



4801 S. Sandhill Rd.  
Las Vegas, Nevada 89121  
Phone: 702-407-1825  
Fax: 702-407-5055

K12.com/NVVA

September 1, 2017

**VIA FIRST-CLASS MAIL & EMAIL**

Mr. Patrick Gavin  
Director, Nevada State Public Charter School Authority  
1749 North Stewart Street, Suite 40  
Carson City, NV 89706-2543  
pgavin@spsca.nv.gov

***Re: Nevada Virtual Academy (“NVVA”) Notice of Concern***

Dear Mr. Gavin:

I am in receipt of the Notice of Concern sent to NVVA on July 14, 2017 “due to financial under performance as tracked in the 2015-2016 Authority Performance Framework” and write to address several issues raised therein and to apprise you of the efforts of NVVA’s Board to ensure the school’s financial health and sustainability.

As a preliminary matter, we believe there was a clerical error in the projected enrollment numbers utilized by the Authority in evaluating forecast accuracy. Indeed, it is our understanding that the Authority’s calculations in this regard were based on projected enrollment for the 2015-2016 school year of 2,792 students. However, as evidenced on the budgets NVVA submitted, the projected enrollment was actually 2,729. This 63 student differences alters the percentage calculation by more than 2%.

NVVA is cognizant of the fact that even with the revised calculations, there is a need for further improvement in enrollment forecast accuracy and is working to improve the same.

The Letter of Concern also identified an issue with the Total Margin and Cash Flow measures of the school. However, it is important to note that NVVA is currently operating with cash on hand and has never been in a position where it was required to take a loan or go into debt. Notably, NVVA had generated surplus funds from prior periods to negate and cover such deficits. Moreover, the NVVA Board has taken steps to create an action plan and budget that has a trajectory of a surplus and positive cash flow. Indeed, NVVA expects that it will have a surplus balance of over \$700,000 by June of 2018. NVVA also is expecting to generate a surplus and positive cash flow for FY 19.

NVVA has taken steps to address the Authority’s concerns. Notably, a certified public accountant with prior experience with school boards was recently added as a NVVA Board member and now leads the school’s Audit Committee. Additionally, NVVA’s Board looks at its



4801 S. Sandhill Rd.  
Las Vegas, Nevada 89121  
Phone: 702-407-1825  
Fax: 702-407-5055

K12.com/NVVA

---

budget on a monthly basis and makes adjustments as needed. Importantly, because of the nature of the online and blended learning opportunities offered by NVVA, the Board is able to react quickly to address budgeting issues. Moreover, a number of budgeted items including but not limited to the amount NVVA pays its management company for administrative, management and technology services, instructional materials costs, on-line curriculum costs, and computer costs, incurred by the school are tied specifically to the number of students enrolled in the school as well as revenue generated from the attendance of such students. As such, if enrollment targets are not met, there are corresponding reductions in monthly expenses.

NVVA's Board is committed to the financial sustainability of the school. We believe the data points identified by the Authority cannot be considered in a vacuum and there is a bigger story to tell that demonstrates the school is not trending towards financial difficulty and rather is positioned in a way that should give the Authority confidence in the school's financial viability. I would welcome the opportunity to meet with you and/or Brian Scroggins to further discuss these issues and/or any concerns that the Authority may have. Please let us know of your availability for such a meeting.

Very truly yours,

Anne Mendenhall  
NVVA Board President

cc: Brian Scroggins  
Yolanda Hamilton