



Athlos Academy
RENO

Charter Application

Athlos Academy of Reno

Planned Opening: 2017-2018 School Year

Board President: Chris O'Neil

chris.oneil.0@gmail.com

SPCSA CHARTER PROPOSAL COVER SHEET

Identify the **primary point of contact** for your team. Barring a change in the makeup of the founding group, this will likely be the liaison identified in the Notice of Intent. This individual will serve as the contact for all communications, scheduling, and notices regarding your application. The Primary Contact is expected to ensure that your team receives all general communications promptly. Please note that, as with all aspects of your application, names and contact information of the Primary Contact will become public information.

Primary contact person: Chris O'Neil

Mailing address:

Street/PO Box: 140 W. Huffaker Lane

City: Reno

State: NV

Zip: 89511

Phone Number:

day: 775-287-7285

Fax Number:

Email: chris.oneil.0@gmail.com

**Name of
entity applying:**

Athlos Academy of Reno

team or

- Track A
- Track B
- Track C
- Track D

Provide a brief description of your school that includes the name, the mission, grades served and other information you would like to include in a brief communication of this type. Your description will be used by the sponsor to provide information to the public about applicants and, for approved schools, new charter schools.

Athlos Academy of Reno's mission is to provide high quality educational opportunities for the whole child based on three foundational pillars of Prepared Mind, Healthy Body, and Performance Character. The Athlos model is rooted in the belief that each pillar is innately dependent on the strength of the other pillars and that children have the best opportunity for success in college, career and life when they are supported by high quality programs in the three interconnected pillar areas.

Athlos Academy of Reno will serve grades K-8 in a new facility in South Reno

Names, roles, and current employment of all persons on applicant team (*add lines as needed*):

Full Name	Current Job Title and Employer	Position with Proposed School
Chris O'Neil	Vice President Operations/Acquisitions at Bailey & Dutton Development; Managing Director at AssetLogic	Board Chair
Adriana Publico	Staff Coordinator at WCSD	Board Member
Shane Dyer	Civil Engineer at Dyer Engineering	Board Member
James Pickett	Developer at Ladera, LLC	Board Member
Jennifer Freeman	Former WCSD Teacher and Mother/Community Activist	Board Member
Doug Rands	Legal Partner (and founder) at Rands, South, and Gardner	Board Member
Marcus Culpepper	Dean of Students at Swope Middle School	Board member

Does this applicant team, charter management organization, or education management organization have charter school applications under consideration by any other authorizer(s) in the United States? Yes No

If yes, complete the table below, adding lines as needed.

State	Authorizer	Proposed School Name	Application Due Date	Decision Date
LA	Louisiana Board of Elementary and Secondary Education	Athlos Academy of Caddo, Athlos Academy of Lafayette, Athlos Academy of East Baton Rouge	6/10/16	10/12/16
TX	Texas Education Agency	Athlos Academy of Texas	11/1/15	7/22/16

Does this applicant team, charter management organization, or education management organization have new schools scheduled to open elsewhere in the United States in the 2015-16 or 2016-17 school years? Yes No

If yes, complete the table below, adding lines as needed.

Proposed School Name	City	State	Opening Date
Athlos Academy of Utah	Herriman	UT	8/2016
Athlos Academy of St. Cloud	St. Cloud	MN	8/2016
Athlos Academy of Jefferson Parish	Terrytown	LA	8/2017

School Name (add lines as needed):

Proposed School Name(s)*	Opening Year	Grades served Year 1	Grades served at capacity
Athlos Academy of Reno	2017-18	K-8	K-8

Planned Enrollment (Must Correspond to Budget Worksheet Assumptions)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
K	100	100	100	100	100	100
1	140	140	140	140	140	140
2	140	140	140	140	140	140
3	140	140	140	140	140	140
4	140	140	140	140	140	140
5	140	140	140	140	140	140
6	140	140	140	140	140	140
7	140	140	140	140	140	140
8	140	140	140	140	140	140
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	0	0	0	0	0
Total	1220	1220	1220	1220	1220	1220


Nevada law currently permits an operator to contract with for-profit and non-profit education management organizations and education service providers.

Does the proposed school intend to contract or partner with an education management organization (EMO) or education service provider (EMO) or other organization to provide school management services?	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, identify the EMO/ESP:	Athlos Academies

Effective January 1, 2016, Nevada law will also permit authorizers to enter into charter contracts to nonprofit charter management organizations which directly hold a charter in another state as well as to Nevada non-profit corporations formed for the purpose of applying for a charter in conjunction with such a CMO.

Is the applicant for the proposed school a charter management organization (CMO) or a Nevada non-profit corporation formed for the purpose of applying for a charter in conjunction with a CMO?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, identify the CMO and any affiliated NV non-profit:	

Applicant Certification:


Signature 7/15/16
Date

Chris O'Neil
Printed Name:

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Executive Summary

4 Page Limit

Provide a brief overview of your proposed school, including:

- An overview of the mission and vision for the school

Athlos Academy of Reno's mission is to provide high quality educational opportunities for the whole child based on three foundational pillars of Prepared Mind, Healthy Body, and Performance Character. The Athlos model is rooted in the belief that each pillar is innately dependent on the strength of the other pillars and that children have the best opportunity for success in college, career and life when they are supported by high quality programs in the three interconnected pillar areas.

The vision of Athlos Academy of Reno is to produce students who are well-prepared to face life's challenges and who have developed critical thinking and problem-solving skills as well as a broad knowledge base and healthy lifestyle habits. The school's culture celebrates high academic achievement, fosters individual growth in athletics and performance character, and promotes regular family engagement.

- Proposed model and target community

Athlos Academy of Reno's model is built on The Three Pillars of Performance of Prepared Mind, Healthy Body, and Performance Character. The school's culture celebrates high academic achievement, fosters individual growth in healthy lifestyle habits and performance character, and promotes regular family engagement. Graduates of Athlos Academy of Reno will embody the performance character traits research identifies as more predictive of a person's success than intellectual talent or educational attainment.¹ The purposeful development of grit, leadership, and social intelligence prepares all students for the rigor of advanced high school and college courses and instills in them the self-confidence and social ability necessary to be successful in a competitive world.

Athlos Academy of Reno plans to target K-8 students of South Reno who face persistent overcrowding and insufficient facilities in their schools.

- The outcomes you expect to achieve

Every student will be expected to develop a Prepared Mind, Healthy Body, and strong Performance Character over the course of their educational experiences at Athlos Academy of Reno. In the short term, this means elementary and middle school students at Athlos are instilled with the belief that they are capable of great feats. Upon finishing eighth grade, students will be confident they possess the critical-thinking skills, knowledge base, lifestyle habits, physical abilities, and performance character necessary to face the challenges of high school and college and emerge victorious. Over time, students from Athlos will mature into active citizens who understand that learning, wellness,

1 (Duckworth, Peterson, Matthews, & Kelly, 2007)
(Tough, 2013)

and strong performance character are inextricably connected. As a result, these young adults will be courageous, persevering, humble leaders who contribute to a better society and inspire others in their careers and communities to live fulfilling, responsible, resilient lives.

- The key components of your educational model

Prepared Mind

The Prepared Mind pillar contains research-based academic curricula that have strong track records of student achievement. The Athlos instructional model follows the belief that students should be engaged participants in their learning and encouraged every day to participate in a school culture where they investigate and take ownership of their education. The academic curriculum's critical inquiry approach is student centered and promotes critical thinking and deep understanding. By deploying a variety of instructional strategies such as project-based, active, and cooperative learning, differentiated instruction, and backward unit design, Athlos teachers will fully support students while simultaneously inspiring them to develop the autonomy and integrity necessary to be successful as independent, self-motivated learners. The complementary relationship of these instructional methods will ensure students receive high-level instruction that can then be applied to real-world situations. Athlos Academy of Reno will maintain a curriculum that promotes literacy in core subjects and helps foster healthy bodies and strong performance character.

Healthy Body

The Healthy Body pillar is a scientifically designed program that supports academics, prevents obesity, and provides an excellent platform for performance character development. All students will have diverse opportunities to build athletic, nutritional, and wellness habits essential to living a healthy life. The innovative Healthy Body pillar was developed to improve student health in the face of a nationwide decline in physical education courses.² The Healthy Body pillar is designed to celebrate every student as an athlete, building confidence and a sense of team, while physically activating the brain in ways that research proves will lead to greater academic achievement.³ This pillar includes curriculum on physical fitness as well as health and nutrition, and promotes a culture of wellness throughout the school for students as well as staff.

Performance Character

The Performance Character pillar was inspired by research from Angela Duckworth, Paul Tough, and Martin Seligman and will be the basis of school culture at Athlos Academy of Reno.⁴ The program promotes traits, including grit, leadership, and social intelligence, that are vital to success in college, career, and community life. Promoting these traits will help students embrace both success and failure by developing the humility to learn from their mistakes and the courage to take risks. Developing well-balanced students who are able to overcome obstacles and realize their potential for excellence in the classroom and beyond rests heavily on the development of these traits.

² (Centers for Disease Control and Prevention, 2015)

³ (Strong, Malina, & al., 2005)

⁴ (Duckworth, Peterson, Matthews, & Kelly, 2007)
(Seligman, 2007) (Tough, 2013)

- The values, approach, and leadership accomplishments of your school leader or leadership team

The school leader at Athlos Academy of Reno has not yet been chosen.

- Key supporters, partners, or resources that will contribute to your school’s success

Athlos Academy of Reno’s partnership with Athlos Academies is a critical component of school success. The EMO partnership will provide support and infrastructure for start-up and life of the school. The partnership support is outlined in the MSA section of this application document.

There are also local community partnerships with the school that will support the program model of Prepared Mind, Healthy Body, and Performance Character. These partnerships will be discussed in more depth in the Community Partners section, but they are all integral to the life of the school. Without local community partners the outreach and ability to support the student at Athlos Academy of Reno will be far less.

Support/Partner	Goal	Pillar Alignment
Dyer Engineering	To support the approval of Athlos Academy of Reno and to provide mentorship to future students.	Prepared Mind, Performance Character
Tricor Construction	To support the approval of Athlos Academy of Reno and to provide mentorship to future students.	Prepared Mind, Performance Character
Key Medical	To support the approval of Athlos Academy of Reno and to provide support for, and partnership with, the Healthy Body program through activities, sponsorships, or mentoring.	Healthy Body Pillar
D4 Advanced Media	To support the approval of Athlos Academy of Reno and to provide mentorship to future students.	Prepared Mind, Performance Character
Reno 5000	To support the approval of Athlos Academy of Reno and to provide support for, and partnership with, the Healthy Body program through	Healthy Body Pillar

	activities, sponsorships, or mentoring.	
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MEETING THE NEED

TARGETED PLAN

(1) Identify the community you wish to serve and describe your interest in serving this specific community.

Athlos Academy of Reno will serve students in South Reno faced with the deleterious effects of overcrowding and insufficient facilities in their schools.

There is a critical need for more classrooms in Washoe County School District, and specifically South Reno. A handful of Washoe County School District schools, including two South Reno elementary schools, Brown and Double Diamond, are scheduled to go on a multi-track calendar beginning in the 2017-18 school year to manage overcrowding. Both of those schools, as well as two middle schools in South Reno, Pine and Depoali, will exceed capacity in the fall of 2016.⁵

Many neighborhoods in Washoe County, including South Reno, are only projected to grow in population, with many housing developments under construction and approved for construction in the near term. The county's population will continue to grow by more than 1 percent for the foreseeable future.⁶

WCSD does not have funding or plans to construct any new schools in the near term. (There is an initiative on the November ballot to provide a funding stream for school construction, but it is unlikely to pass.) Even with additional funding, WCSD doesn't include any of the above listed schools as part of the first three phases of construction and repairs that could happen by 2025.⁷

Elementary and middle school students in South Reno, a growing part of the county, deserve to learn in facilities that are not outdated or overcrowded. Athlos Academy of Reno has the capability to build a new facility and offer innovative instruction for these students.

(2) Explain how your model, and the commitment to serve this population, including the grade levels you have chosen, would meet the district and community needs and align with the mission of the SPCSA.

The Board of Directors for Athlos Academy of Reno is committed to serving the population of South Reno because its members live and work in the area, know the challenges facing the community and want to meet its needs and improve outcomes for students.

Athlos Academy of Reno will help lower dropout rates by instilling students with strong academic skills, healthy bodies, and resilient performance character. Developing that strong performance character has been shown to improve outcomes for students in college and their careers. While dropping out is more common in high school, discipline and truancy in elementary and middle school students reliably lead to problems in later years. Though the causes of dropout, discipline, and truancy often vary, two important factors are poor student health and lack of engagement, both

⁵ (Washoe County School District, 2016)

⁷ (Washoe County School District, 2016)

⁶ (Nevada State Demographer's Office, 2014)

academically and socially.⁸ Failure to adequately address these factors in earlier grades contributes to multiple social challenges for high school students, and these challenges serve as reliable predictors for lower academic performance and higher dropout rates.

PARENT AND COMMUNITY INVOLVEMENT

(1) Describe the role to date of any parents, neighborhood, and/or community members involved in the development of the proposed school.

The members of the Board of Athlos Academy of Reno have been involved in developing the school. The businesses affiliated with each board member are proponents of the project and of school choice. Each member of the board is driven by their role in the community and also their role as parents. Among the members of Athlos Academy of Reno are 18 school aged children who are in dire need of a better learning environment. The surrounding community affiliated with our board members are facing a lack of choice, and space, for students to have a functioning learning environment. The result of this means considering high tuition costs at private schools, driving children across town and out of district zoning with special approval to get a better option, and to be involved with supporting projects like this to bring innovation, space for more students in a growing community, and a more accessible option for all. Community members involved with the project, including local health care organizations and businesses, have submitted their support for this new school in our community.

(2) Describe how you will engage parents, neighborhood, and community members from the time that the application is approved through the opening of the school. What specific strategies will be implemented to establish buy-in and to learn parent priorities and concerns during the transition process and post opening?

Athlos Academy of Reno recognizes the importance of parental participation in the educational process in allowing for students to achieve and maintain high levels of performance. The following plan is designed to help build consistent and effective communication among parent/guardian(s), teachers, and administrators.

