7%	1.4%		
Free Cash Flow/ADA	\$ 1,833	\$ 1,342	\$ (130)	\$ 3,376	\$ 634	\$ (975)	\$ (958)	\$ (808)	\$ (466)	\$ 428	< 0
<b>DEBT SERVICE COVERAGE</b>											
Total Operating Revenues	\$75,368,149	\$80,568,303	\$84,484,861	\$90,103,959	\$84,922,820	\$88,945,691	\$91,993,623	\$97,887,001	\$ 102,347,215		
Total Operating Expenses	69,312,507	75,944,188	84,942,626	78,318,085	81,273,054	86,257,387	89,316,952	94,728,906	97,697,186		
Total Other Sources/Uses	-	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Loan Payment	\$ 6,055,642	\$ 4,624,115	\$ (457,765)	\$11,785,874	\$ 3,649,766	\$ 2,688,304	\$ 2,676,671	\$ 3,158,095	\$ 4,650,029		
Add Back Capital Outlay	-	-	-	1,142,124	1,564,645	2,142,082	2,082,502	2,045,732	2,009,029		
Add Back Depreciation	-	-	-	1,283,870	1,245,555	1,231,701	1,218,124	1,204,820	1,191,781		
Adjusted Net Income Available for CSFP Loan Payment	\$ 6,055,642	\$ 4,624,115	\$ (457,765)	\$14,211,868	\$ 6,459,965	\$ 6,062,087	\$ 5,977,297	\$ 6,408,647	\$ 7,850,838		
CSFP Loan Payments	-	-	-	-	1,207,677	6,748,167	6,748,167	6,748,167	6,748,167		
Free Cash Flow	\$ 6,055,642	\$ 4,624,115	\$ (457,765)	\$14,211,868	\$ 5,252,288	\$ (686,080)	\$ (770,870)	\$ (339,520)	\$ 1,102,671	\$ 3,221,372	< 0
DSC from Adj. Net Income					534.9%	89.8%	88.6%	95.0%	116.3%	184.9%	< 110.0%
DSC from LCFF Sources subject to CSFA Intercept					4908.4%	985.2%	1039.0%	1119.6%	1168.1%	1844.1%	
CSFP Loan Payments/Oper. Revenues	0.0%	0.0%	0.0%	0.0%	1.4%	7.6%	7.3%	6.9%	6.6%	6.0%	> 15.0%
<b>FUNDRAISING</b>											
Fundraising for Operations	\$ 342,645	\$ 285,284	\$ 272,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,016	
Fundraising/Oper. Revenues	0.5%	0.4%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	> 15.0%
DSC without Fundraising					534.9%	89.8%	88.6%	95.0%	116.3%	184.9%	< 100.0%
% of Fundraising Required for 100% DSC											> 50.0%
<b>LIQUIDITY</b>											
Current Assets	\$62,955,464	\$60,135,796	\$57,416,189								
Current Liabilities	24,703,326	20,353,318	26,158,933								
Net Working Capital	\$38,252,138	\$39,782,478	\$31,257,256								
Net Working Capital/Oper. Expenses	55.2%	52.4%	36.8%							48.1%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$41,517,716	\$46,060,275	\$42,476,923								
Unrest. Cash & CE/Oper. Expenses (Days)	219	221	183								
Unrest. Cash & CE/All Expenses (Days)	219	221	183							208	< 90

**Benchmark Summary:**

- Enrollment – Average ADA rate is reasonable at 93.5%.
- Free Cash Flow and/or per ADA – MPS operates with positive cash flow averaging \$428 per student.
- Debt Service Coverage from Adj. Net Income – Estimated average debt service coverage is 184.9%.
- CSFP Lease Payment relative to Operational Revenues: Representing an estimated 6.0% of annual operating revenues, projected CSFP lease payments are unlikely to create any financial hardship.
- Net Working Capital relative to Operating Expenses – MPS liquidity metrics are strong with a ratio of Net Working Capital to Operational Expenses slightly over 48.1% and an average of 208 days of Unrestricted Cash On-Hand.

**Staff Recommendation:** Staff recommends that the California School Finance Authority (CSFA) Board determine that Magnolia Public Schools, on behalf of Magnolia Science Academy 5, is financially sound for the purposes of Charter School Facilities Program (CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon MSA 5 electing to have its CSFP payments intercepted at the state-level, pursuant to Sections 17199.4 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.