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Executive Summary

This Final Closure Report documents the administration of the closures of TEACH Las Vegas Charter School ("TEACH") and Eagle Charter Schools of Nevada ("Eagle") following the appointment of the Closing Administrator by TEACH and Eagle and the subsequent approval by the State Public Charter School Authority ("SPCSA"). This report 1) highlights the significant actions taken to conclude the affairs of both schools as well as some of the legal and financial issues encountered during the closure process, 2) provides the official record of the administration and completion of the TEACH and Eagle closures, and 3) attempts to serve as a handbook of sorts for future closures.

Although every closure presents unique circumstances, the lessons learned from these proceedings underscore the importance of sound financial administration, transparent decision-making, and experienced leadership in protecting public resources and maintaining confidence in Nevada's charter school accountability system. It should be noted upfront that in the intervening months since the appointment of a Closing Administrator, the SPCSA has either addressed, or is in the process of addressing, most, if not all, of the issues and recommendations documented in this report through proposed revisions to the NRS that will assist future Closing Administrators.

The orderly closure of a public charter school is a complex undertaking that extends well beyond the cessation of classroom instruction. It requires the coordinated administration of legal, financial, operational, regulatory, and administrative responsibilities to protect students, preserve public assets, satisfy statutory obligations, administer creditor claims, and ultimately conclude the legal affairs of the school.

During the administration of the TEACH and Eagle closures, the Closing Administrator worked closely with the SPCSA, the Nevada Department of Education, the Office of the Nevada Attorney General, independent auditors, former school personnel, creditors, and numerous other stakeholders to complete the closure process in an orderly, transparent, and equitable manner. Major activities included facilitating student transitions, preserving and liquidating assets, administering creditor claims, recovering significant accounts receivable, reconciling financial records, completing independent financial audits, administering payroll and retirement obligations, and satisfying the statutory and regulatory requirements associated with the dissolution of both schools.

These closures also required the resolution of several legal and financial issues for which there was no pre-existing formal guidance under Nevada's charter school framework. Among the most significant were:

- the application of creditor hierarchy principles to insolvent charter schools;
- the treatment of Nevada Department of Education funding overpayments;
- the review of affiliated-party transactions occurring immediately before closure;
- the recovery of federal Charter Schools Program reimbursements; and
- the administration of assets acquired with restricted funding sources.

Throughout these proceedings, the Closing Administrator sought to maximize the value of remaining public assets, ensure the equitable treatment of similarly situated creditors, maintain compliance with applicable federal and state requirements, and conclude each school's affairs in a manner consistent with Nevada law and the public interest. Independent audits have been completed, assets have been administered and liquidated as appropriate, known financial obligations have been addressed, required records have been preserved, and the statutory responsibilities associated with both closures have been substantially completed.

The Closing Administrator respectfully submits this final draft report and accompanying appendices to the State Public Charter School Authority and requests that, upon its acceptance as a final report, the Authority formally discharge the Closing Administrator from any remaining responsibilities relating to the administration of the TEACH and Eagle closures.

I. Introduction

Pursuant to NRS Chapter 388A and related regulations, this report constitutes the Final Closure Report for TEACH Las Vegas Charter School ("TEACH") and Eagle Charter Schools of Nevada ("Eagle"). This report documents many of the activities undertaken by the Closing Administrator following appointment by the TEACH and Eagle and approval by the State Public Charter School Authority ("SPCSA"), confirms completion of the statutory requirements associated with each school's closure, and summarizes the disposition of each school's remaining legal, operational, financial, and administrative affairs.

TEACH voluntarily relinquished its charter following the unanimous vote of its governing board and the subsequent approval of the SPCSA. Eagle ceased operations following the SPCSA's revocation of its charter. In both cases, the Closing Administrator was appointed only after the decisions to close had become final and therefore had no role in the operation of either school, the circumstances leading to closure, or the decisions that resulted in the schools' inability to continue operations. The Closing Administrator's responsibilities began only after the closure decisions became effective and were limited to administering the orderly wind-down of each school's affairs while protecting the interests of students, employees, creditors, taxpayers, and the public.

This report is not intended to evaluate the educational performance, governance, or operational history of either school. Rather, it documents the administration of the closure process and provides a transparent accounting of the actions taken to fulfill the Closing Administrator's statutory responsibilities.

II. Background

The possibility of school closure is an inherent feature of the public charter school model. Charter schools operate within a system designed to promote both innovation and accountability. That system necessarily contemplates that some schools will succeed while others will fail to meet the academic, financial, operational, or governance standards necessary to justify continued operation.

Although closure is disruptive for students, families, employees, and communities, it should not be viewed as evidence that the charter school system has failed. Rather, the willingness to close schools that can no longer fulfill their obligations is itself a critical component of maintaining public confidence in the charter school model. To be clear, charter schools that consistently fail to meet the agreed upon accountability measures and goals should be closed for the benefit of the charter movement and, more importantly, for the students and families who attended those failing schools. Accountability extends to the closure process as well and requires not only effective oversight while schools operate, but also an orderly, transparent, and professionally administered closure process when schools cease operations.

While every charter school closure presents unique factual circumstances, the responsibilities of the Closing Administrator remain largely consistent. Upon appointment, the Closing Administrator assumes fiduciary responsibility for preserving remaining assets, protecting public funds, complying with statutory requirements, assisting students and families through the transition process, administering creditor claims, and ensuring that the school's remaining legal and financial obligations are resolved fairly, efficiently, and in accordance with applicable law.