1. Athlos Academy encourages parent/guardian(s) to provide a home environment that values education and send their children to school prepared to learn.
2. Athlos Academy shall provide opportunities for parent/guardian(s) to be involved in establishing and implementing educational goals for the school and its students, including:
 - a. Volunteering in the classroom or at school events; and
 - b. Groups and organizations, like the Parent-Teacher Organization (PTO), that may provide instruction and training to parent/guardian(s) to take on leadership responsibilities in their child's academic success.
3. The EMO partnership supports and trains community members, board members, and school staff to do home visits, door-to-door recruitment, media advertising, and any other community specific endeavor that will support and engage parents and citizens.

⁸ (Brown, Corliss, Campbel, & Guy, 2009)

4. Athlos Academy will provide parent surveys and contact options at parent information meetings, events, and on the website to gather feedback/input/interest from current/future Athlos families to better customize engagement efforts for the Athlos Academy of Reno community.

(3) Describe how you will engage parents in the life of the school (in addition to any proposed governance roles). Explain the plan for building family-school partnerships that strengthen support for learning and encourage parental involvement. Describe any commitments or volunteer activities the school will seek from, offer to, or require of parents.

Athlos Academy of Reno believes that family and community involvement in the academic process leads to more successful students. Being an Athlos family means being invited to learning opportunities with your children, their schoolmates and community. Continued family support includes learning about bringing the three pillars into the home, being welcomed into the school and classrooms, and working with the board on parent committees. Athlos encourages families to learn together and practice the culture of the school in their everyday lives.

Parents and community members will be involved in the life of Athlos Academy of Reno in many ways. Families will be directly engaged in the classroom with the Athlos Roots program, which is part of the Social Studies and Performance Character curriculum. Athlos Roots facilitates structured, intentional connections between students' personal and family identities and historical events that help to build self-worth and interest in learning. Athlos Academy of Reno will also expand and enrich the focus of the classroom by engaging family members through student-led conferences and student work exhibitions, which will celebrate their work.

Athlos Academy of Reno will also survey all parents every year to determine their levels of satisfaction and to obtain their input on how the school can improve. The school will utilize satisfaction surveys to provide a high quality survey instrument and the ability to compare our results with other schools. Students will also be surveyed using satisfaction surveys. Survey results will be reviewed annually by the faculty, administration, and the Board. Survey results will help determine and drive changes necessary to improve the school for the coming year.

(4) Discuss the community resources that will be available to students and parents. Describe any strategic partnerships the school will have with community organizations, businesses, or other educational institutions that are part of the school's core mission, vision, and program other than the EMO identified in the application or dual-credit partners discussed in subsequent sections. Specify the nature, purposes, terms, and scope of services of any such partnerships, including any fee-based or in-kind commitments from community organizations or individuals that will enrich student-learning opportunities. Include, as Attachment 1, existing evidence of support from community partners such as letters of intent/commitment, memoranda of understanding, and/or contracts.

(5) Describe the group's ties to and/or knowledge of the target community. What initiatives and/or strategies will you implement to learn from and engage the neighborhood, community, and broader city?

The board is representative of the target community, with long-standing ties to the community at large. Members of the board have lived and worked in South Reno for many years. Several members attended the local schools themselves and now their children are enrolled in schools in this same

area. In the neighborhoods and businesses the board is associated with, they hear all too often about the overcrowding issues at their local schools. The board plans to engage the rest of the target community through existing personal and professional networks to tap into the unmet demand for all families in the area to have more options for their children.

(6) Identify any organizations, agencies, or consultants that are partners in planning and establishing the school, along with a brief description of their current and planned role and any resources they have contributed or plan to contribute to the school's development. If much of the founding group and/or the EMO contractor is new to Nevada, describe how your previous work has prepared you to establish relationships and supports in this new community.

Athlos Academy of Reno is currently working with and seeking out strong community partnerships to support the life of the school and student success. The local board is not new to Reno and the connections and experiences of the board (as noted throughout the application) are integral to the success of the school. The EMO is in partnership with the board. As seen in the MSA section of this application, the partnership of the EMO with the local board is designed to provide supportive services for the educational and operational aspects of the day-to-day and life of the school. It is also designed to support the local governing board through training, partnership support, and more. This relationship will help to ensure that the local board can focus on bringing partnerships to life for the students and families they are serving and have the time and inspiration to truly govern.

The local community effort is so important, which is why the infrastructure provided by the EMO partnership provides support and room for the local board to truly integrate with the South Reno area. The following is an outline of the process by which the board will consider, select, and partner with community organizations.

Partnership Philosophy

They say it takes a village to raise a child and we agree. That's why school partnerships are so important for our students in their experience at school. School is more than learning the basics; it's about learning life-long skills for a successful future.

It is the ultimate goal of this board that Athlos students become engaged citizens who understand that learning, wellness, and strong performance character are inextricably connected, and will apply these attributes as each of them graduate through high school, and the rest of their lives. Ultimately, our vision is that students who graduate from our school will be courageous, persevering, humble leaders who contribute to a better society and daily inspire others in their careers and communities to live fulfilling, responsible, and successful lives.

Continued efforts for community partnerships are guided by this vision to support student success.

Criteria for Identifying Partner Organizations

1. Partner organization commits to supporting the mission and vision of Athlos Academy of Reno.
2. Partner organization is willing and able to have volunteer presence in the school to support at least three activities throughout the year.
3. Partner organization is willing and able to donate financially or through material resources that support the mission and vision of the school.
4. Partner organization has a track record of successfully upholding programming in at least one other school (reference call/letter may be requested by the Athlos Governing Board).
5. Partner organization fits the niche of at least one of the Three Pillars (Healthy Body, Prepared Mind, and Performance Character) for added support in reaching student performance goals.

ACADEMIC PLAN

MISSION & VISION

The mission of your school should describe the purpose of your school, including the students and community to be served and the values to which you will adhere while achieving that purpose. The vision of your school should describe what success looks like for students, for the school as a whole, and for any other entities that are critical to your mission. The mission and vision statement should align with the purposes of the Nevada charter school law and the mission of the State Public Charter School Authority and serves as the foundation for the entire proposal.

(1) Provide the mission of your proposed school and describe how that mission will inform your school's daily activities and students' classroom experience.

As stated in the Executive Summary on page 1, Athlos Academy of Reno's mission is to provide high quality educational opportunities for the whole child based on three foundational pillars of Prepared Mind, Healthy Body, and Performance Character.

Athlos Academy of Reno provides research-based academic programs that promote standards-based learning and are rich with personal relevance and real-world application. The school implements high-quality instructional and assessment practices and uses data to drive instructional decisions and differentiation. Athlos Academy of Reno integrates scientifically designed physical activity and wellness programs into all students' daily experience to promote an active, healthy lifestyle and contribute to higher academic achievement. Athlos Academy of Reno incorporates a daily focus on essential performance character traits, taught collaboratively to develop a sense of community in the school and support student ownership in their academic and character growth. Teaching the three pillars provides students with the skills and knowledge necessary to be contributing citizens who build healthy relationships in their communities.

The Athlos model seeks to identify at-risk students—those more likely to drop out during their school career—early and support them through the Three Pillars of Performance educational model. The model will engage students academically via rigorous, relevant curriculum; it will inhibit obesity by providing health and wellness support as well as focused physical activity training; and it will help students develop the Performance Character traits necessary for success in school and life. Performance Character education at Athlos Academy of Reno will also serve as a preventative discipline program and support kids as they become resilient leaders ready to leave a positive mark on the world. The three pillars together will improve student health, heighten student engagement in school, and lower the chance of future dropouts.

(2) Describe the vision for your school, clearly illustrating what success will look like in terms of life outcomes for students and the impact on the local community and/or larger society.

The vision of Athlos Academy of Reno is to produce students who are well-prepared to face the challenges of life, and who have developed critical-thinking skills, a broad knowledge base, and healthy lifestyle habits. The Athlos school culture will successfully instill students with the key Performance Character traits, including grit, leadership and social intelligence, identified by Athlos

Academies as qualities a person must realize to reach his or her highest potential in life. Athlos graduates will embody these traits, which research identifies as more predictive of a person's success than intellectual talent or educational attainment.⁹

Our ultimate goal is that Athlos Academy of Reno students become lifelong learners who understand the crucial connections among learning, wellness, and strong performance character. As a result, our vision is that all students who graduate from the school mature into courageous, humble leaders who contribute to a better society and inspire others daily to live fulfilling, healthy, and successful lives.

(a) Articulate clear guiding purposes and priorities that are meaningful, measurable, and attainable.

Athlos Academy of Reno's Three Pillars of Performance are based in research, showing their value for students in school and, importantly, later in life. All three pillars include rigorous assessment measures as part of their strategies of instruction. (For more on assessments, see the response beginning on page 30.)

(3) A charter school must have as its stated purpose at least one of the goals set forth in NRS 386.520. Please identify the statutory purpose(s) of the school and how these align to the mission and vision of the school. The six statutory purposes are:

- (a) Improving the academic achievement of pupils;**
- (b) Encouraging the use of effective and innovative methods of teaching;**
- (c) Providing an accurate measurement of the educational achievement of pupils;**
- (d) Establishing accountability and transparency of public schools;**
- (e) Providing a method for public schools to measure achievement based upon the performance of the schools; and**
- (f) Creating new professional opportunities for teachers.**

Athlos Academy of Reno's mission includes using effective, innovative methods of teaching (b) with the vision of improving academic achievement (a). Through professional development and the uniqueness of school culture, teachers at Athlos Academy of Reno will be given a new professional opportunity to work with an innovative charter school model (f).

TRANSFORMATIONAL CHANGE

The SPCSA is committed to authorizing applicants that seek transformational change for the communities they serve, meaning that the operator:

- Puts forth a model that will result in double-digit academic gains, and***

⁹ (Duckworth, Peterson, Matthews, & Kelly, 2007)

(Seligman, 2007) (Tough, 2013)

- *Has a solid plan to move schools toward the top 25% in Nevada. School progress is evaluated based on the SPCSA's Charter School Performance Framework (CSPF) and the Nevada School Performance Framework (NSPF) adopted by the Nevada Department of Education.*

(1) Articulate your approach to education. Describe the most essential features of your school that ensure it will meet the SPCSA's ambitious academic goals. Specifically describe how your students, many of whom will not be proficient initially, will experience and practice academic rigor during the first year and subsequent years in which your school is progressing toward the SPCSA's academic goals.

The Athlos educational model consists of three foundational pillars: Prepared Mind, Healthy Body, and Performance Character. The three integrated pillars engage and serve the whole child in a manner that encourages connection to self and society. Athlos Academy of Reno will achieve high levels of academic achievement while lowering dropout rates by instilling students with strong academic skills, healthy bodies, and resilient performance character traits. A prepared mind can only reach its fullest potential by way of innovative academic curriculum and instruction as well as the inclusion of regular physical activity and health education, and performance character development.

Research-based academic, athletic, and performance character programs provide tailored opportunities for students to learn and grow.¹⁰ The use of valid, reliable assessments reflects the commitment of Athlos Academy of Reno to continuous growth and personal accountability. Talking openly and honestly about student learning as it relates to academic standards and performance character traits encourages students to set goals as well as reflect upon and take ownership of their learning, and engages families in the process. Studies show that students who engage in a regular and effective physical education program show greater academic achievement gains than their peers who lack such opportunities.¹¹ Integrating physical activity into the school day is especially important, because more than one in ten Nevada adolescents are obese and more than one in seven are overweight.¹² Athlos Academy of Reno will deliver an engaging curriculum that is aligned vertically, integrated across disciplines, and to standards, and integrates physical activity and character development into daily instruction.

Athlos Academy of Reno deploys critical inquiry and project-based instructional strategies to ensure students achieve their fullest academic potential. Athlos will utilize research-based curriculum, strong assessment practices, and family engagement. This approach requires significant investment in ongoing professional development for teachers, administrators, and staff. At Athlos Academy of Reno, outstanding teachers, working in partnership with families in a values-rich, data-driven environment, will instruct students.

(2) Describe the fundamental features of your educational model that will drive outcomes in your proposed school. Key features may include:

10 (Tomporowski, Davis, Miller, & Naglieri, 2008)

11 (Brown, Corliss, Campbel, & Guy, 2009)

12 (Nutrition, Physical Activity and Obesity: Data, Trends and Maps, 2015)

- *Programs (e.g., curriculum, PD, afterschool program, parent program, etc.)*
- *Principles (e.g., no excuses, individualized learning, learn at your own pace, etc.)*
- *Structures (e.g., blended learning, small learning communities, small class sizes, etc.)*

The school will incorporate curriculum resources designed by Athlos Academies (EMO) and other sources to foster high quality teaching and learning in the school. Curriculum and instruction will be aligned with the Nevada Academic Standards. The curriculum, instructional methods, and associated professional development ensure students are engaged in systematic, explicit, and efficient learning experiences that are relevant to their daily life. Key structures, policies, and practices of Prepared Mind pillar include:

- 👤 **Curriculum:** Athlos academic curriculum content is based on research and standards, and integrates relevant, contextual connections for students. The curriculum includes opportunities for inquiry and performance tasks, which engages student interests, allows students to make connections to outside the classroom and promotes expanding students' depth of knowledge.
- 👤 **Instruction:** Teachers at Athlos Academy of Reno will actively involve students through student-centered workshops, projects, and collaborative tasks. Instruction will be differentiated to meet student needs and will display a developmentally appropriate flow. To ensure teachers are habitually growing and learning in their instructional abilities, regular professional development time will be scheduled and set aside. The yearly calendar includes professional development days, and weekly small group meetings will allow for collaboration and further development.
- 👤 **Assessment:** Teachers will consistently use formative assessment to inform instruction and will ensure summative tasks vary in scope and design in order to engage all students. Purposeful assessments using standards-based grading will promote a growth mindset and support student learning.
- 👤 **Community and Culture:** Athlos Academy of Reno will expand and enrich the focus of the classroom by engaging family members through student-led conferences and student work exhibitions, which will celebrate their work. Teachers will help create classrooms filled with trust, safety, and encouragement. That foundation will allow students to feel safe to take risks, share opinions, and ask each other questions. Athos students will advance this culture by learning, practicing and exhibiting key Athlos Performance Character traits leadership, grit and social intelligence.

The academic program is designed to address the achievement gap. Moreover, combining and integrating the Performance Mind pillar with the other two pillars at Athlos Academy of Reno is truly innovative. While many schools run physical education and character education programs as a side note to their academic programs, Athlos Academy of Reno believes that bringing healthy lifestyle and performance character education to the forefront of our educational programs will lead to greater academic achievement and engagement for all students.

