

## **Introduction**

Good Morning. My name is Joshua Kern, and I am the Closing Administrator for both TEACH Las Vegas and Eagle Charter Schools of Nevada. I want to thank you for the opportunity to work with you on these matters and for receiving this update on both efforts.

## **Key Activities**

For both Teach and Eagle I am using the NRS to guide my activities. Per the NRS, before completing this work, I will write a final report for each school that includes a final wind-down audit, ensuring that there are no outstanding issues or liabilities. Additionally, we will continue to strive to facilitate alternative placements for our families in other schools.

While the initial priority is to facilitate alternative placements, preserving assets is also crucial, as the only funds available to support the wind-down are those remaining with the schools. This requires the immediate cessation of fund outflows, until the schools' financial conditions can be more fully assessed. Although I regret the necessity of this action, especially regarding teachers, it is a prudent and necessary step, reflecting the reality that the schools have closed and there is no remaining work for teachers to perform.

In addition to paying staff for time worked, other immediate actions include: taking control of the bank accounts, contacting vendors to request contracts and unpaid invoices; coordinating and negotiating with landlords on move out dates; managing PERS reports and payment plans; collecting remaining receivables, submitting necessary reports, finding alternative locations to hold office hours, renewing insurance, selling furniture, fixtures and equipment; completing the 2022-23 Financial audit (TEACH), and closing the books for 23-24.. All of these tasks and more are necessary, and some are a precondition to beginning the financial audit of the wind-down.

## **PERS Payments**

Regarding PERS, Teach owed approximately \$110,000 in mostly past due PERS contributions. TEACH will use the \$120,000 from the sale of its FFE to pay the principal amount in full. Last week, TEACH received its first installment of \$50,000 and immediately contributed this amount to PERS, leaving a balance of approximately \$60,000. Per the FFE Purchase and Sale Agreement, TEACH expects another \$50,000 payment in September and the final payment in November, which will be used to pay the remaining PERS balance. Eagle owes PERS less than \$20,000 for July and for two employees in August, which will be paid in the coming weeks. For both schools I will request that PERS waive the interest penalty.

## **Payments to TEACH Inc.**

I understand there is concern regarding the timing (and amounts) of payments to TEACH Inc. and how remaining creditors will be paid. (In the case of both TEACH and Eagle, the schools' liabilities far exceed their assets, and most of the remaining school assets will be spent between PERS payments and known wind-down expenses.) I have started a conversation with TEACH in the hopes that we can work collaboratively to identify funds to help pay other TEACH Las Vegas creditors who are owed substantial sums of money. In a subsequent report, I hope to thank TEACH Inc. for their cooperation on this matter.

## **Timing of Wind-Down**

There is a substantial amount of work to be done, and completing some tasks is a precondition before beginning others. For example, Teach will closeup their 23-24 books in the next month or so. At that point, we can issue financial statements and begin the wind-down audit. Eagle, on the other, will take longer to complete as I just took control of their books. Realistically, it will take several more months to fully complete the closeout of TEACH and EAGLE.

## **Acknowledgments**

I would like to extend special thanks to Sione Thompson, former Executive Director of TEACH, and Jose Herrera, former Principal of Eagle, for their leadership in coordinating with families and facilitating school transfers, including hosting information sessions and personally reaching out to families who had not yet registered with other schools. I also want to thank both landlords, Redhook and Odyssey Partners, for their generous cooperation. Finally, my sincere thanks to Samantha King Powell, Melissa Mackadon and the entire SPCSA staff for their incredible support throughout this challenging process.

## **Personal Note**

On a personal note, I want to take this opportunity to express why I am dedicated to assisting in the responsible closure of charter schools. I have spent my entire career—25 years now—working with charter schools, primarily leading and supporting them to succeed. However, a successful charter school movement requires authorizers to hold schools accountable, which sometimes necessitates closing schools for various reasons. I am passionate about the charter school movement, and I believe that the professional and successful closure of charter schools is an integral part of the overall success of the movement. Thank you for the opportunity to contribute to this important process.

Thank you, again, and I would be happy to answer any questions.