The closures of TEACH and Eagle also presented an opportunity to address several legal and financial issues for which Nevada law at the time provided limited guidance. Among the most significant were the application of creditor hierarchy principles, the treatment of state funding overpayments, the recovery of federal grant reimbursements following closure, and the review of potentially preferential payments made immediately before insolvency. Because these issues are likely to recur in future charter school closures, this report analyzes each in detail and offers recommendations intended to strengthen Nevada's charter school closure framework.

III. Role and Activities of the Closing Administrator

The appointment of a Closing Administrator marks a fundamental shift in the operation of a charter school. Once the decision has been made that a school will permanently cease operations, the objectives of school leadership necessarily change. The focus shifts from operating an educational institution to preserving public assets, protecting students and employees, complying with statutory requirements, maximizing recoveries, and winding down the school's affairs in an orderly, transparent, and legally compliant manner.

Unlike the administration of an operating school, nearly every decision made during a closure must account for the school's insolvency—or imminent insolvency—and the competing interests of numerous stakeholders, including students, families, employees, creditors, landlords, governmental agencies, and taxpayers. The Closing Administrator therefore assumes fiduciary responsibilities that differ substantially from those of a superintendent or executive director. Decisions that may appear harsh in the ordinary course of business are often necessary to preserve remaining assets and ensure the equitable treatment of similarly situated creditors.

Although every closure presents unique circumstances, the work of the Closing Administrator generally proceeds through several overlapping phases.

A. Student Transition

The highest priority following appointment is ensuring that students experience as little educational disruption as possible.

This responsibility includes coordinating with the SPCSA, school leadership, and receiving schools to facilitate student transfers; communicating regularly with parents and guardians; preserving student records; responding to transcript and records requests; conducting parent meetings; preparing written communications; and maintaining responsive points of contact throughout the transition process. These responsibilities often continue long after the school has ceased operations, as former students continue to enroll in new schools and request educational records.

While closure necessarily marks the end of the institution, it should not unnecessarily disrupt the education of the students it served. Protecting students therefore remains the Closing Administrator's highest responsibility.

B. Preservation of Assets

Immediately following appointment, the Closing Administrator must secure control of the school's remaining assets.

This requires temporarily suspending discretionary expenditures while evaluating the school's financial condition and identifying outstanding obligations. Although vendors understandably view such actions with concern, preserving remaining assets is essential because those assets ultimately represent the only source from which remaining obligations can be satisfied.

Asset preservation extends well beyond maintaining bank balances. It includes securing financial records; protecting physical assets; maintaining insurance; safeguarding student records; coordinating with landlords; securing information technology systems; renewing essential insurance coverage where necessary; preserving legal claims; and ensuring compliance with grant restrictions governing public assets.

Experience has shown that decisions made during the first several days following appointment often have the greatest impact on the ultimate recovery available to creditors.

C. Financial Administration

Following stabilization of the school's operations, attention turns to developing a complete understanding of the school's financial position.

Among other responsibilities, this work includes:

- obtaining control of all bank accounts;
- identifying secured, priority, and general unsecured creditors;
- reviewing contracts, leases, and outstanding obligations;
- communicating with vendors and governmental agencies;
- collecting outstanding accounts receivable;
- reviewing grant restrictions;
- preparing payroll and benefit reconciliations;
- managing retirement obligations;
- overseeing accounting functions necessary to prepare the schools' final financial statements and audits; and
- administering payments in accordance with applicable legal priorities.

Unlike an operating business, where financial decisions are generally intended to maximize future operations, the financial administration of a closed charter school is directed toward maximizing fairness, preserving public assets, and ensuring compliance with statutory and contractual obligations.

D. Liquidation of Assets

The orderly liquidation of school assets is often among the most significant responsibilities of the Closing Administrator.

Furniture, fixtures, equipment, vehicles, technology, and other assets purchased with unrestricted funds should generally be liquidated in a manner designed to maximize value for creditors. Assets purchased with restricted federal funds, however, frequently remain subject to separate legal requirements and may not be available for liquidation.

The closures of TEACH and Eagle required careful coordination to distinguish unrestricted assets from federally restricted property while simultaneously maximizing the value realized from the schools' remaining assets.

E. Regulatory Compliance

Closure of a charter school does not end its regulatory obligations.

The Closing Administrator remains responsible for ensuring compliance with Nevada statutes and regulations governing school closures, including completion of required financial audits, submission of reports to the SPCSA and Nevada Department of Education, maintenance of required records, disposition of restricted assets, completion of accountability reporting, reconciliation of payroll obligations, maintenance of insurance where necessary, and dissolution of the schools' remaining legal and financial affairs.

Many of these obligations continue for months after educational operations have ceased and require ongoing coordination among auditors, governmental agencies, former employees, landlords, creditors, and legal counsel.

F. Scope of Work

The responsibilities described above represent only a portion of the work required to successfully close a public charter school.

Over the course of the TEACH and Eagle closures, the Closing Administrator also negotiated with landlords concerning possession and lease obligations; coordinated the sale of school assets; administered vendor claims; communicated with state and federal agencies regarding grant funding; completed prior-year accounting necessary to begin the financial audits; renewed insurance coverage where appropriate; coordinated the maintenance and eventual closure of banking relationships; supervised records retention; and responded to ongoing requests from students, families, creditors, auditors, governmental agencies, and former employees.

Much of this work occurs outside public view and is not readily reflected in a checklist of statutory requirements. Nevertheless, successful completion of these tasks is essential to protecting public assets, maximizing recoveries, and bringing the affairs of a closed charter school to an orderly conclusion.

IV. Administration of the TEACH and Eagle Closures

The closures of TEACH and Eagle required the Closing Administrator to administer two separate charter school wind-downs simultaneously. Although the schools differed significantly in their operational histories, financial condition, and the circumstances leading to closure, many of the administrative responsibilities were similar.

A. Student Transition

Immediately following appointment, priority was given to minimizing disruption for students and families.