(3) Describe the mechanisms by which the fundamental features you described in (2) will dramatically influence student success. Please provide evidence from your own experience and/or valid research.

Valid research showing the benefits of the Three Pillars of Performance are referenced throughout this application in footnotes and the Works Cited section on page 1. Specific sources for features of each of the three pillars are listed below.

- 🧠 Prepared Mind: the following practices and strategies are woven into instruction
 - Inquiry-based learning: *Inquiry-Based Learning: A Review of the Research Literature*, by Dr. Sharon Friesen and David Scott¹³ and *Teaching for Meaningful Learning: A Review of Research on Inquiry-Based and Cooperative Learning* by Dr. Brigid Barron and Dr. Linda Darling-Hammond.¹⁴
 - Project-based learning: *Project-Based Instruction: A Review of the Literature on Effectiveness in Prekindergarten through 12th Grade Classrooms*, by Margaret Holm.¹⁵
- 🧘 Healthy Body
 - The connection between physical activity and academic achievement is analyzed extensively in *Spark: The revolutionary new science of exercise and the brain*, by John Ratey.¹⁶
- 🧠 Performance Character
 - The importance for Performance Character traits is researched and reviewed in *Personality Processes and Individual Differences*, by Angela Duckworth, et al.,¹⁷ *How Children Succeed* by Paul Tough,¹⁸ and *The Optimistic Child*, by Martin Seligman.¹⁹

(4) How will you drive growth among students at all achievement levels, accelerating the achievement of those who are most behind?

Our focus on differentiated instruction in both curricula and instructional practices fosters growth for all students, including those who may be behind their peers. For more on the use of differentiated instruction, see the response beginning on page 24.

Additionally, the culture at Athlos Academy of Reno will seek to instill a growth mindset in students and teachers. When teachers hold and cultivate a growth mindset, students who start out behind in a class can grow to excel.²⁰

Athlos Academy of Reno will also support students who may be behind due to special education needs or their status as an English Language Learner. Please see the responses on special education starting on page 38 and the responses on English Language Learners starting on page 43.

CURRICULUM & INSTRUCTIONAL DESIGN

The framework proposed for instructional design must both reflect the needs of the anticipated population and ensure all students will meet or exceed the expectations of the Nevada Academic Content Standards.

¹³ (Friesen, 2013)

¹⁴ (Barron & Darling-Hammond, *Teaching for Meaningful Learning: A Review of Research on Inquiry-Based and Cooperative Learning*, 2008)

¹⁵ (Holm, 2011)

¹⁶ (Ratey, 2008)

¹⁷ (Duckworth, Peterson, Matthews, & Kelly, 2007)

¹⁸ (Tough, 2013)

¹⁹ (Seligman, 2007)

²⁰ (Dweck, 2007)

(1) Describe the proposed academic program and how it complies with the requirements of NRS 386.550 and NRS 389.018.

Curriculum Overview

The educational model at Athlos Academy of Reno is built on three foundational and interwoven pillars: Prepared Mind, Healthy Body, and Performance Character. The following curricula were selected following deliberate research, and will best support students at an Athlos school. The curriculum will comply with the days-of-school requirements of NRS 386.550 and subject-area requirements of NRS 389.018.

CURRICULA AND TOOLS: Prepared Mind Pillar

For the Prepared Mind pillar, which has the strongest focus on academics, Athlos Academy of Reno will align curriculum and instruction with the Nevada Academic Content Standards for English Language Arts and Mathematics and Common Core State Standards (CCSS). This will ensure students are successful on state and standardized tests, well-prepared for upcoming grade levels, and eventually ready for college and a career. The school will also incorporate curriculum and resources designed by Athlos Academies or outside sources. Our criteria for all endorsed curricula include the following:

- 👤 The program is in alignment with state and Common Core standards.
- 👤 The program maintains quality vertical and horizontal alignment.
- 👤 The program is structured yet allows for significant differentiation.
- 👤 The program encourages multiple teaching modalities.
- 👤 The program offers interdisciplinary opportunities and contextual learning.
- 👤 The program encourages relevant, real-world application of knowledge and skills.
- 👤 The program promotes skills to critically analyze and synthesize information in innovative ways.
- 👤 The program offers professional development materials or opportunities for teachers.

Athlos Academy of Reno’s curricula will either drive or supplement instruction. Administrators and teachers will work together to develop curriculum maps that identify specific content, context, supporting materials, and cross-curricular integration. Significant curricular resources, mentorship opportunities, and coaching will be provided by the school to support emerging teachers, but the opportunity for more flexibility in the classroom is offered to teachers who may be approaching master teacher status. Costs for curricular resources and professional development are accounted for in the operational budget.

This approach stems from the idea that every classroom presents its teacher with a different set of strengths and challenges and a unique breadth of culture, interests, and talents. Instructional choices and curriculum incorporation will be guided at a school-wide level, but high quality and well supported teachers know their students best and need sufficient flexibility with curriculum in order to teach well. Teachers will be encouraged and empowered to take ownership of their work and as a result will become stronger, more confident educators.

Literacy - The following curricula will be resources to facilitate teaching and learning. Professional development is incorporated throughout the year. Initial training will focus on implementation

procedures. Ongoing training will focus on achieving student success in alignment with state standards.

Lucy Calkins Units of Study for Teaching Reading and Writing (K-5) - Teachers will be encouraged to use these units of study as the core of the K-5 writing curriculum to ensure students develop strong reading and writing skills that can be applied across all disciplines. The curriculum provides K-5 grade-specific support for teaching writing workshops that will help students meet and exceed the Nevada Academic Content Standards for English Language Arts. Lucy Calkins' work is based on seven principles of literacy research:

- 👤 There are fundamental qualities of all good reading and writing.
- 👤 Using a specific process to teach the complexities of writing increases student achievement.
- 👤 Students benefit from teaching that offers direct instruction, guided practice, and independent practice.
- 👤 To write and read well, students need dedicated time every day with specific expectations of volume and stamina.
- 👤 A successful curriculum provides differentiated instruction.
- 👤 Writing and reading are a joined process. Students learn best when they are meaningfully connected.
- 👤 Students need clear goals and frequent feedback.

Units of Study for Teaching Writing - The curriculum provides K-5 grade-specific support for teaching writing workshops that will help students meet and exceed state standards. There are four units of study per grade level that are organized around the three types of writing included in Common Core standards—opinion/argument writing, information writing, and narrative writing. Each unit contains 18 to 22 lessons, including all the teaching points, mini-lessons, student conference guidelines, and small-group activities required to teach writing comprehensively in a writer's workshop style.

The curriculum comes complete with meaningful professional development opportunities, teacher instructional resources, and digital student support materials. It also includes a set of valid, reliable performance assessments and a scope and sequence of learning progressions across opinion, information, and narrative writing that include benchmark student texts, writing checklists, and assessment rubrics. Distinctively, this curriculum supports differentiation through an "If... Then... Curriculum" which offers alternate units of study presented as if/then scenarios that support targeted and differentiated instruction to meet the needs of both excelling and struggling students.

Units of Study for Teaching Reading - This curriculum offers resources for teachers to implement rigorous and responsive reading workshops. Teachers will be encouraged to use these units of study or similarly designed units as the core of the K-5 reading curriculum. The carefully organized spiral curriculum and sequential units of study provide K-5 support for teaching students how to read with sophistication and engagement. Each unit's books provide a comprehensive roadmap for teaching a reading workshop and helps teachers plan goals, mini-lessons, independent reading time, share sessions, and assessment for that unit. As with the Units of Study for Teaching Writing, supplementary materials include professional development opportunities for teachers before the

start of each school year, a set of teacher instructional resources, and digital support materials for students.

EngageNY ELA Curriculum Modules (6-8) - EngageNY ELA Curriculum is a free, open-source series of teaching modules developed and managed by the New York State Department of Education to support its implementation of Common Core standards. These modules were developed by Expeditionary Learning, an organization supporting high performing schools for more than 15 years. These modules will serve as full curriculum for emerging teachers and as curriculum structural guides for advanced educators. This curriculum was chosen to ensure that high quality curriculum design is incorporated into the learning experience of students during the school's first years of operation, and that teachers have the opportunity to experience teaching such units.

The curriculum includes four modules for each grade level from 6th to 8th grade. These modules focus on reading, writing, listening, and speaking in response to high-quality texts. The modules sequence and scaffold content aligned to the Common Core standards and associated national tests, including PARCC. An evaluation will be conducted to ensure that these modules also meet the Nevada Academic Content Standards for English Language Arts prior to the start of the school year. If gaps between the modules and state standards are found, modifications will be made before the start of the school year.

Each module concludes with a comprehensive performance task, which provides teachers with detailed feedback on students' performance on key standards. Modules may include more than one unit; each unit includes cohesive learning progressions that help students build knowledge, gain necessary skills, and understand of major concepts. The modules also include suggested daily lesson plans, associated guiding questions, recommended anchor or model texts, scaffolding strategies, examples, and other resources.

Words Their Way - This classroom-proven framework for teaching spelling provides detailed directions for teachers working with students in each stage of spelling development, including instruction in phonics and vocabulary. The program is certified as a valid instructional intervention tool by the National Center on Intensive Intervention Research at the American Institute for Research. Words Their Way has a variety of resources to meet the needs of different types of spellers, including emergent spellers, derivational relations spellers, syllables and affixes spellers, ELL spellers, Spanish-speaking ELL spellers, pre-K and kindergarten spellers. A set of books will be purchased as shared resources for each learning community in the school, including the K-2, 3-5, and 6-8 communities.

Supplementary Resources - Other resources will be made available to teachers to assist with facilitating teaching and learning, including Reading A-Z, and Raz-Kids. These programs provide high-quality differentiation resources that teachers can utilize as needed.

Reading A-Z is a web-based reading program that provides easy access to reading materials at a range of instructional levels that help students become proficient readers. The program offers 27 levels of text complexity and support resources such as lesson plans, quizzes, discussion cards, and worksheets. Reading A-Z also includes a phonics program, reader's theater scripts, fluency passages, paired book lessons, close reading packs, and literature circle journals. The program is in

alignment with the Common Core standards and provides connections to other reading programs and popular leveling systems.

Raz-Kids is a web-based reading program that offers animated e-Books and 27 levels of text complexity. Students can listen to books while reading highlighted phrases, read a book at their own pace, record themselves reading a book out loud to practice fluency, and take comprehension quizzes after completing a book. The program provides classroom management tools that allow teachers to maintain a roster of up to 36 students, create assignments, and access individual reports. There is also a formative assessment tool that determines areas of student weakness and identifies needed supplemental instruction. Raz-Kids pairs with Reading A-Z to give students the instructional resources and practice they need to be successful. This program will likely serve to provide support for struggling readers but will not be used as core reading curriculum.

Mathematics - The following curricula have been chosen as resources for facilitating teaching and learning. Professional development is incorporated throughout the year. Initial training will focus on implementation procedures and ongoing training will focus on achieving student success in alignment with state standards.

Bridges in Mathematics (K-5) –The Math Learning Center, a non-profit organization, designed Bridges in Mathematics to help students become confident mathematical thinkers and motivated learners with the ability to explore new ideas and effectively articulate their insights and questions. For each grade level, the Bridges curriculum provides full lesson plans with an emphasis on problem solving. The curriculum focuses on developing students’ deep understandings of mathematical concepts, proficiency with key skills, and ability to solve complex and novel problems. Bridges blends a variety of teaching methods including direct instruction, structured investigation, and open exploration. Teachers will be encouraged to incorporate Bridges, or similarly designed curriculum, into the K-5 classroom in conjunction with a skills-based partner program called Number Corner, also designed by The Math Learning Center. Number Corner is skill-building program that emphasizes practice in the context of broader mathematical concepts. It uses short daily workouts to introduce, reinforce, and extend skills and concepts.

This curriculum is accompanied by a set of valid, reliable benchmark exams that will be used in the first year of school operations to ensure alignment with Nevada Academic Content Standards for Mathematics. Once alignment is verified, this curriculum will be used as an ongoing series of benchmarks. This program was chosen by the Portland School District in Oregon in 2011 based on carefully monitored pilot programs and significant research into its effectiveness.²¹

Connected Math (6-8) - Connected Math is a curriculum for grades 6-8 designed by the Connected Mathematics Project at Michigan State University. This program aims to enable all teachers and students to reason and communicate proficiently in mathematics by providing materials that are rich in connection and deep in understanding and skill.

This curriculum is structured around skill development and “big ideas” in mathematics. Skill, in the Connected Mathematics curriculum, is a student’s ability to use mathematical tools, resources,

21 (Hammond, 2011)

procedures, knowledge, and ways of thinking developed over time to make sense of new situations. “Big ideas” are clusters of important concepts, processes, ways of thinking, skills, and problem-solving strategies. The curriculum emphasizes significant associations across multiple mathematical topics as well as connections to other disciplines. Mathematical concepts are embedded in the curriculum as interesting problems, including real-world applications. The curriculum also emphasizes teaching through student-centered exploration of mathematically rich problems, and using continuous assessment to inform instruction.

The curriculum has two unifying themes, proportional reasoning and mathematical modeling, and four mathematical strands: number, operations, rates, and ratio; geometry and measurement; data and probability; and algebra and functions. Units are organized into investigations that explore multiple problems. This problem-centered teaching model consists of three key phases: launching the problem, exploring the problem, and summarizing the problem. Extensive problem sets help students practice, apply, connect, and extend these understandings. Each investigation then concludes with a reflection process, in which students articulate their understandings and connect “big ideas.” Assessment resources incorporated in the Connected Mathematics curriculum include check-ups, partner quizzes, projects, unit tests, self-assessments, and question banks. Connect Mathematics or similarly designed investigations will constitute the core of the middle school math curriculum.

Developing Mathematical Thinking (DMT) – Athlos Academy of Reno will engage with DMT to provide teachers with significant professional development workshops and resources. DMT is led by Dr. Jonathan Brendefur, a mathematical education professor at Boise State University. DMT is committed to improving student learning in mathematics by offering professional development for elementary and middle school teachers and has been responsible for ongoing teacher training for more than 12,000 teachers through its partnership with the Idaho State Department of Education and outreach programs across the country.

The framework for this professional development comprises five critical features: taking students’ ideas seriously, pressing students conceptually, encouraging multiple strategies and representations, addressing misconceptions, and understanding the relational structure of mathematics. The development of mathematical thinking is focused on developing a student’s sense of enactive, iconic, and symbolic processing of mathematics. Long-term implementation of the program leads to increased academic performance results.

This training is designed to help teachers recognize that no curriculum is a panacea, and that completing assignments is not the same as learning the assigned material. Teachers can best support student learning by developing their own abilities to understand how their students are thinking about mathematics and by providing targeted support through a variety of resources.

Athlos has chosen resources that best match state standards and current trends in mathematics education. However, teachers, at their discretion may supplement instruction with other materials with the end goal of student achievement.

Supplementary Resources - Other resources will be made available to teachers to assist with facilitating teaching and learning mathematics, including Khan Academy. Khan Academy provides engaging resources that can help teachers meet the needs of both excelling and struggling students.

Khan Academy is an online, open-source learning resource for students seeking personalized mathematics lessons. It offers practice exercises, instructional videos, and a personalized learning dashboard. Khan empowers students to study or practice skills at their own pace and outside of the classroom. Math missions guide learners from kindergarten through middle school using adaptive technology that identifies student strengths and learning gaps.

Social Studies and Science - Athlos Academy of Reno will use original learning units for science and social studies developed by Athlos Academies. These units are written using the backward design process. The idea of backward design stems from research of Wiggins and McTighe and suggests that starting with the end goal in mind is key to purposeful instruction.²² Standards are analyzed and drive planning of units and assessments. Fully developed unit plans identify essential questions, enduring understandings, key content and vocabulary, learning targets, methods for learning experiences, formative and summative assessments, opportunities for differentiation, and additional resources.

Learning experiences will utilize a variety of methods where appropriate: critical inquiry and project-based tasks, student-centered activities and protocols, issue analysis, technology research and application, and real-world, community connections. The scope and sequence of both the social studies and science curriculum provide ample opportunity for interdisciplinary work and concrete application of tenets from both the Healthy Body and Performance Character pillars. The units allow for development of service-learning projects across subjects and grade levels. For example, a unit on Earth's systems and climate change in science pairs with the Industrial Revolution in social studies, and students in seventh grade evaluate the impact of these two issues on their local community and create an awareness campaign.

Social Studies - The social studies curriculum is infused with literacy-based and critical thinking skills and follows a scope and sequence that connects students to the past and present. Through engaging, interactive units, students will understand how geography, economics, and science and technology influence migrations and societal changes throughout history. Through solving problems and discipline-based inquiry, they will dig deeper into cultural identities and civic responsibilities. The Athlos Roots program, part of the Performance Character curriculum, facilitates structured, intentional connections between students' personal and family identities and historical events that help to build self-worth and interest in learning. The social studies curriculum, infused with performance character instruction, develops the skills and understanding that students require to successfully participate in civic life in the 21st century.

Science - The science curriculum is aligned with state standards and filled with opportunities for inquiry. Experiencing science through hands-on methods and using relevant topics helps students' content understanding as well as their passion for learning. The science curriculum also finds ways to connect to the Healthy Body pillar, helping students see connections between the physiological, anatomical, and biological branches of science and the Athlos Athletic Curriculum they are experiencing on a daily basis. Embedded into the science program are elements of STEM components such as engineering design and computer programming skills. This curriculum will be

22 (Wiggins & McTighe, 2000)

supplemented with FOSS kits at each grade level to engage students in science through active learning.


CURRICULA AND TOOLS: Healthy Body Pillar


Athlos Academy of Reno is dedicated not only to the academic development of students, but is also committed to helping them develop healthy bodies. At Athlos Academy of Reno, the Healthy Body pillar consists of three main components including physical education and activity, health and nutrition, and a culture of wellness. Each of these three elements is composed of specific curricula, events, and programs.

1. Physical Education and Activity – includes the Athlos Athletic Curriculum, Classroom Movement Breaks, and Unstructured Free Play.


Athlos Athletic Curriculum - The Athlos Athletic Curriculum (AAC) was professionally developed by exercise science specialists and is taught by individuals with an expertise in exercise science, human movement, and youth training strategies. It provides 144 structured lesson plans for every grade K-8, aligned to meet state physical education requirements, as well as provides ongoing training and mentorship for teachers and coaches. The program requires that all students receive four 45-minute athletic training sessions each week to help students develop into active, fit, and efficient movers—the Athlos definition of an athlete. The AAC was designed with Piaget’s theory of cognitive development and Erikson’s theory of psychosocial development in mind and is broken into three grade level groups (K-2, 3-5, and 6-8) that maximize the developmental supports of each age group. The AAC ensures that all students progress efficiently and safely toward their personal-best levels of physical performance year over year. By design, the program can be easily differentiated to meet the needs of all students, including those working at an accelerated pace and those with special needs. Instructional practices allow teachers to model and encourage a growth mindset and integrate Performance Character traits into lessons. The overall program design is based on research that supports the connections between physical fitness and academic performance.

The AAC is ultimately designed to do the following: 1) Provide activities for students that address fundamental coordinative and physiological developmental windows in order to provide appropriate physical activities and challenges. 2) Keep students engaged by providing challenges that are within the scope of their physical and cognitive abilities. 3) Provide an approach of long-term athletic development that focuses not just on in-class participation but provides a framework of fundamental movement and sports skills that will give each student opportunity to engage in physical activity throughout his or her entire life. The AAC is based on a series of FUNdamentals and Application that is appropriate for each grade level grouping, teaching new skills and activities.

 **Grades K-2: Movement FUNdamentals** build physical literacy and lay the foundation for becoming active, fit, efficient movers. Student develop proper movement patterns necessary for all types of physical activity through building: Body Control Skills such as coordination and transitions, Body Awareness Skills such as proprioception and stability, Traveling Skills such as fundamental plyometric and rhythmic movements, and Interpretation Skills such as moving over and around objects.

 **Grades 3-5: Sports Skills FUNdamentals** build off of the Movement FUNdamentals with immersion in basic sports skills. These skills include: Throwing and Catching Skills such as

throwing underhand and overhand, Dodging and Chasing Skills such as jumping and mirroring, Dribbling Skills such as hand dribbling and volleying, and Kicking and Striking Skills such as passing with the foot. Students are exposed to a variety of basic skills that cut across multiple sports, which lays a foundation for a future healthy and active lifestyle.

 **Grades 6-8: Organized Sport Application** introduces performance enhancement through the development of speed, agility, mobility, and strength. Students develop key physiological adaptations and participate in an environment that instills a joy of physical activity with exposure to various sports. Students build speed, develop coordination and agility, strengthen mobility and stability, and enhance fitness through aerobic and anaerobic exercises and resistance training.

Athlos Athletic Assessments - The assessment program for the AAC includes fitness assessments and performance assessments. The purpose of these assessments is to measure student growth as they progress through the AAC. It also provides students with agency and information as they track their own athletic development over time. The fitness assessments are modeled after the FitnessGram testing protocol and are designed to assess the overall health and wellness of students as they progress throughout the year. Health and wellness are measured in the fitness assessments by BMI, PACER, 90 degree push-ups, curl-ups, trunk lift, and the back-saver sit and reach. These are conducted at the beginning and end of every school year. Performance Assessments measure performance variables associated with strength, speed, power, and agility. Measurements include BMI, 300-yard shuttle, 30-yard sprint, hexagon jump, vertical jump, and standing long jump. These assessments are done at the end of the second and third quarters of the school year.

Classroom Movement Breaks - Athlos Academy of Reno teachers will look for opportunities for movement breaks regularly each day. Movement breaks are brief intervals that encourage students to get up from their seats and move around. These breaks can be unrelated to the classroom task at hand, but ideally teachers will look to incorporate these moments into their lessons engaging students physically. These short movement breaks become classroom practice and when used effectively, add to the instructional practices of the teacher and the learning experience of the student.


Free Play and Unstructured Physical Activity - While structured physical activity time supports the development of gross motor skills, object control skills, and self-confidence, free play is also essential to student growth. Since the 1970s, kids have lost 12 hours of free time per week, with a 50 percent decrease in unstructured outdoor activities.²³ According to the CDC, during this time obesity has more than doubled among children and more than quadrupled among adolescents.²⁴ In addition to the structured opportunities in our AAC, students will have the opportunity to participate in three 15-minute unstructured free play breaks in the first year of operations, increasing to four free play breaks year two. In addition to the already mentioned benefits of


23 (Juster, Ono, & Stafford, 2004)


24 (The association between school based physical activity, including physical education, and academic performance, 2010)

physical activity, these unstructured free play breaks are important in the social/cognitive development of children. Free play allows children to “increase their imagination and creativity, organize their own games, develop their own rules, learn problem-solving skills, and practice leadership,” according to research.²⁵ These unstructured moments also allow for students to practice the movement and physical skills they are building through the AAC.


2. Health and Nutrition – The emphasis on health and nutrition is put into practice with the regular curriculum standards, a healthy approach to school meals, and a school garden as a living lab and service-learning opportunity.


 **Subject Integration** - Health and nutrition content will be interwoven into regular classroom curriculum where natural connections exist, particularly in science curriculum. Teachers will integrate grade-level nutrition topics into one or more core subject units each year.

 **School Meal Program** - The school meal program will consist of nutritious food, reflecting the healthy body focus of the school. The program will highlight nutrition and health concepts students are learning in their science class and civic responsibilities around resource management taught in social studies. Budgets will include appropriate funds to ensure students have healthy school lunch options.

 **School Garden** - A school garden will act as a lab that connects life science, nutrition, and civics in a real-world example run by the students. As the students build knowledge and the school builds community connections, the food grown in the school garden will likely go back into the community through a service-learning project involving the whole school.

3. Culture of Wellness - Wellness at Athlos Academy of Reno is an active process of becoming aware of and making positive choices toward a healthy and fulfilling life. Our school will create a culture that embraces this ideal. Through core subject integration, culminating campus events, increased daily physical activity, and a conscious campus effort to emphasize healthy lifestyle choices, Athlos Academy of Reno will foster and grow a culture that places a spotlight on what it means to live a healthy lifestyle.

 **Health Expos** - Students will participate in regular health expos with opportunities to meaningfully engage in healthy living learning activities and showcase these experiences for the benefit of their parents and other community members. Community health and nutrition experts will be invited to speak at these events as well.

 **Staff Fitness Program** - To support an inclusive culture of wellness, staff and faculty will be encouraged to model the Athlos definition of an athlete—an active, fit, and efficient mover—for the students by participating in staff fitness and wellness programs.

CURRICULA AND TOOLS: Performance Character Pillar

Athlos Academy of Reno will utilize the Performance Character program developed by Athlos Academies, which will be the foundation of the school’s culture and will help students feel more connected to their peers, teachers and the school community. The Performance Character pillar helps build confident, caring, humble students; functions as a preventative discipline program; and

²⁵ (Barros, Silver, & Stein, 2009)

works to engage families in supporting the development of students as learners and as members of their communities. This program focuses on the purposeful development of 12 traits: grit, leadership, social intelligence, focus/self-control, optimism, curiosity, energy/zest, courage, initiative, humility, integrity, and creativity. All 12 traits are taught and integrated into instruction on the turf and in the classroom. Research indicates that the development of these traits is linked to long term success in college, career, and many other endeavors. The 12 traits will be visually present throughout the school, will be exemplified by staff, and will be a common language among all members of the Athlos Academy of Reno school community.

The Performance Character program is built on four key components:

- 👤 *Curriculum*, which includes both direct instruction during quarterly trait Kickoffs, events that engage the entire school in understanding the overarching traits, and Morning Huddles, daily classroom meetings where students engage in a character-building activity with their classmates and teacher, as well as the integration of character traits into other academic subjects;
- 👤 *Instruction*, which includes teachers and performance character coaches using instructional strategies that build character, providing students with opportunities to practice the traits in the classroom, and managing classrooms with character-based strategies;
- 👤 *Assessment*, which includes regular student self-assessments and a Performance Character portfolio, in which students collect evidence and examples of their growth in each trait; and
- 👤 *Community and Culture*, which includes trait growth conversations that include parents, students and teachers, and integrating a social studies program called “Athlos Roots” designed to help students learn about who they are and where they’ve come from in order to build confidence and self-esteem.

Athlos schools are places where classrooms are safe and engaging; students, staff, and families share key values and goals; and the community at the school promotes equity amongst all students.

(2) Describe the instructional strategies that you will implement to support the education plan and why they are well suited for the anticipated student population. Outline the data, methods, and systems teachers will use to provide differentiated instruction to all students. Please note that SPCSA schools typically start with students performing across a broad spectrum from years below grade level to advanced learners. Include the professional development teachers will receive to ensure high levels of implementation.

Athlos Academy of Reno will employ a variety of research-based instructional practices and strategies, listed below:

Inquiry and Project-Based Learning: Researcher John Thomas identified five key components of effective project-based learning: 1) centrality to the curriculum, 2) driving questions that lead students to encounter central concepts, 3) investigations that involve inquiry and knowledge building, 4) processes that are student driven, rather than teacher driven, and 5) authentic

problems that people care about in the real world.²⁶ At Athlos Academy of Reno, teachers will utilize inquiry and project-based learning to encourage students to think critically and solve problems. Project-based learning also encourages students' social development by having them collaborate in small groups. This type of instruction lends itself to more flexible summative assessments that ask students to incorporate their gained skills and knowledge in relevant, meaningful ways.

Backward Design: Backward Design stems from research by Wiggins and McTighe and posits that starting with the end in mind is crucial to purposeful instruction.²⁷ Starting with an end goal, result or standard in mind allows curriculum and teaching methods to then reach those targets.

Curriculum for Athlos Academy of Reno will use backward design to inform instruction. By planning assessments that drive the unit first, before laying out all the questions critical to guiding learning throughout the unit, teachers will ensure students have the opportunity to apply newly learned knowledge and skills to new situations and real-world experiences. Backward design will drive all other forms of instructional practice.

Active Learning: A student-centered approach to teaching encourages students to be engaged in their own learning and participate in a classroom culture where they investigate and take responsibility for their education. Active learning fosters creativity, real-world application, and social interaction and pairs easily with project-based, inquiry learning and ensures equity in participation for all students. Teachers will be prepared to provide an active learning platform where students are invested in their learning and feel safe and supported to try new things.