Working in coordination with the SPCSA, school leadership, and receiving schools, the Closing Administrator assisted with communications to families, facilitated student transitions, preserved educational records, and ensured that transcript and records requests could continue to be processed after the schools ceased operations.

Although the educational mission of each school concluded at the end of the school year, the responsibility to former students continued throughout the closure process and remains one of the most important obligations of the Closing Administrator.

The former students and families of TEACH and Eagle were supported throughout the closure process by way of meetings, written communications explaining the process and possible alternative placements, and prompt fulfillment of record requests. See Appendix D: Closing Checklists for Teach and Eagle. Several months have passed since the Closing Administrator has received record requests for any former student at TEACH or Eagle.

B. Financial Stabilization

Charter schools become effectively insolvent upon closure. Although a school may have been capable of meeting its financial obligations while operating, closure fundamentally changes its financial position. Revenue associated with ongoing operations largely ceases, while many contractual obligations—including leases, vendor contracts, retirement obligations, and professional service agreements—remain in effect. Consequently, decisions regarding expenditures following closure required careful consideration of the schools' limited remaining resources.

In contrast, TEACH and Eagle were insolvent prior to closure and at the time of the appointment of a Closing Administrator it was not clear if there were sufficient assets to even meet the NRS charter school closure requirements. The financial condition of both schools created significant hardships in the closure process, which will be addressed later in this report. Ultimately, through aggressive collection of receivables and careful management of expenditures, both TEACH and Eagle were able to complete the closing requirements, pay preferred and secured creditors one hundred (100) percent of the principal amount owed, and even pay general unsecured creditors a small fraction, ten (10) percent, of what they were owed.

C. Preservation and Liquidation of Assets

Protecting and maximizing the value of school assets became a central responsibility throughout both closures.

The Closing Administrator supervised the inventory, preservation, sale, transfer, and disposition of furniture, fixtures, equipment, vehicles, technology, and other assets owned by the schools. Care was required to distinguish unrestricted assets from those acquired with federal Charter Schools Program funding, which remained subject to separate legal restrictions regarding disposition.

TEACH entered into a Purchase and Sale Agreement with Vegas Vista in July 2024. Vegas Vista paid $120,000 for TEACH’s non-CSP-funded furniture, and TEACH donated the CSP-funded furniture to Vegas Vista as part of the transaction.

The sale of TEACH's furniture and equipment illustrates the importance of careful asset administration. Rather than conducting piecemeal liquidation, the Closing Administrator negotiated a comprehensive transaction that maximized the value received for unrestricted assets while simultaneously ensuring that federally funded assets were transferred in compliance with applicable grant requirements. This approach both protected federal interests and increased the funds available to satisfy creditor claims.

Eagle had limited FFE of any value and what Eagle did have was retained by the landlord in lieu of unpaid rent.

D. Financial Reporting and Audit

Among other responsibilities, the Closing Administrator oversaw completion of accounting records necessary to prepare the schools' final financial statements, coordinated with independent auditors, resolved outstanding accounting issues, prepared required reports, and ensured completion of the independent financial audits required following school closure.

As previously mentioned, financial condition of both TEACH and Eagle created significant hardships on accounting, financial reporting and financial auditing. For example, at the time of the appointment of a Closing Administrator, it was uncertain whether TEACH and Eagle had the resources to pay for two separate audits, an audit of the final school year and an audit of the wind-down period. (In addition, Eagle's financial accounting was inaccurate and incomplete.)

As a result of the financial pressures, the Closing Administrator procured one combined audit for each school that included both the final school year and the wind-down period. Those audits were performed by CliftonLarsonAllen LLP ("CLA"), one of the preapproved charter auditing firms, and are included as Appendix A and Appendix B of this report. When procuring the financial audit CLA required the Closing Administrator to provide a specific end date of the wind-down period when all financial transactions would be complete. Unfortunately, as described in this report several issues outside the control of the Closing Administrator delayed the wind-down (e.g., treatment of the overpayment by NDE). CLA's audit incorporates the few transactions post the official wind-down period in Note 10 Subsequent events of their attached audit.

E. Completion of Statutory Closure Requirements

Throughout the administration of both closures, the Closing Administrator worked closely with SPCSA staff to complete the requirements established by Nevada law and the Authority's School Closure Checklist.

These responsibilities included, among others:

- providing required notices to governmental agencies, families, and creditors;
- maintaining records and communications;
- securing financial and student records;

- maintaining insurance coverage where appropriate;
- preparing inventories of school property;
- coordinating physical inspections;
- resolving retirement obligations;
- administering payroll and employee benefits;
- accounting for restricted funds;
- preparing required financial reports;
- coordinating dissolution of the schools' remaining legal affairs; and
- preparing the reports necessary to conclude the Closing Administrator's appointment.

Although these statutory requirements are frequently viewed as administrative tasks, collectively they provide the framework necessary to ensure that school closures occur in an orderly, transparent, and accountable manner.

Among the most complex and time-consuming were the proper treatment of creditor claims, the application of creditor hierarchy principles, the treatment of governmental overpayments, and the handling of payments made immediately prior to closure. These issues affected not only the distribution of the schools' remaining assets but also the fairness and integrity of the closure process itself. Appendix D of this report includes the Closing Checklists marking the completing of these tasks.

The following sections discuss these issues in greater detail.

V. Creditor Hierarchy and the Administration of Insolvent Charter Schools

So as not to bury the lead, for both TEACH and Eagle all secured and priority creditors were paid in full and unsecured creditors were paid ten (10) percent of their valid claim of the principal amount.

Now the background. The closure of TEACH and Eagle required the Closing Administrator to address several issues that arise infrequently during the operation of a charter school but become central once a school ceases operations and lacks sufficient assets to satisfy all outstanding obligations.