Cooperative Learning: In this method, small groups of students work together on common tasks that may have varying complexity and duration. Cooperative learning is successful in improving student academic achievement as well as contributing to social and emotional development, encouraging students to work together, actively listen, learn to communicate positively, maintain individual and group accountability, and take risks. This requires a classroom environment where risk-taking is encouraged and students feel safe to share out-of-the box thinking. Athlos Academy of Reno teachers will use cooperative learning strategies to prepare students for realistic situations they will encounter in future schooling, work, and life.

Technology Based Instruction: To prepare students to both participate and contribute to a society increasingly saturated and driven by digital influences, Athlos Academy of Reno will integrate technology in the classroom in relevant, meaningful ways. Technology is most effectively incorporated when it is used to support already existing curricular goals, and it should encourage active engagement, participation in groups, frequent interaction and feedback, and connection to real-world experts. Technology in the classroom is an excellent way to engage students by linking them to a global audience, inviting them to create digital content, and helping them develop collaboration and communication skills that will prepare them for the future. Athlos Academy of

26 (Barron & Darling-Hammond, *Powerful Learning: Studies Show Deep Understanding Derives from Collaborative Methods*, 2008)

27 (Wiggins & McTighe, 2000)

Reno teachers will incorporate technology in conjunction with other teaching methods; in other words, technology will be used to inform, support, and advance other forms of instruction.

Differentiated Instruction: Teachers at Athlos Academy of Reno will recognize that all students do not learn the same way and that each student’s learning needs must be met authentically to foster growth. Differentiated instruction is based around student interests, talents, strengths, and struggles. Teachers will be prepared to provide multiple learning modalities that will help students digest information and make sense of new concepts and skills. They will provide increased challenges for advanced students and appropriate opportunities for struggling students, rather than a simplistic approach of teaching to the students in the middle of the pack.

Assessment: Athlos Academy of Reno will maintain an assessment system that holistically addresses each student’s intellectual, social, emotional, and physical well-being. Teachers, coaches, and instructors will provide students with opportunities to develop the knowledge, attitudes, and skills they need in order to manage complexity and take responsible action for the future. At Athlos Academy of Reno, summative tasks in all pillars will be used to gauge student achievement and proficiency. Formative tasks will occur regularly, often in organic ways, and will encourage and excite learning, inform teaching, follow clear learning objectives, and build skills necessary for success on summative tasks. Classrooms—and turf space—at Athlos Academy of Reno will be places where students feel safe to try new things, risk failure, investigate with curiosity, and be vulnerable. To meet these aims, students must see formative assessment as an opportunity to practice, fail, redo, rethink, revise, retry, and ultimately learn and grow. Summative assessments are then the place for students to confidently demonstrate their knowledge, skills, and abilities in meaningful, purposeful ways. Students will also be encouraged to reflect on their own work and create self-assessments, and set goals, all of which are skills they can continue to draw upon in their educational and work careers.

Professional Development: School leaders and teachers at Athlos Academy of Reno will receive professional development from Athlos Academies prior to the start of each school year and during the school year, which will include training on the instructional strategies that will be implemented at the school. In addition, Athlos Academies of Reno will have instructional coaches to empower teachers. Coaches will offer observational feedback and lead professional learning coaches to assist and empower teachers.

Athlos Academy of Reno recognizes students will enter our school with varying skill sets and past experiences. Thus, we will provide them with opportunities to master all the skills necessary to perform well on standardized tests and simultaneously mature intellectually, develop healthy lifestyle habits, and build strong performance character. Teachers at Athlos Academy of Reno will acknowledge that each student brings a unique learning style to the classroom and will differentiate instruction accordingly in a student-centered instructional environment.

(3) Describe the school’s approach to help remediate students’ academic underperformance. Detail the identification strategy, interventions, and remediation to be implemented. Cite the research/rationale for the chosen methods. What student academic support resources should your school expect from the EMO or CMO (if applicable)? How will you measure the success of your academic remediation efforts (in year 1, year 3, year 5, and

beyond? How will you communicate the need for remediation to parents? How will staffing be structured to ensure that gifted students are adequately supported?

Students who exhibit academic underperformance will go through the Response to Intervention (RTI) plan, described in more detail starting on page 36. Identification strategies include regular interim, formative and summative assessment screeners, such as Measures of Academic Progress. Intervention and remediation strategies escalate depending on the student's RTI tier. Students may be assigned to work in flexible small groups as a means to remediate underperformance. Teachers and staff will continue monitoring students to ensure students are making gains. Athlos Academy of Reno will also establish data inquiry teams, composed of staff and paraprofessionals, to see if students are making gains, look at interventions and their efficacy and potentially modify plans and strategies. These teams will meet regularly, likely monthly, to look critically at data, especially of kids being progress-monitored.

Athlos Academies will support Athlos Academy of Reno in establishing and operating a data inquiry team. The EMO can also suggest intervention programs and methods. Remediation will also be part of professional development, with instructional coaches also serving as a support resource.

Data inquiry teams will track a range of data to measure the success and progress of remediation efforts, including the number of students being referred for remediation, how many are qualifying for special education, and how many students are meeting goals.

Over time (to year 5 and beyond), the goal is that the number of students referred for remediation will go down, while the percentage of students meeting goals increases, due to improved teaching and instruction at Athlos Academy of Reno.

Athlos Academy of Reno will notify parents when and how it will conduct testing and screening. Parents will also be notified if their students are in need of remediation and going on the RTI tier. More intensive remediation efforts will likely require in-person meetings with parents.

Instructional coaches are designed to assist in specialized strategies for different groups of students, including gifted students. Also, teachers will use project-based learning allowing for differentiation, which will aid in instruction of gifted students. For projects, gifted students are allowed more of a choice, as well as the time and space to conduct independent research and work.

(4) Describe how you will identify the needs of all students. Identify the research-based programs, strategies and supports you will utilize to provide a broad continuum of services, ensure students' access to the general education curriculum in the least restrictive environment, and fulfill NV's required Response to Intervention model.

For more details on identification, refer to Athlos' RTI process on page 36. Athlos Academy of Reno will provide students with disabilities access to free and appropriate education (FAPE) in the least restrictive environment (LRE). Our school will support the needs of special education students and comply with all applicable state and federal laws including, but not limited to, the Individuals with Disabilities Education Act (IDEA), the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act, and Nevada state law. This information will be included in employee and student handbooks, provided to parents with registration paperwork, and placed on the school's website. All teachers and administrators will receive specific training on Child Find and student rights.

(5) Explain how the school will identify and differentiate to meet the needs of intellectually gifted students in a way that extends their learning and offers them unique, tailored opportunities. Please note that Nevada law classifies intellectually gifted students as eligible for specific support services. How will staffing be structured to ensure that gifted students are adequately supported?

Athlos Academy of Reno will follow all Gifted and Talented (G/T) screening, eligibility requirements, evaluation procedures, and reevaluation procedures required by state law. The Student Support Director and Special Education Director, in conjunction with any G/T certified teachers, will collaboratively oversee these procedures. G/T students will be well-served by our approach to curriculum and instruction, because Athlos uses many forms of differentiated learning, including project-based learning, active learning, and critical inquiry. G/T students at Athlos Academy of Reno, will receive differentiated curricula, coming in the form of acceleration, increased complexity, additional content, increased multi-disciplinary connections and/or projects.

Incoming students with an IEP indicating they are G/T will be re-evaluated, following school procedures. For students recommended as G/T by parents or school officials, a team will form to consider eligibility based on evaluation procedures and tools. If the student is determined to be G/T, a new IEP will be developed by the Student Support Director and/or Special Education Director. Those school officials will coordinate the differentiation of curriculum and instruction with classroom teachers to ensure the needs of this student population are properly met.

Benchmark assessments will be used to track and monitor the progress of G/T students. Teachers will receive professional development in G/T education to ensure understanding of a range of G/T issues, including social and emotional needs, best differentiation practices and strategies, options for acceleration, program implementation and evaluation, and strategies for identification.




(6) Describe the enrichment opportunities that will be available to students performing at or above grade level as part of the school's comprehensive strategy to ensure that all pupils are making accelerated academic progress.

Athlos Academy of Reno's differentiated curricula will help students performing at or above grade level in ways including: acceleration, increased complexity, additional content, increased multi-disciplinary connections and/or projects.

(7) Explain how students will matriculate through the school (i.e., promotion/retention policies) and how stakeholders will be informed of these standards.

Students who achieve at levels deemed acceptable by local and state standards will be promoted to the next grade. Any decision concerning promotion or retention will be made after considering all facts related to academic achievement, physical development, maturity, and emotional factors, collected from a wide range of sources throughout the year. Athlos Academy will make every effort not to displace a student who is being retained, but will act on a space-available basis.

Students are required to demonstrate that they have mastered grade-level expectations in order to be promoted to the next grade. Grade-level expectations are based on the following:

-  Scores on achievement tests;
-  Teacher evaluation of student's abilities, motivation, and effort;
-  Proficiency assessments;

-  Parent/guardian(s) assistance;
-  Good attendance.

When a student is identified as being at risk of retention, the student's parent/guardian(s) will be notified in writing as early in the school year as practical by the School Leader. Parent/guardian(s) must sign a letter agreeing or disagreeing to the decision, and shall be provided an opportunity to consult with the teachers and School Leader concerning the decision to retain their child.

PROGRAMS OF DISTANCE EDUCATION (*Distance Education Applicants Only*)

(1) *A charter school that wishes to provide distance education (online, virtual, cyber, etc.) courses and/or programs (NRS 388.820-388.874 and NAC 388.800-388.860) must submit a distance education application to the Nevada Department of Education prior to or in conjunction with its application to the SPCSA. For applicants who do not propose to offer a program of distance education, please provide a brief statement explaining that the questions in this section are not applicable.*

(2) Describe the system of course credits that the school will use.

(3) Describe how the school will monitor and verify the participation in and completion of courses by pupils.

(4) Describe how the school will ensure students participate in assessments and submit coursework.

(5) Describe how the school will conduct parent-teacher conferences.

(6) Describe how the school will administer all tests, examinations or assessments required by state or federal law or integral to the performance goals of the charter school in a proctored setting.

The questions in this section are not applicable. (Distance education will not be offered.)

PRE-KINDERGARTEN PROGRAMS

(1) *A charter school that wishes to provide pre-kindergarten services to students who will later enroll in its K-12 programs must apply separately to the Nevada Department of Education to offer education below the kindergarten level following charter approval. Approval to offer pre-kindergarten cannot be guaranteed. Consequently, revenues and expenditures related to pre-kindergarten should not be included in the initial charter application budget. Please note that state-funded pre-kindergarten programs are not directed through the state Distributive Schools Account for K-12 education. In addition to a limited amount of state pre-kindergarten funding available through the Department of Education, the SPCSA is also a sub-recipient of a federal grant to expand early childhood services in certain high-need communities through programs approved by NDE. Applicants are encouraged to review resources available at*

[http://www.doe.nv.gov/Early Learning Development/](http://www.doe.nv.gov/Early_Learning_Development/). For applicants who do not propose to offer pre-kindergarten, please provide a brief statement explaining that the questions in this section are not applicable.

(2) Identify whether the school plans to offer pre-kindergarten in the first year of operation or any subsequent year of the charter term.

(3) Identify whether the school will offer fee-based pre-kindergarten services. If the school does plan to offer fee-based pre-kindergarten, explain how the school will ensure that parents will be informed both initially and on an ongoing basis that both state and federal law preclude a K-12 charter school from giving admissions preference to students to whom it has previously charged tuition.

(4) Describe the school's plans for ensuring that the pre-kindergarten program aligns with the mission, vision, and program of the school's other grades and meets all other state requirements.

(5) Explain how the school’s proposed pre-kindergarten program may meet the federal pre-kindergarten expansion grant criteria.

The questions in this section are not applicable. Pre-kindergarten will not be offered.

HIGH SCHOOL GRADUATION REQUIREMENTS AND POSTSECONDARY READINESS (*High School Applicants Only*)

(1) High schools approved by the SPCSA will be expected to meet or exceed Nevada graduation requirements. For applicants who do not propose to operate a high school program during the initial charter term, please provide a brief statement explaining that the questions in this section are not applicable.

(2) Explain how the school will meet state requirements. Describe how students will earn credit hours, how grade-point averages will be calculated, what information will be on transcripts, and what elective courses will be offered. If graduation requirements for the school will exceed those required by the State of Nevada, explain the additional requirements.

(3) Explain how the graduation requirements will ensure student readiness for college or other postsecondary opportunities (e.g., trade school, military service, or entering the workforce).

(4) Explain what systems and structures the school will implement for students at risk for dropping out and/or not meeting the proposed graduation requirements, including plans to address students who are overage for grade, those needing to access credit recovery options, and those performing significantly below grade level.

The questions in this section are not applicable. High school will not be offered.

DRIVING FOR RESULTS

The SPCSA will evaluate the performance of every charter school annually, and for renewal, replication, and replacement (restart or reconstitution) purposes according to a set of academic, financial, and organizational performance standards that will be incorporated into the charter agreement and measured by the SPCSA Charter School Performance Framework, the Nevada School Performance Framework adopted by the Nevada Department of Education, and applicable law and regulation. The academic performance standards consider status, growth, and comparative performance based on federal, state, and school-specific measures. The financial performance standards are based on standard accounting and industry standards for sound financial operation. The organizational performance standards are based primarily on compliance with legal obligations and state law and regulation and SPCSA policies, including fulfillment of the governing board’s fiduciary obligations related to sound governance.

Applicants are expected to propose additional mission-specific goals to complement or supplement, but not replace, the SPCSA’s performance standards with school-specific, mission-driven academic, financial, or organizational goals. All such indicators, measures, and metrics are expected to be rigorous, valid, and reliable.

(1) Describe the mission-specific academic goals and targets that the school will have. State goals clearly in terms of the measures or assessments you plan to use and describe the process by which you will determine and set targets.

Students will be assessed in each of the core academic skill areas by a range of valid and reliable methods, including summative and formative assessments. Our long term goal will be to perform at or above Washoe County School District levels and state levels in all categories. These goals are ambitious; however, we feel they are feasible because developing a healthy body and strong performance character will bring to success in the classroom.

Athlos Academy of Reno will have academic goals, targets, assessments and measurements connected to each of the Three Pillars of Performance. Because our Prepared Mind pillars uses curricula connected to the Common Core State Standards, we will use the Smarter Balanced Assessments used in grades 3-8 by the Nevada Department of Education.