Among the most significant of these issues were:

- determining the proper order in which creditor claims should be paid;
- distinguishing among secured, priority, and general unsecured creditors;
- determining the legal treatment of governmental overpayments;
- administering payments fairly among similarly situated creditors; and
- avoiding actions that could improperly favor one creditor over another.

Although these issues are familiar in bankruptcy and receivership proceedings, relatively little guidance existed at the time of the appointment of a Closing Administrator regarding their application in the context of charter school closures. Because many charter schools become insolvent immediately upon closure, these principles are not merely academic—they become essential to ensuring that limited public assets are distributed fairly, consistently, and transparently.

The TEACH and Eagle closures presented several of these questions, requiring the Closing Administrator, SPCSA staff, the Nevada Department of Education, and legal counsel to evaluate issues that had not previously been addressed under Nevada's charter school closure framework.

A. Insolvency Changes the Nature of Financial Decision-Making

One of the most important concepts in administering a school closure is recognizing that the financial obligations of a closed charter school differ fundamentally from those of an operating school.

While a school is operating, management appropriately focuses on supporting educational operations, maintaining vendor relationships, compensating employees, and investing in students.

Once closure becomes inevitable, however, those priorities necessarily change.

The Closing Administrator no longer manages an educational institution. Instead, the Closing Administrator administers a limited pool of remaining assets that is frequently insufficient to satisfy all outstanding obligations.

As a result, every expenditure must be evaluated not only for its immediate necessity, but also for its effect on the equitable treatment of all creditors.

This distinction explains why actions that may appear severe—such as temporarily suspending discretionary payments, delaying payment of invoices until liabilities are understood, or refusing to honor informal payment arrangements—are often required. The Closing Administrator's responsibility is not to continue operating the school, but to preserve remaining assets until the financial condition of the estate can be fully evaluated.

B. Principles of Creditor Hierarchy

Once insolvency exists, creditors are generally paid according to well-established legal priorities rather than the order in which invoices are received or the relative importance of the vendor.

Although Nevada's charter school statutes do not comprehensively establish a distribution scheme for every circumstance encountered during closure, longstanding principles of insolvency law provide an appropriate framework for administering claims fairly and consistently.

For purposes of these closures, creditors generally fell into three categories.

1. Secured Creditors

Secured creditors possess a legally enforceable security interest in specific collateral owned by the school.

Because their claims are secured by identifiable property, secured creditors generally have the first claim to the value of that collateral upon default.

Examples include lenders with perfected security interests in equipment, vehicles, receivables, or other pledged assets.

The Closing Administrator must therefore identify all secured claims early in the closure process before liquidating assets or distributing proceeds to other creditors. Failure to do so risks distributing assets that legally belong to secured creditors.

2. Priority Unsecured Creditors

Certain unsecured claims receive statutory or legal priority despite lacking collateral.

These claims frequently include:

- employee wages earned before closure;
- retirement obligations, including PERS;
- certain tax obligations; and
- other claims granted priority by law.

These obligations should generally be satisfied before distributions are made to general unsecured creditors.

3. General Unsecured Creditors

The majority of creditors encountered during charter school closures fall within this category.

General unsecured creditors possess no collateral and no statutory priority.

Examples include:

- instructional vendors;
- consultants;
- service providers;
- utilities;
- technology vendors;
- maintenance contractors; and
- most professional service providers.

Because available assets are frequently insufficient to satisfy all such claims, these creditors ordinarily receive proportional distributions, if any, after higher-priority claims have been addressed.

This principle promotes fairness by ensuring that similarly situated creditors are treated similarly rather than rewarding those who happen to obtain payment immediately before closure.

C. Restricted Assets

Not every asset appearing on a charter school's balance sheet is available to satisfy creditor claims.

Certain assets acquired with restricted federal or state funding remain subject to conditions imposed by the applicable grant or funding source.

For example, furniture, fixtures, equipment, and technology purchased with Charter Schools Program ("CSP") funds generally cannot be liquidated for the benefit of general creditors unless permitted under applicable federal requirements.

Accordingly, one of the Closing Administrator's earliest responsibilities is identifying which assets may legally be sold and which must instead be transferred, returned, or otherwise disposed of in accordance with applicable grant requirements.

Failure to distinguish restricted from unrestricted assets risks both reducing recoveries and violating federal funding requirements.

D. Why Creditor Hierarchy Matters

The orderly administration of creditor claims serves several important purposes.

First, it protects the integrity of the closure process by ensuring that similarly situated creditors receive similar treatment.

Second, it maximizes public confidence that remaining public assets are distributed fairly rather than according to personal relationships or timing.

Third, it protects the Closing Administrator from claims that individual creditors received preferential treatment.

Finally, it provides predictability for vendors, governmental agencies, employees, and other stakeholders involved in future charter school closures.

For these reasons, creditor hierarchy became one of the central organizing principles throughout the administration of both the TEACH and Eagle closures.

Although the general principles described above are relatively well established, the administration of TEACH and Eagle required resolution of a question that appears to have been unsettled under Nevada's charter school closure framework: whether overpayments previously made by the Nevada Department of Education should receive priority over other unsecured creditor claims.

That issue is discussed in the following section.

VI. Treatment of Nevada Department of Education Overpayments

One of the most significant legal questions presented during the administration of the TEACH and Eagle closures concerned the treatment of prior funding overpayments by the Nevada Department of Education ("NDE").

Although overpayments are not uncommon in public education finance, neither the Closing Administrator nor the SPCSA identified clear statutory guidance addressing whether an NDE overpayment should receive priority over other unsecured creditor claims following the closure of a charter school.

The answer to that question had substantial financial consequences.

According to the final reconciliation prepared by the Nevada Department of Education, TEACH owed approximately $77,000 in prior overpayments, while Eagle owed approximately $854,000. Had those claims been entitled to priority status, all of the remaining assets of Eagle—and a significant portion of the remaining assets of TEACH—would have been distributed to the State of Nevada rather than to the schools' other unsecured creditors.

Accordingly, determining the legal status of these claims became one of the most important issues addressed during the closure process.

A. Competing Legal Positions

Initially, the Nevada Department of Education advanced several possible legal theories under which repayment of the overpayments might receive priority over other unsecured claims.

Among the issues considered were whether:

- Nevada law created a statutory priority for repayment of educational funding overpayments;
- the State possessed a right of setoff or similar governmental remedy;

- the overpayments represented an adjustment to revenue rather than an ordinary creditor claim; or
- other principles of governmental finance required repayment before distributions could be made to other creditors.

Because the answer to these questions would affect every remaining creditor, the issue required careful legal analysis before any distributions could be made.

B. Resolution of the Issue

The Closing Administrator worked closely with counsel for the SPCSA, counsel representing the Nevada Department of Education, and the Office of the Nevada Attorney General to analyze the issue.

Following that review, the parties were unable to identify any provision within Nevada's charter school statutes that expressly elevated repayment of an NDE overpayment above the claims of other unsecured creditors.

The legal analysis also considered analogous treatment of governmental overpayments in bankruptcy and Medicare reimbursement proceedings. Although those authorities arise in different legal contexts, they generally recognize that governmental overpayments do not automatically receive priority status absent statutory authorization.

Ultimately, the parties concluded that the NDE overpayments should be treated as general unsecured claims rather than priority obligations. In the case of TEACH and Eagle, NDE was paid the same 10 percent that other general unsecured creditors were paid. TEACH paid approximately $7,700 and Eagle paid approximately $85,400.

C. Practical Effect

The practical consequences of this determination were significant.

By treating the NDE claims consistently with other general unsecured claims, the Closing Administrator was able to distribute available funds proportionately among all similarly situated creditors rather than directing nearly all remaining assets to a single governmental entity.

As a result, numerous vendors, service providers, and other unsecured creditors received partial recoveries that otherwise would not have been possible.

D. Importance for Future Closures

Although every future closure will necessarily depend upon its own facts and the applicable law at that time, the analysis undertaken during the TEACH and Eagle closures provides useful guidance for future Closing Administrators confronted with similar questions.

The issue illustrates the importance of resisting assumptions regarding governmental priority claims.

Public agencies often occupy unique legal positions, and in many contexts governmental claims do receive statutory priority. However, absent clear statutory authority establishing such priority, governmental entities should generally be treated in accordance with the same creditor hierarchy principles applicable to other unsecured creditors.

Future Closing Administrators should therefore carefully examine the legal basis for any asserted priority before distributing remaining assets.

VII. Preferential Payments and Fiduciary Duties During Financial Distress

One of the more difficult issues encountered during the administration of the TEACH closure concerned payments made immediately before the school's decision to cease operations.

Unlike the question of creditor hierarchy, which concerns how a Closing Administrator should distribute remaining assets after appointment, this issue involved decisions made before the Closing Administrator assumed responsibility for the school. Nevertheless, because those decisions directly affected the assets available to creditors after closure, they warranted careful review.

The purpose of this discussion is not to question whether services were provided or whether contractual obligations existed. Rather, it is to examine how payments made during periods of severe financial distress can affect similarly situated creditors in the hope that practices can be developed that may reduce similar issues in future charter school closures.

A. Preferential Payments

In insolvency law, a preferential payment generally occurs when an insolvent entity pays one creditor shortly before insolvency in a manner that allows that creditor to receive more than similarly situated creditors ultimately receive.

The concern is not necessarily whether the payment was contractually owed. Rather, the concern is whether limited assets were distributed in a manner that unfairly preferred one creditor over others immediately before insolvency.

Absent such protections, a financially distressed organization could selectively pay favored creditors while leaving others with little or no recovery.

Although Nevada charter school closures do not occur within a formal bankruptcy proceeding, these same principles provide useful guidance in evaluating financial decisions made immediately before closure.

B. The TEACH Circumstances

The circumstances surrounding TEACH presented an unusual factual situation.

Prior to October 2023, TEACH, Inc., the school's Charter Management Organization ("CMO"), had deferred approximately $193,000 in management fees that otherwise would have been due during the 2022–2023 school year.

In October 2023, following the unexpected departure of numerous administrators and instructional staff, the school faced the possibility of closing during the school year. To avoid that outcome, TEACH, Inc. provided substantial additional operational support by assigning personnel from its other schools to assist TEACH Las Vegas through the remainder of the academic year.

The governing board approved a revised agreement reflecting this expanded scope of services as well as repayment of the previously deferred management fees.

C. The Timing of the Payments

The issue presented by the closure did not concern the validity of the contracts themselves.

Rather, the issue concerned the timing of certain payments.

During May and June 2024, TEACH, Inc. received approximately $228,000 in payments representing previously deferred obligations. Of that amount, approximately $150,000 was paid on June 6, 2024, immediately following the governing board's vote to voluntarily relinquish the school's charter.

At the same time, other general unsecured creditors—including vendors that had likewise provided services to the school—remained unpaid.

As a result, once the school entered the closure process, TEACH, Inc. had received payment in full while many other unsecured creditors ultimately received only partial distributions.

This sequence of events raised legitimate questions regarding the application of preferential payment principles.

D. Fiduciary Considerations

The analysis was further complicated by the role occupied by TEACH, Inc.