The Healthy Body pillar’s Athlos Athletic Curriculum assessments include both fitness and performance assessments, which are measured at different times of each school year. These assessments measure student growth as they progress through the AAC and provide students with agency and information as they track their own athletic development over time. Fitness assessments are modeled after the FitnessGram testing protocol, designed to assess the overall health and wellness of students as they progress throughout the year. Health and wellness are measured in the fitness assessments by BMI, PACER, 90 degree push-ups, curl-ups, trunk lift, and the back-saver sit and reach. These are conducted at the beginning and end of every school year. Performance Assessments measure performance variables associated with strength, speed, power, and agility, including BMI, 300-yard shuttle, 30-yard sprint, hexagon jump, vertical jump, and standing long jump. These assessments are done at the end of the second and third quarters of the school year.

Assessments for the Performance Character pillar include regular student self-assessments and a Performance Character portfolio, in which students collect evidence and examples of their growth in each of the 12 Performance Character traits.

(2) In the table below, outline the clearly measurable annual performance and growth goals that the school will set in order to meet or exceed SPCSA expectations for the Charter School Performance Framework indicators and to meet state expectations for student academic growth in accordance with the Nevada School Performance Framework (NSPF) adopted by the Nevada Department of Education. You may add or delete rows as needed. Also:

(a) Describe your presumed baseline and explain how it was set.

Currently, the presumed baseline data is the WCSD data for K-8 students in the district. This baseline data will be analyzed during the incubation year for leadership and EMO academic staff to align curricular goals to meet or exceed both state and district averages. This intentional curriculum mapping will provide goals for MAP testing at each grade level for all students and will aid in tracking progress throughout the year (at least quarterly) with the EMO to reach academic goals set forth for the year.

Because accurate SBA data for WCSD is not currently available, the goals here are based on a percentage of hypothetical data. As actual data comes in, these goals can be adjusted.

(b) Articulate how the organization will measure and evaluate academic progress – of individual students, student cohorts, sub-groups, campuses (for invited multi-site applicants), and the entire school – throughout the school year, at the end of the academic year, and for the first three years of operation.

Goal	Evaluation Tool and Frequency	Baseline	2017-18	2018-19	2019-20
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Students will meet high achievement goals and develop a Prepared Mind.	Students in grade 3-8 achieve at or above Washoe County School District SBA average	(WCSD data not currently available.)	85%	90%	95%
Students will develop and maintain healthy bodies	Growth on FitnessGram assessment		70%	75%	80%

(3) In addition to mandatory state testing, identify the primary interim academic assessments the school will use to assess student-learning needs and ensure progress towards SPCSA and state proficiency targets and describe how they will be used.

Athlos Academy of Reno will use Measures of Academic Progress (MAP) as a formative computer adaptive interim assessment to see what type of differentiated learning is necessary. MAP is aligned with the Common Core State Standards and is a valid assessment in use by other schools in Nevada and across the country. MAP can measure growth, inform instruction, evaluate school programs and identify staff’s professional development needs.

In addition, many of the curricula used by Athlos Academy of Reno include formative assessments. For more on how formative assessments are integrated into the Athlos curricula, see the response that begins on page 12.

(a) How will you support teachers in developing embedded assessments and checks for understanding in order to ensure that instruction meets student needs?

MAP provides professional development materials for teachers to embed the assessments into their instruction. In addition, professional development provided by Athlos Academies will focus on administering, evaluating and responding to formative assessments.

(b) Explain how you will know that your proposed interim assessments are valid and reliable indicators of progress. Explain how these interim assessments align with the school’s curriculum, performance goals for the school and the SPCSA, and state standards.

MAP assessments will be aligned with Common Core State Standards, as are the SBA, Athlos Academy of Reno’s Prepared Mind curricula, and state standards.

(c) Describe the corrective actions the school will take if it falls short of student academic achievement expectations or goals at the school-wide and classroom level. Explain what would trigger such corrective actions and who would be responsible for implementing them.

Once data on student academic achievement is received, school leaders and staff will analyze the school’s results schoolwide, as well as specific results by subject areas, results for new students,

and any patterns of results by subject, grade level or classroom. In addition to meeting stated academic goals, Athlos Academy of Reno aims for continuous improvement across the school.

If particular classrooms are not meeting expectations, leaders and staff will look at teachers, instructional programs, and the formative assessments used in the classroom. Corrective actions will divide larger remediation and improvement goals into smaller, achievable steps.

Teachers in need of improvement, will receive support from instructional coaches, professional learning communities, school leaders and Athlos Academies. Teachers and school leaders will work together to develop individual plans for growth, which will be part of teachers’ ongoing evaluation and improvement efforts. School leaders and instructional coaches will be responsible for implementing corrective actions across the school, with teachers bearing responsibility for their individual classrooms.

(d) Articulate how interim assessments will be used to inform instruction.

How will teachers and school leaders be trained in their use?

Interim assessments will be used to monitor progress for a sample of classroom and schoolwide populations. Subject-level assessments will be given in the fall, winter, and spring to assess whether students are achieving growth.

Athlos Academies will provide professional development training for teachers and school leaders specifically on interim assessments. In addition, Measures of Academic Progress offers some training for teachers and leaders. Training will also be part of the data-inquiry team process. Teachers will be taught to step back from individuals’ results and look for patterns within interim assessments.

(e) Regardless of grade levels served, new charter schools will not receive an NSPF or CSPF rating until after the completion of their first full year. Therefore, in the table below, identify specific interim performance goals and assessments that you will use to confirm that the school is on-track to meet ambitious academic goals throughout the school’s first year with students. You may add or delete rows as needed.

Goal	Assessment	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Proficiency and progress in reading	Measures of Academic Progress	Benchmark and MAPS testing to track progress	Benchmark and MAPS testing to track progress; Mid-Year review with EMO to track, plan for PD needs, and	Benchmark and MAPS testing to track progress	Benchmark and MAPS testing to track progress; End of year review with EMO to track, reflect, set goals, and coach

			coach progress		progress going into next year
Proficiency and progress in mathematics	Measures of Academic Performance	Benchmark and MAPS testing to track progress	Benchmark and MAPS testing to track progress; Mid-Year review with EMO to track, plan for PD needs, and coach progress	Benchmark and MAPS testing to track progress	Benchmark and MAPS testing to track progress; End of year review with EMO to track, reflect, set goals, and coach progress going into next year
Proficiency and progress in language usage	Measures of Academic Performance	Benchmark and MAPS testing to track progress	Benchmark and MAPS testing to track progress; Mid-Year review with EMO to track, plan for PD needs, and coach progress	Benchmark and MAPS testing to track progress	Benchmark and MAPS testing to track progress; End of year review with EMO to track, reflect, set goals, and coach progress going into next year

(4) Describe the process for collecting and storing data, including the information system(s) used in addition to the statewide Infinite Campus system.

Student data is collected both electronically and in hard copy through registration packets. Athlos Academy of Reno will lease temporary office space, likely in February or March prior to the first year of operations, prior to collecting any hard copy student data. Once collected, any student data files will be stored in a locked file cabinet or room. Once school begins, hard copies of student data will be stored in a similarly secure location on campus.

Enrollment applications containing student data will be collected through a form on the Athlos Academy of Reno’s website. This form does not request any FERPA-protected data. The form is stored on a secure network until it is uploaded into Infinite Campus to create student profiles.

(5) Describe the process for collecting and reporting data across the network of EMO schools in Nevada and in other jurisdictions.

Data will be collected by and reported to the EMO (Athlos Academies) via secure transfers using PowerSchool. Data will also be transferred to the SPCSA and other Nevada regulatory agencies using InfiniteCampus, as needed.

AT-RISK STUDENTS AND SPECIAL POPULATIONS

Pursuant to State and federal law, SPCSA schools are required to serve the needs of all students in special populations. Beginning in the 2016-17 school year, the State of Nevada will switch to a weighted formula for special education. For the first time, this will provide for equitable special education funding across all Nevada public schools. Over time, this will necessitate current SPCSA-sponsored charter schools moving from a defined continuum of service to a broader continuum of services. All applicants submitting proposals to the SPCSA after the conclusion of the 2015 Legislative Session should plan on offering students a broad continuum of services.

The SPCSA operates under the following principles with regards to special populations of students:

- 1. SPCSA schools serve all eligible students. SPCSA schools do not deny the enrollment of any student based on needs or disability.*
- 2. SPCSA schools are to ensure streamlined access for all students requiring special programs.*
- 3. SPCSA schools develop programs to support the needs of their students.*
- 4. SPCSA schools do not counsel or kick any students out.*
- 5. SPCSA schools utilize best practices to expose students to the most inclusive environments appropriate.*
- 6. If needed, an SPCSA school is responsible for developing more restrictive placements to meet the needs of the highest needs students, including but not limited to clustered placements in consortium with other charter schools.*
- 7. SPCSA schools are responsible for providing high functioning, trained special education teams, which focus on student advocacy and high expectations. IEP teams (including school’s leadership) make placement decisions at IEP meetings. Decisions are made based on evidence/data to support what is best for the student.*

At-Risk Students

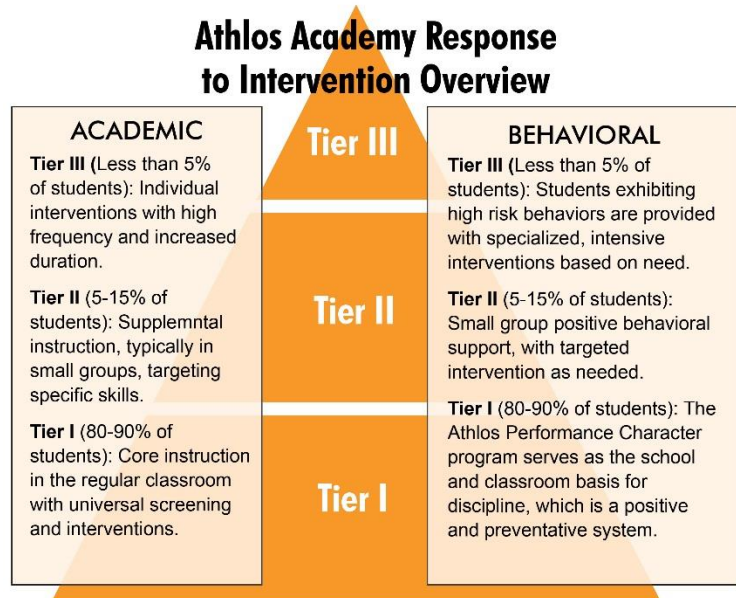
(1) How do you define “at-risk” students? What are the methods for identifying at-risk students through academic and behavioral processes?

Athlos Academy of Reno will follow the definition of “at risk” in NRS 388A.045. School leaders will measure discipline referrals and attendance records at least monthly to help identify students who are at-risk of dropping out. We will use the RTI plan (see the next response) to identify students with potential behavioral issues. Reviews of formative and summative academic assessments will help determine if students are at risk academically. Reviews of Home Language Surveys and Free

and Reduced Lunch status will be used to determine if students are at risk due to their ELL or economic status, respectively.

(2) Describe your Response to Intervention model in detail, including the interventions and the anticipated proportion of the student body served at each tier level.

The Response to Intervention (RTI) plan at Athlos Academy of Reno will provide intensive, high-quality instruction and interventions aimed at supporting the learning or behavioral needs of each student. Targeted interventions will be provided prior to deciding a student has an exceptionality requiring special education services. The results of these interventions will drive ongoing instruction, regardless of whether a student is in special education or general education. To the right is a chart outlining our three-tiered RTI approach designed to address student needs.



Universal screening to benchmark all students will occur three times a year to determine appropriate tiers for all students. The chart to the right is the Subject Specific RTI Flowchart Athlos Academy of Reno will use.

The RTI process at Athlos Academy of Reno will begin when the referring teacher contacts a member of the RTI team, which consists of a school leader, instructional coaches, special education director, counselor, and potentially other staff members, to schedule an appointment for an initial meeting. In this meeting, the referring teacher will present specific, relevant data to define the issue. Collaboratively, the referring teacher and RTI team will examine all possible

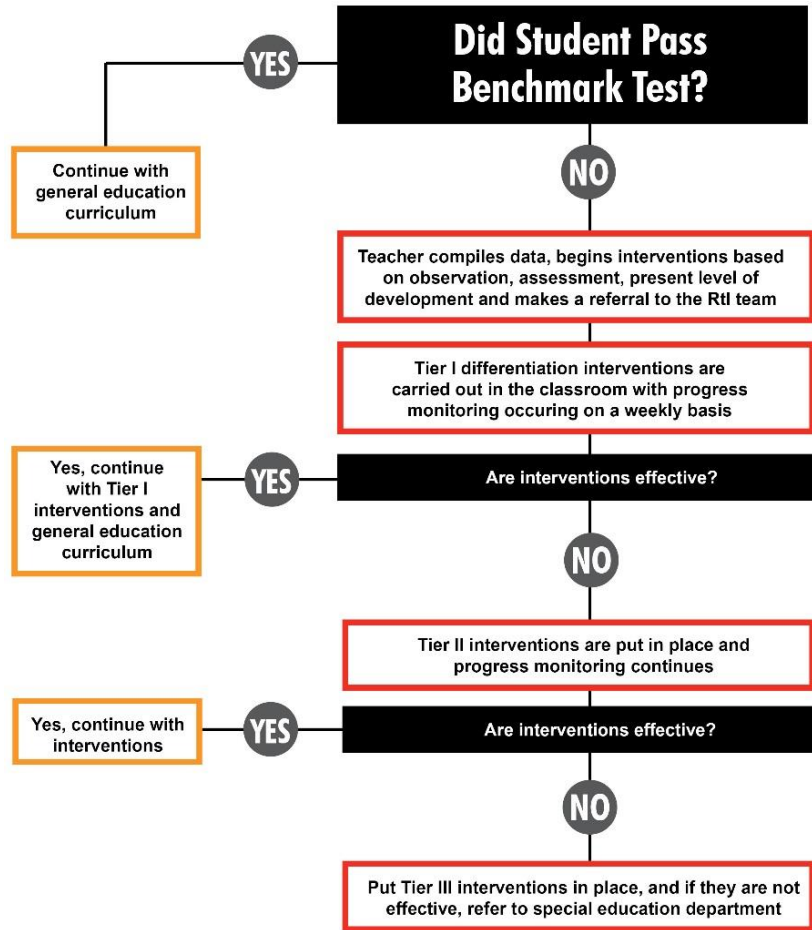
contributions to the noted issue; such contributions may include the quality of previous learning instruction, attendance, and/or the absence or limitation of basic skills. The referring teacher and the team will then attempt to accurately identify needed skills. They will brainstorm to determine possible research-based interventions. Once an intervention is determined, the referring teacher will implement it in the classroom and collect ongoing data. After data collection, the RTI team will meet again with the referring teacher to evaluate the intervention plan's effectiveness. If the intervention plan is not successful, the team will re-evaluate the situation. If the intervention(s) are successful, they will then periodically examine trends and patterns in referrals which may be addressed universally.