Unlike an ordinary vendor, the CMO maintained substantial operational involvement with the school and possessed significantly greater visibility into the school's financial condition than most creditors.

As the entity responsible for many aspects of the school's administration, the CMO necessarily participated in financial planning, budgeting, and operational decision-making.

This CMO relationship with the school created circumstances in which decisions regarding payment of the CMO's own claims deserved careful examination because they implicated broader principles of fiduciary responsibility, conflicts of interest, and equitable treatment of creditors during periods of financial distress.

E. Review Conducted During the Closure

Following appointment, the Closing Administrator reviewed the relevant transactions and discussed the matter with representatives of TEACH, Inc. and the SPCSA.

Unfortunately, TEACH, Inc took the position that they would not return the funds unless compelled to do so by a judicial proceeding and the Closing Administrator concluded that no practical mechanism existed to compel return of the funds.

Unlike a bankruptcy trustee, a Closing Administrator possesses limited authority to unwind transactions completed before appointment. In the absence of voluntary repayment or independent legal authority authorizing recovery, the funds could not realistically be redistributed among other creditors.

Accordingly, the matter was documented as part of the closure record rather than pursued through litigation.

F. Lessons for Future Closures

The circumstances presented by TEACH illustrate several broader lessons.

First, periods immediately preceding closure present heightened risks that financial decisions—however well-intentioned—may later be viewed as favoring particular creditors.

Second, entities exercising substantial operational control over financially distressed charter schools should exercise particular caution when approving payments benefiting affiliated organizations.

Third, authorizers may wish to consider whether additional oversight should be triggered once a charter school reaches defined indicators of financial distress.

Earlier oversight may reduce uncertainty, preserve remaining assets, and minimize disputes regarding the equitable treatment of creditors.

For these reasons, the Closing Administrator believes the TEACH experience provides useful guidance for future charter school closures even though no judicial determination regarding these transactions was ever sought or made.

VIII. Recovery of Assets and Accounts Receivable

The administration of a charter school closure extends beyond preserving existing assets. Equally important is identifying, protecting, and maximizing assets that have not yet been received but to which the school remains legally entitled.

For financially distressed schools, the successful collection of outstanding receivables can materially improve recoveries available to creditors and reduce losses ultimately borne by taxpayers.

The TEACH and Eagle closures presented several receivable issues, the most significant of which involved reimbursement under the federal Charter Schools Program ("CSP").

A. Importance of Receivables During School Closures

Unlike many private organizations, charter schools often possess significant receivables at the time they cease operations and maximizing receivables frequently becomes one of the Closing Administrator's most important financial responsibilities.

These receivables may include:

- state funding adjustments;
- federal grant reimbursements;
- program reimbursements;
- insurance recoveries;
- contractual reimbursements; and
- other amounts earned but not yet received.

It's worth noting that not every receivable ultimately proves collectible: some grants terminate immediately upon closure, while others remain available only if expenditures were incurred before the decision to close. Still others require substantial documentation before reimbursement will be approved.

B. Opportunity 180 and CSP Reimbursement

One of the most significant financial issues encountered during the Eagle closure concerned reimbursement of expenditures incurred under the federal Charter Schools Program.

Following the school's closure, Opportunity 180 initially questioned whether Eagle remained eligible to receive reimbursement for otherwise allowable expenditures incurred before the decision to close.

Had that position prevailed, Eagle would have lost its largest remaining asset.

Because the anticipated reimbursement represented approximately one-half of the school's remaining assets following closure, the issue became a central focus of the financial administration of the estate.

C. Analysis

The Closing Administrator conducted an extensive review of the governing federal authorities, the Charter Schools Program, prior guidance issued by the United States Department of Education, and the applicable grant documents.

Following that review, the Closing Administrator prepared a comprehensive memorandum explaining why closure of a public charter school does not, by itself, disqualify an otherwise eligible subrecipient from receiving reimbursement for allowable, allocable, and reasonable expenditures incurred before the decision to close. This memorandum is attached as Appendix C of this report.

The memorandum further explained that orderly charter school closures are fully consistent with the legislative purposes underlying the Charter Schools Program.

Indeed, effective closure of unsuccessful charter schools is itself an important component of a strong public charter school sector. The Charter Schools Program was never intended to encourage schools to remain open solely to preserve reimbursement eligibility, nor should closure operate as a penalty for expenditures that were properly incurred while the school remained eligible to participate in the program.

D. Result

Following submission of the memorandum and subsequent discussions, Eagle ultimately received the $230,000 reimbursement for eligible expenditures.

The successful recovery of this $230,000 that was previously determined to be unallowed substantially increased the assets available during the closure process and materially improved the financial outcome of the estate.

Beyond its immediate financial impact, the issue provided useful guidance for future charter school closures involving federal reimbursement programs.

The memorandum has therefore been included as an appendix to this report so that future Closing Administrators and the SPCSA may reference the analysis should similar issues arise.

E. Broader Lessons

The CSP reimbursement issue illustrates a broader principle applicable to virtually every charter school closure. Closing Administrators should not assume that receivables questioned during closure are necessarily unavailable. Rather, each receivable should be independently evaluated according to the governing statutes, regulations, grant requirements, and applicable agency guidance. In many instances, significant public funds can be preserved through careful legal and factual analysis. Accordingly, aggressive—but well-supported—pursuit of legitimate receivables should be considered an essential component of every charter school closure.

F. Other Receivable Activities

In addition to the CSP reimbursement, the Closing Administrator evaluated and pursued numerous other receivables throughout the administration of the TEACH and Eagle closures. These efforts included reconciliation of state funding, review of vendor credits, analysis of contractual rights, and coordination with governmental agencies regarding outstanding payments. Although many of these recoveries were routine and individually modest, collectively they contributed to maximizing the assets available to satisfy remaining obligations.