(3) What interventions will be offered for students exhibiting early signs of behavioral concerns? How will individual behavior plans for students be implemented and monitored?

Interventions and IEPs for students with potential behavioral concerns will be implemented and monitored through the school's Response to Intervention (RTI) process, described in detail in the previous response.

Special Education

(1) Track Record: Please explain the extent to which one or more members of the founding school team (e.g., founding board, instructional leader, etc.) has experience working to



achieve high academic outcomes of students with disabilities, including students with mild, moderate, and severe disabilities.

Founding Board Member Marcus Culpepper has years of experience working to achieve high academic outcomes for students with disabilities. Marcus has taught first, second, and fifth through eighth grades in Washoe County School District. He is currently Dean of Students at a middle school in Washoe County School District.

For the seven and a half years that Marcus was a classroom teacher, he had a range of students that were identified as needing special education services. Whether he had students receiving services on 504 accommodation plans or students with severe autistic disabilities, Marcus ensured that all of his students were exposed to grade level curriculum and held to the same standards as all other students in the class with respect to IEP accommodations and modifications. As a teacher with a varying range of abilities in his classroom, Marcus differentiated his instruction to make the grade level standards accessible to all students. While making the standards accessible, but still rigorous, students with wide ranges of disabilities were still able to master the standards by providing the accommodations that were consistent with their individualized education plans.

Athlos Academies' Director of Prepared Mind, in addition to developing programming that helps students with disabilities achieve high academic outcomes, was previously an instructional coach and member of a schoolwide IEP committee at a successful Idaho charter school. In addition, she was a classroom teacher in that school, which had a higher than average special education population, that emphasized keeping students with all levels of disabilities in the classroom for instruction.

(2) Identification: How will the school identify students in need of additional supports or services?

Athlos Academy of Reno teachers will receive training at the beginning of each school year and throughout the year on relevant topics, including appropriate use of the Child Find process and making appropriate accommodations and modifications to curriculum. Teachers will meet individually with the Special Education Director or with the entire IEP team for a given child to ensure all aspects of the IEP are understood and prepared for so that services can begin on the first day of school. Note that the IEP status of particular students will be shared with teachers only when needed, not in teacher training.

Athlos Academy of Reno will implement Child Find to ensure all students with disabilities who may be in need of special education and related services are identified, located, and evaluated. Parents and guardians may also request an evaluation to determine if their child is a child with an exceptionality. Evaluations may also be initiated by the Special Education Director if an extended RTI process indicates that further intervention may be needed. Initial evaluations will take place, with parent approval, to determine whether or not the student has an exceptionality and needs special education services. Follow up evaluations will help determine all of the child's educational needs. After an evaluation, school representatives will meet with parents to discuss the evaluation and any other information about the student's educational needs. After this post-evaluation meeting, another meeting will be held to develop an Individualized Education Plan (IEP) for the student.

At the IEP meeting, parents and school representatives will work together to determine the special education services and support that meet the students' needs. The IEP team will consist of:

- 👤 Student's Parent/Guardian
- 👤 Student (when appropriate)
- 👤 Special Education Director or Teacher
- 👤 General Education Teacher (when appropriate)
- 👤 Representative knowledgeable about specially designed instruction and curriculum (may be one of the individuals listed above)
- 👤 Other people whom the parent/guardian or Athlos Academy of Reno wishes to invite

IEPs at Athlos Academy of Reno will meet the specific needs of students with disabilities, as defined by federal regulation, and will include:

- 👤 The student's present academic and functional performance levels.
- 👤 IEP goals developed by the IEP team. These goals should help the student make progress in the general education curriculum over the course of the school year.
- 👤 A description of how goals will be measured and how school staff will track the student's progress.
- 👤 The special education, related services, accommodations, and modifications the student will receive.
- 👤 Other special factors such as behavior management strategies, health needs, and assistive technology.

(a) (*Elementary Schools Only*) How will the school accurately identify students prior to enrollment (e.g., those who require pre-school special education and related services) and in the early grades (PreK, K, 1, or 2) for appropriate services?

Parents will be asked on registration paperwork for Athlos Academy of Reno to indicate whether their child has an Individualized Education Plan (IEP) or 504. This information will allow the Special Education Director to initiate a review to ensure that appropriate services are in place prior to the student's first day of school. The office manager will be trained and instructed to notify the Special Education Director of all incoming files with IEPs.

(b) (*Middle and High Schools*) How will the school identify and serve students who require special education services and develop transition plans?

An IEP meeting will be held every year. At this meeting, the IEP team will look at goals and determine if they are being achieved. Based on this evaluation, an IEP may be updated to include new goals, new evaluation information, and other relevant information. Re-evaluations of a student's educational or related service needs will take place at least once every three years—or more often if requested—unless the parent/guardian and Athlos Academy of Reno deems a re-evaluation unnecessary.

(c) (All Schools) How will the school handle over-identification of students as having a disability that qualifies them for special education services? What will be the process to transition a student out of special education who has been incorrectly identified as having a disability in the past?

The Athlos model is rooted in the belief that students should be engaged participants in their learning and encouraged every day to participate in a school culture where they investigate and take ownership of their education. The critical inquiry approach to the academic curriculum is student centered and promotes critical thinking and deep understanding. By deploying a variety of instructional strategies such as project-based, active, and/or cooperative learning, differentiated instruction, and backward unit design, Athlos teachers will support students well while simultaneously inspiring them to develop the autonomy and integrity necessary to be successful as independent, self-motivated learners. The complementary relationship of these instructional methods will ensure students receive high-level instruction that can then be applied to real-world situations.

Athlos Academy of Reno believes that the proposed model will best support all students, especially students with special needs. During parent meetings, we will convey the research and benefits of the Athlos program for all students, and convey the open enrollment process. Then, through the registration process, the administrative team at Athlos Academy of Reno will collect not only the traditional student information, but also at-risk information such as Free and Reduced Lunch, IEP, family relationship, and any other disability status indicators as outlined by IDEA. Athlos Academy of Reno anticipates hiring a Special Education Director as early as possible to ensure that the school has a person with the knowledge and experience necessary to serve students with diverse needs and disabilities, as well ensure compliance with federal, state, and local laws. It is then essential that once the student is enrolled, a Special Education Services Team (SPED Services Team) will work early in the school year to review previous year academic and intervention services for the identified special education students. This team will be comprised of the School Leader, Special Education Director, and classroom teachers.

It is imperative that Athlos Academy of Reno involves parents in this placement process. The SPED Services team will work with each parent during initial meetings as historical student files are reviewed during the summer transition process. Initially at the beginning of the year, classroom teacher will collect information on each student identified as having a disability, and work in conjunction with observations by special education staff to determine if students are in fact needing special education services, or if the student can transition out of being identified. Athlos Academy of Reno leaders understand the importance of ensuring that every student is placed in the most successful learning environment for academic success, and therefore the SPED Services Team will collectively decide what is best for the identified student in conjunction with parents. Key findings of observations from educators and special education staff throughout the first few weeks of school will be communicated to parents during initial meetings in the Fall, or even throughout the school year.

As the Special Education Director makes recommendations to the SPED Services Team and parent, Athlos Academy of Reno anticipates that, occasionally, students previously identified as needing special education services were in fact over-identified, and don't necessarily qualify for special

education services. This creates an opportunity to transition a student out of special education services, which Athlos Academy of Reno understands is a situation that requires careful and considerable thought to ensure the least disruption to student learning. It is imperative that the SPED Services Team and parents involve the student in this transition planning. Athlos Academy of Reno anticipates that some of these students may need accommodations for a 504 plan as an option for a transition to general education. The Special Education Director will be responsible for developing a transition plan in conjunction the SPED Services Team, parents, student, and new general education teacher. The transition plan will include areas such as individualized needs, instructional accommodations, communication strategies, personal supports, and frequency of follow up meetings to monitor progress.

(3) Continuum of Services: How will the operator provide a broad continuum of instructional options and behavioral supports and interventions for students with a range of disabilities? Specifically describe how students with severe intellectual, learning, and/or emotional disabilities will be served.

The Athlos Academy of Reno facility is ADA compliant. The special education department includes three small classrooms located centrally to the special education office as well as small pull out rooms in various locations throughout the building. At least one room will be designed to serve as a sensory control space to assist with students for whom over stimulation may be an issue.

At least one Athletic Coach will be DAPE (development adapted physical education) certified to assist with accommodations or modifications to the athletic curriculum.

Special education staff will be hired at a 1:25 ratio (teachers to qualified students) and paraprofessionals are hired at a 2:1 ratio (paras to teachers) to help support the workload. Additional funds are allocated in the budget for "teacher aids" in case more paras are necessary.

(4) General Education Collaboration/Access: How will special education and related service personnel collaborate with general education teachers (e.g., team teaching, team planning, etc.) to ensure that all students are able to access a rigorous general academic curriculum?

The school schedule allows for each grade level of students to participate in the Athletic Curriculum at the same time of day. This structure allows for daily collaboration time among all teachers in a given grade level. The Special Education Director will work with teachers during this time block at least monthly to support regular education teachers working successfully with special education students. Additionally, one Instructional Coach per 25 teachers is allocated in the budget. The Instructional Coach's duties include regular classroom observations and leading teachers through coaching cycles. This process will help to identify any areas or situations in which a teacher may need more support more quickly.

(5) Staffing: How will you ensure qualified staffing to meet the needs of students with disabilities? Note: Federal and Nevada law requires licensure for the special education teachers, related service personnel, and psychologists at all charter schools.

Athlos Academy of Reno will hire and contract with qualified staff to work with students with disabilities. Partnering with a national organization like Athlos Academies (EMO) offers the ability to support national searches for highly qualified staff to meet the needs of all students, including students with disabilities. Athlos Academies supports multiple national platform searches for all

staff, including special education staff. As the needs of the students change and grow over time the inclusion of specific staff members will need to be adjusted for the greatest success for Athlos students. The governing board, the school leadership, and the EMO will work together throughout each year (in particular, when planning for the annual budget) to make sure the staffing model is on track to fit the needs of all students at Athlos Academy of Reno.

(6) Staff Development: How does the school plan to train general education teachers to modify the curriculum and instruction to address the unique needs of students with disabilities?

Athlos Academy of Reno teachers will receive training at the beginning of each year on identifying students who may have special education needs, with ongoing training through staff meetings or written communication from the Special Education Director. In addition, teachers will be provided additional training in all other relevant topics in regards to special education as needed throughout the year.

(7) Discipline: Explain how the school will protect the rights of students with disabilities in disciplinary actions and proceedings and exhaust all options in order to promote the continuation of educational services in the home school.

Athlos Academy of Reno recognizes the legal responsibility to ensure that no student who is in need of accommodations, services or support be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any school program based on those needs. All children will receive an equal educational opportunity, have access to the school and no student shall be denied admission nor counseled out of the school due to the nature, extent, or severity of his/her disability or due to the student's request for, or actual need for other student support services such as IDEA, 504 accommodations or modifications and support for English Language Learners.

Athlos Academy of Reno will adhere to the requirements set forth in Part B of the IDEA, as well as the Board policy on Student Discipline. The notion of ensuring that our school is able to protect the rights of all students, including students with disabilities, through disciplinary actions is an important element. There will be at times social and behavioral intervention strategies that need to be developed for a best fit plan for these students. In these types of situations, the SPED Services team will work together with the parent to ensure that a plan can be implemented for a special education student in a situation where administrative discipline was required. Because Athlos Academy of Reno will look out for the rights of all students, the SPED Services team will consider if the behavior impedes or distracts the learning of other students. At no time will the special education services stop. The SPED Services team will ensure that positive supports and strategies will be used as the team explores interventions to address the disciplinary action. This may include an assessment, goal setting, and involve other various professionals as needed. The SPED Services team will then document the findings, and work collaboratively to formulate an intervention plan to implement. At all times, the plan will ensure the incorporation of least restrictive learning environment, as well as parent input on behavior intervention strategies formulated. Continual review of the effectiveness of the plan is essential, and the SPED Services team will ensure a review scope and sequence is included in the intervention plan. It may be determined that intervention strategies, and subsequent possible revisions to the strategies, are not changing student behavior.

In these rare cases, and as a last resort, the SPED services team will need to move forward with further disciplinary actions as per Board policy.

For more on how the discipline policy applies to disabled students, please see the response to a similar question beginning on page 55.

(8) Monitoring: What are your plans for monitoring and evaluating both the progress and success of students who qualify for special education and related services, and the extent to which your special education program complies with relevant federal and state laws? How will curriculum and instructional decisions be tracked and monitored by IEP teams and school personnel?

Monitoring and evaluating students is part of the Response to Intervention and IEP process. For more on RTI, see the response beginning on page 36. For more on IEP, see the response beginning on page 38.

(9) Parental Involvement: What appropriate programs, activities, and procedures will be implemented for the participation of parents of students with disabilities?

All programming at Athlos Academies of Reno will be accessible to all students and families, including students with disabilities and their parents. Families and community members will be welcomed into a range of appropriate activities, including participation in the Athlos Roots social studies curriculum and health expos.

Parents of students with disabilities will also be informed of and involved with their children's progress in academic, social and emotional skills. For more on family involvement, see the responses beginning on page 6 and 12.

(10) For Distance Education Schools: Describe how the school will provide appropriate services in the distance education learning environment to students with disabilities. If you are not proposing to operate a distance education or virtual school, please explain that this is not applicable.

The question in this section is not applicable. (Distance education will not be offered.)

English Language Learners

(1) Identification: What methods will you employ to identify English Language Learners? How will you work to avoid misidentification?