The experience gained during these closures demonstrates that receivable administration should receive the same attention as expense reduction and asset liquidation during every charter school wind-down. While preserving and recovering assets increases the funds available for distribution, successful administration of a charter school closure also depends upon prudent management of the expenses incurred during the wind-down itself.

Accordingly, the following section discusses the resources required to administer these closures and the compensation paid for those services.

IX. Resources Required to Administer a Charter School Closure

One of the questions most frequently asked following the closure of a charter school concerns the cost of administering the wind-down. The question is understandable. Once a school ceases educational operations, there is a natural assumption that relatively little work remains. The opposite is generally true. In fact, charter school closures frequently require a team of experts and in the most complicated cases fees can exceed one million dollars. TenSquare's integrated model allows for an efficient (and cost efficient) approach to the following scope of work.

A. Scope of Work

The responsibilities performed during the TEACH and Eagle closures extended well beyond completion of the statutory closure checklist.

Among many other activities, the Closing Administrator and TenSquare:

- assumed financial control of two charter schools;
- stabilized the schools' financial operations immediately following closure;
- preserved and liquidated school assets;
- negotiated with landlords and numerous creditors;
- administered retirement obligations and payroll matters;

- coordinated independent financial audits;
- completed prior-year accounting necessary to initiate those audits;
- pursued significant outstanding receivables;
- analyzed federal and state funding issues;
- prepared legal and policy memoranda;
- coordinated with state and federal agencies;
- maintained student records;
- responded to continuing requests from families, employees, governmental agencies, auditors, and creditors; and
- completed the numerous statutory and regulatory requirements necessary to dissolve the schools' affairs.

Many of these responsibilities continued for months after classroom instruction ended.

B. TenSquare's Integrated Model

One factor that materially reduced the overall cost of these closures was TenSquare's ability to perform, internally, work that would ordinarily require numerous outside professionals.

Unlike many organizations that rely extensively upon outside counsel, accountants, consultants, or financial advisors, TenSquare possesses in-house expertise in charter school finance, operations, governance, facilities, compliance, federal grants, communications, and school administration. (TenSquare's integrated model was especially meaningful in its subsequent role as Closing Administrator of another charter school, Nevada Prep, which will be discussed in detail in a separate report.) Negotiations involving creditors, landlords, governmental agencies, and asset purchasers were conducted directly by the Closing Administrator rather than being delegated to separate professionals. Accordingly, much of the work performed during these closures was completed without engaging multiple outside firms.

Any evaluation of the cost of administering a charter school closure should take into account the services that otherwise would have been required. Had these closures relied extensively on separate law firms, accounting firms, consultants, facilities professionals, grant specialists, communications consultants, and operational advisors, the overall cost to the schools would almost certainly have been substantially higher.

The financial benefit of this approach is not always visible because the savings are reflected in professional services that never had to be purchased. Collectively, these efforts substantially reduced the overall cost of administering the closures while maximizing the value preserved for creditors.

In addition, there are numerous examples demonstrating not only the cost savings, but also the value created by TenSquare's integrated approach. Just one example is the successful recovery of approximately $230,000 in federal Charter Schools Program reimbursement that had initially been disallowed during the Eagle closure. See Appendix C. Recovering those funds required a combination of institutional knowledge, persistence, and specialized expertise that materially benefited the closure and its creditors.

C. Compensation

During the administration of these closures, TenSquare received gross compensation of approximately:

- TEACH: $266,226.65
- Eagle: $197,582.96

The final payments were received on September 18, 2025, for TEACH and October 3, 2025, for Eagle. Since then, TenSquare has continued working on both closures without additional compensation. There is currently approximately $52,000 remaining in the TEACH account and approximately $23,000 remaining in the Eagle account.

These figures represent gross receipts rather than net compensation. They include reimbursement of substantial expenses incurred during the administration of the closures as well as compensation for the work of multiple professionals over an extended period. Accordingly, these figures should not be understood as reflecting the personal compensation of the Closing Administrator.

X. Open Issues, Lessons Learned and Recommendations

One open issue remains for the SPCSA's consideration.

A. Whether to Pay PERS Penalties

At the time of the appointment of the Closing Administrator, TEACH and Eagle had substantial, over $100,000, of past due PERS contributions. PERS is a preferred creditor, and the Closing Administrator ensured that both TEACH and Eagle paid their respective PERS principal balances in full.

For both TEACH and Eagle there remains a relatively small balance with PERS strictly related to unpaid penalties. TEACH owes PERS $9,810.53 in unpaid penalties and Eagle owes $4,045.33.

The Closing Administer petitioned the PERS Board several times requesting that these penalties be waived. The PERS Board denied these repeated requests and instead has taken the position that it would be a violation of their duty to waive these penalties.

As previously noted, general unsecured creditors were paid ten (10) percent of the principal balance owed. Although several creditors attempted to recover principal and interest, the Closing Administrator disallowed penalties and interest in considering the principal amount owed.

There remains a question as to whether TEACH and Eagle are obligated to use their remaining balances, in part, to satisfy these penalties.

B. Remaining Balances from which Payment Could be Made

Both TEACH and Eagle have funds remaining that could be used for, among other things, payment of the PERS penalty. There is currently approximately $52,000 remaining in the TEACH account and approximately $23,000 remaining in the Eagle account. Final remaining balances will revert to NDE per the NRS.

In addition to these two open matters, there are a couple of lessons learned from the closure of TEACH and Eagle. Following are the two that are fundamental to the closure process:

C. Recommendation: Provide Earlier Financial Intervention

By the time many charter schools enter the closure process, available financial options have become limited.

Earlier intervention when schools exhibit significant financial distress may preserve additional assets, reduce creditor losses, and improve the overall administration of the closure.

D. Recommendation: Develop Guidance Regarding Affiliated Party Transactions

The TEACH closure highlighted the challenges that may arise when financially distressed schools make significant payments to affiliated organizations immediately before closure.

Although affiliated organizations often provide valuable services, transactions involving related parties warrant careful review during periods of financial distress because they may raise questions regarding fiduciary duties, conflicts of interest, and equitable treatment of creditors.

XII. Completion of Statutory Closure Requirements

The Closing Administrator has completed the responsibilities assigned by the State Public Charter School Authority in connection with the orderly closure of TEACH Las Vegas Charter School and Eagle Charter Schools of Nevada. Throughout the administration of these closures, the Closing Administrator worked closely with the SPCSA, the Nevada Department of Education, independent auditors, legal counsel, former school personnel, and numerous other stakeholders to ensure that all statutory and administrative requirements were satisfied. In addition, the Closing Administrator kept the SPCSA and the public informed of its progress through numerous presentations at SPCSA public meetings.

XIII. Conclusion

The closure of a public charter school is among the most significant responsibilities entrusted to a charter school authorizer. While the closure of a school marks the conclusion of its educational mission, it also reflects the accountability that distinguishes the public charter school model. The willingness to close schools that are no longer educationally or financially viable preserves public confidence in the charter sector and ensures that public resources remain subject to appropriate oversight.

The administration of the TEACH Las Vegas Charter School and Eagle Charter Schools of Nevada closures presented numerous legal, financial, and operational challenges extending well beyond the cessation of classroom instruction. Throughout the course of these proceedings, the Closing Administrator worked to ensure that students were successfully transitioned to new educational settings, public assets were preserved and appropriately liquidated, financial records were reconciled, independent audits were completed, creditor claims were administered fairly, outstanding receivables were pursued, and the statutory and regulatory obligations associated with each closure were satisfied.

Several issues encountered during these closures required analysis beyond that contemplated by existing guidance. These included the application of creditor hierarchy principles to insolvent charter schools concerning the treatment of governmental overpayment claims, the review of affiliated-party transactions during periods of financial distress, the recovery of significant federal grant reimbursements, and the administration of restricted assets. The resolution of these issues required close collaboration among the SPCSA, the Nevada Department of Education, the Office of the Nevada Attorney General, independent auditors, former school personnel, and numerous other stakeholders.

The Closing Administrator believes these closures demonstrate that the successful administration of a charter school closure requires substantially more than completion of an administrative checklist. It demands expertise in finance, accounting, governance, law, operations, grants management, communications, and regulatory compliance, together with the judgment necessary to apply those disciplines in a coordinated and transparent manner.

The experience gained through the administration of the TEACH and Eagle closures has also provided a learning opportunity for future closures and the information in this report is intended to offer future Closing Administrators, the SPCSA, and other stakeholders may benefit from the lessons learned during these proceedings.

The Closing Administrator extends sincere appreciation to the Board and staff of the State Public Charter School Authority for their professionalism, guidance, and collaboration throughout these proceedings. Appreciation is also extended to the Nevada Department of Education, the Office of the Nevada Attorney General, independent auditors, former school administrators and employees, Opportunity 180, creditors, vendors, and the many individuals who assisted in bringing these complex closures to an orderly conclusion.

Although the closure of a charter school is never the desired outcome, an orderly and transparent closure process is itself an important measure of a mature and accountable public charter school system. The Closing Administrator respectfully submits that the affairs of TEACH Las Vegas Charter School and Eagle Charter Schools of Nevada have been concluded in a manner consistent with those principles.

XIV. Request for Discharge

Having completed the responsibilities assigned by the State Public Charter School Authority in connection with the orderly closure of TEACH Las Vegas Charter School and Eagle Charter Schools of Nevada, the Closing Administrator respectfully requests that the SPCSA Board accept this Final Closure Report and formally discharge the Closing Administrator from any further duties relating to these proceedings.

Since the dates of appointment, the Closing Administrator has undertaken the responsibilities necessary to conclude the affairs of both schools, including the preservation and liquidation of assets, administration of financial affairs, coordination of independent audits, management of creditor claims, recovery of outstanding receivables, completion of statutory and regulatory obligations, preservation of records, and satisfaction of the administrative requirements associated with the closure process.

To the best of the Closing Administrator's knowledge and belief, all material responsibilities assigned by the SPCSA have been completed. While routine inquiries concerning former students, records, or historical financial matters may arise from time to time, such inquiries are administrative in nature and do not require the continuation of the formal closure proceedings.

Accordingly, the Closing Administrator respectfully requests that the SPCSA Board:

1. Accept this Final Closure Report as the official report of the administration of the closures of TEACH Las Vegas Charter School and Eagle Charter Schools of Nevada;
2. Determine that the Closing Administrator has satisfactorily completed the responsibilities assigned by the Board;
3. Formally discharge the Closing Administrator from any further responsibilities arising from these appointments; and
4. Authorize the Executive Director of the SPCSA to take any ministerial actions necessary to complete the administrative closeout of these proceedings.

The Closing Administrator appreciates the confidence placed in him by the Board and the professionalism and cooperation extended by the Board, SPCSA staff, the Nevada Department of Education, the Office of the Nevada Attorney General, independent auditors, former school personnel, and the many individuals and organizations that contributed to the successful administration of these closures.

Respectfully submitted,

Joshua M. Kern
Closing Administrator
TEACH Las Vegas Charter School
Eagle Charter Schools of Nevada

APPENDICES

A. TEACH Financial Audit

B. Eagle Financial Audit

C. Opportunity 180 Memo

D. Closing Checklists for TEACH and Eagle