The school will initially identify English Language Learners through the student enrollment process which includes a Home Language Survey (HLS) provided to parents in their spoken language or through an interpreter to ensure accurate responses. The Student Support Director will oversee this process. HLS information is used only to identify students who may need ELL support to appropriately access and engage with the curriculum. If a student is identified as potentially needing ELL services, he or she will be screened using the WIDA-ACCESS Placement Test (W-APT) screening tool. Upon classification, the Student Support Director will keep students' assessment records and progress monitoring forms in a unique file. Teachers working with a student will have access to the file. For students coded as fully English proficient, the school will monitor the students for two years after they have been classified as proficient.

(2) Placement: How will the results of the W-APT assessment and other identification and program placement decisions be communicated to staff and parents?

The Student Support Director, with the help of the registrar and other office staff, will notify appropriate staff of W-APT assessment results. The Student Support Director and teachers will share appropriate information with parents of ELL students.

(3) Staffing: How will you ensure qualified staffing to meet the needs of ELL students? What staff will be responsible for administering the W-APT or the WIDA MODEL to new students? What staff will be accountable for ongoing monitoring of the performance of ELL students? Note: Nevada law requires licensure (TESL endorsement) for the primary teacher providing ELL services in pull-out and inclusive environments at all charter schools.

The Student Support Director will monitor the number of ELL students and recommend appropriate levels of hiring teachers and paraprofessionals to the School Leader. All staff will receive training on identifying and assisting ELL students. The Student Support Director will be responsible for administering the W-APT and will be accountable for ongoing monitoring of the performance of ELL students, along with a data inquiry team.

(4) Curriculum and Instruction: What specific instructional programs, practices, and strategies will be employed to ensure academic success and equitable access to the core academic program for English Language Learners?

Spelling curriculum Words Their Way has specific programs for ELL spellers, Spanish-speaking ELL spellers. This will allow for improved English vocabulary acquisition, which will improve (For more on Words Their Way, see the response beginning on page 15).

Athlos Academy of Reno teachers and staff will offer differentiated instruction and follow any IEPs to help ensure English Language Learners are able to learn the courses taught.

(5) Monitoring: What plans are in place for monitoring and evaluating the progress and success of ELL students, including the process for exiting students from ELL services as needed?

Students who are receiving ELL services will be participating in regular testing requirements by the state and through benchmarks and MAP testing. These tests will all be indicators, like they are with all students, of progress and needs. Within the staff trained to work with ELL students specifically, their progress will be tracked with the Athlos Academy portfolio system for progress analysis as well as English Language Proficiency testing set forth by law. Students who are nearing proficiency will transition out of ELL structured classes and into full-time coursework for English Proficient students. All teachers are prepared and trained to work with all students with individualized needs. The nature of the Athlos classroom is an inclusive environment for all students where ELL transition students will already have been for the majority of their learning and will transition with support of their classroom teacher and other staff as needed. These progress monitoring tests, English Proficiency data, and transition plans will be monitored and tracked for student and teacher records with the school.

(6) Parental Involvement: What appropriate programs, activities, and procedures will be implemented for the participation of parents of ELLs?

All programming at Athlos Academies of Reno will be accessible to all students and families, including English Language Learners and their parents. Families and community members will be welcomed into a range of appropriate activities, including participation in the Athlos Roots social studies curriculum and health expos.

Parents of English Language Learners will also be informed of and involved with their children's progress in academic, social and emotional skills. For more on family involvement, see the responses beginning on page 6 and 12.

(7) For Distance Education Schools: Describe how the school will provide appropriate services in the distance education learning environment to ELLs. If you are not proposing to operate a distance education or virtual school, please explain that this is not applicable.

The question in this section is not applicable. (Distance education will not be offered.)

Homeless/Migrant Services

(1) Identification: What methods will you employ to identify families who qualify for homeless and/or migrant services? How will you work to avoid misidentification?

Athlos Academy of Reno will comply with the McKinney-Vento Homeless Assistance Act of 2001. Homeless and migrant students are entitled to immediate enrollment and full participation, even if they are unable to produce records required for enrollment, which may include medical records, birth certificate, school records, and proof of residency.

To properly identify homeless, migrant or emancipated students, a school administrator or educator first must determine the residence of a student, which involves considerations including:

- 👤 The place, however temporary, where the child actually sleeps
- 👤 The place where a homeless or migrant child or his or her family keeps its belongings or
- 👤 The place that a homeless or migrant child or his or her parent/guardian(s) considers to be home.

The determination of student's residence or place a student considers to be a permanent home, will not be based upon:

- 👤 Rent or lease receipts for an apartment or home
- 👤 The existence or absence of a permanent address or
- 👤 A required length of residence in a given location.

(2) Meeting the Need: How will you ensure that identified families receive the required services within the mandated timeframe?

Athlos Academy of Reno will follow these protocols to meet students' needs:

- 👤 Within one day of admitting a homeless student, a school counselor or another employee designated by the administration as the homeless liaison shall be notified, and contact shall be made with the appropriate officials.
- 👤 If there is a dispute concerning residence or the status of an emancipated minor or homeless child, the issue may be referred to the Nevada Department of Education for resolution.

- 👤 Homeless students will be eligible for programs for gifted and talented students and school nutrition programs as well as any other educational services for which the student meets eligibility criteria.
- 👤 Homeless and migrant children are entitled to receive transportation and other services available to non-homeless students. Upon request of a parent/guardian(s) and evaluation of the best interest of the child, transportation may be provided to and from school in accordance with state law and what is reasonable.
- 👤 Homeless students are permitted to continue attending Athlos Academy of Reno, to the extent reasonable, unless it is against the wishes of their parent/guardian(s), and be permitted to remain at the school for the duration of the homelessness until the students move into permanent housing.
- 👤 Athlos Academy of Reno will continue efforts to assist homeless students in completing necessary and important records, including immunization records.
- 👤 Athlos Academy of Reno's [dress code and uniform policy](#) (see page 58) will not delay enrollment for homeless or migrant students.

(3) For Distance Education Schools: Describe how the school will provide appropriate services in the distance education learning environment to students who qualify for homeless and/or migrant services. *If you are not proposing to operate a distance education or virtual school, please explain that this is not applicable*

The question in this section is not applicable. (Distance or virtual education will not be offered.)

SCHOOL STRUCTURE: CULTURE

(1) Describe the culture or ethos of the proposed school. Explain how it will promote a positive academic environment and reinforce student intellectual and social development.

The Performance Character program will shape and define the student culture at Athlos Academy of Reno. The school's focus on Performance Character is aimed at preparing students for the collaborative challenging tasks they will encounter in college and the workplace. We will encourage students to meet life honestly and courageously by fostering and developing the 12 Performance Character traits. Students will show:

- | | |
|---|--|
| 👤 grit by persevering following a failure | 👤 initiative through a willingness to assist without being asked |
| 👤 focus by giving full attention | 👤 students will demonstrate social intelligence by behaving respectfully and appropriately |
| 👤 optimism by believing their efforts will improve the future | 👤 humility by allowing accomplishments to speak for themselves |
| 👤 curiosity by demonstrating fascination for things they are learning | 👤 integrity by genuinely trying to make the right choices |
| 👤 leadership by making decisions that motivate others to action | 👤 creativity by designing distinctive solutions to problems |
| 👤 energy and zest through excitement for the task at hand | |
| 👤 courage by taking risks | |

(2) During the incubation year, how will you incorporate parent and community input into the plan for developing a positive school culture?

Athlos Academy of Reno will undertake an intensive recruitment and enrollment plan during its incubation year, which will include establishing a parent coalition to promote the incubating school among families and establish and develop connections to the community. For more on incubation year plans, see page 89. Engaging parents and members of the community are key components of Athlos Academy of Reno's educational model. For more on the educational model, see page 12.

(3) Explain how you will create and implement this culture for students, teachers, administrators, and parents starting from the first day of school. Describe the plan for enculturating students who enter the school mid-year.

All 12 Performance Character traits will be displayed throughout the school and promoted as a common language among the school community. Displaying and discussing these traits will create a climate that encourages students to apply themselves and excel academically, socially, and physically.

(4) Discuss your approach to reinforcing positive student behavior and ensuring that all students remain on track to achieve the academic and social objectives set out in the mission of your school.

The Performance Character program will also serve as a preventative approach to discipline. Students will be expected to treat themselves with respect and take responsibility for their performance and behavior. Students engaged in their learning are less likely to engage in inappropriate behavior. Regular integration of physical activity and performance character lessons and huddles will also benefit students as they learn to consistently exhibit behaviors connected to the core values. When poor behavior requires discipline, students will be actively involved in Socratic-type questioning to analyze behavior, identify Performance Character traits they lacked, how their rules violation affected themselves and others, and what they will do in the future to prevent violations of school rules.

Teachers and administrators will be expected to communicate with parents when a student has ongoing behavioral violations or a significant infraction. They will also work with families to identify reasons and causes for poor behavior as well as steps to improve behavior. Athlos Academy of Reno's discipline plan will comply with NRS 392.4644's rules for a progressive discipline plan.

(5) Describe how the school plans to align staff and students around high expectations for student behavior.

Athlos Academy of Reno's staff will regularly have opportunities to participate in professional development to assist them in incorporating Performance Character education into their individual curriculums as well as the broader school culture. Staff will also be encouraged to embrace lifestyle habits in line with the school's Healthy Body pillar. This professional development programming aims to not only prepare teachers but also inspire them. Athlos Academy of Reno will support teachers as lifelong learners, creating a culture of continual growth and development where every staff member has valuable insight to share. Through this shared culture, teachers will understand that a large part of instilling students with strong Performance Character is embodying and modeling those traits for them.

Before and during each school year, Athlos teachers will receive professional development sessions specific to the Performance Character pillar. The school's character coaches will also serve as a resource and support for teachers and performance coaches as they incorporate Performance Character development throughout the school year. Implementing the Performance Character curriculum will yield positive student results and thus maintain staff investment in the vision.

(6) Please describe how you will measure school culture and evaluate implementation of your culture plan. Include how parent and student feedback will be incorporated in measuring your school's success in creating a positive culture.

Athlos Academy of Reno will survey all parents every year to determine their levels of satisfaction and to obtain their input on how the school can improve. The school will utilize satisfaction surveys to provide a high quality survey instrument and the ability to compare our results with other schools. Students will also be surveyed using satisfaction surveys. Survey results will be reviewed annually by the faculty, administration, and the Board. Being an Athlos family also means being invited to learning opportunities with your children, their schoolmates and community. Continued family support includes learning about bringing the three pillars into the home, being welcomed into the school and classrooms, and working with the board on parent committees. Athlos encourages families to learn together and practice the culture of the school in their everyday lives.

(7) Describe the school's approach to help support all students' social and emotional needs. Detail the identification strategy, interventions, and remediation to be implemented and cite the research/rationale for the selected methods. How will you measure the success of your social and emotional remediation efforts (in year 1, year 3, year 5, and beyond)? How will you communicate the need for remediation to parents and invest them in supports?

The Performance Character pillar works with the Prepared Mind curriculum and Healthy Body athletic program to support an educational environment that meets the needs of the whole student: academically, physically, emotionally, and socially.

Similar to efforts involving academic remediation (see page 26), students needing social and emotional remediation will go through the Response to Intervention (RTI) process. Teachers will likely identify students early on if they have emotional needs that require RTI. As part of their Professional Learning Communities, teachers can brainstorm with small group of teachers on the many strategies that can be used. Again, similar to academic remediation, social and emotional remediation efforts will be tracked, measured and monitored on an ongoing basis.

Remediation efforts will be based on setting goals for remediation cases, documenting intervention, and assessing whether you're meeting your goals. The goal for Athlos Academy is to need fewer interventions in later years, with a higher percentage of cases being resolved.

Another effort to track the social and emotional well-being of students will be through the satisfaction surveys, mentioned in the previous response.

SCHOOL STRUCTURE: STUDENT DISCIPLINE

(1) Describe the school's discipline policy. Discuss the practices the school will use to promote good discipline, including both penalties for infractions and incentives for positive behavior.

Athlos Academy of Reno supports a philosophy of Restorative Discipline based on the Athlos Performance Character pillar. The goal of our restorative disciplinary practices is to prevent and reduce disciplinary action by developing a school culture that supports respect, responsibility, and cooperation between all members of the school community.

The Lead School Administrator will develop, implement, and review disciplinary procedures and a Student Code of Conduct, which must be in alignment with restorative disciplinary practices and the Athlos Performance Character pillar. The Student Code of Conduct will include students' behavioral expectations, considerations for students with disabilities, discipline procedures for both minor and major infractions, and procedures and due process for escalation of major disciplinary action. All employees of Athlos Academy of Reno will participate in annual training regarding appropriate procedures for managing discipline in the classroom and for escalating disciplinary issues to the level of either teachers or school administration.




The Board of Directors will adopt the Student Code of Conduct and provide information to parent/guardian(s) and students regarding behavioral expectations, potential consequences, and procedures for administering discipline. Parent/guardian(s) will be notified of any violation that may result in a student being suspended or expelled from Athlos Academy of Reno. The Code will be available for review in the School Leader's office, the school website or, upon request, a hard copy can be provided to students, parent/guardian(s), staff and others. Any Board-approved revisions will be updated on the school website and made available promptly to interested parties.

Standards for Student Conduct:

Each student is expected to uphold the Performance Character traits adopted by Athlos Academy of Reno, be courteous, be responsible, be prepared, be respectful of others, and cooperate with and assist the school staff to maintain safety, order, and discipline.


Students will be expected to uphold the standards of the Code and answer to Athlos Academy of Reno's disciplinary authority during the regular school day, including while the student is going to and from school on or off school transportation, as well as during any school-related activity.

The Code will also apply for any of the following situations:

-  For any school-related misconduct
-  When retaliation against a school employee or volunteer occurs or is threatened, and
-  When criminal mischief is committed on or off school property or at a school-related event.

Behavior Management Techniques:

Disciplinary measures such as confinement and seclusion are strictly prohibited for all students, including students with disabilities, in accordance with state law. Disciplinary measures such as restraint and time-outs are permitted, in certain situations.

-  Restraint is allowed during an emergency and must be discontinued when the emergency no longer exists. It shall be implemented so as to protect the health and safety of the student and others. Reasonable force must be used.

- 👮 Time-outs are allowed as a means for a student to regain self-control for a short period of time. The room or setting where the student is separated will not be locked and the exit must not be physically blocked.

Policies on confinement, seclusion, restraint and time-out do not apply to

- 👮 A peace officer, while performing law enforcement duties;
- 👮 An educational services provider with whom a student is placed by a judicial authority, excluding services provided in an educational program at Athlos Academy of Reno.

Training:

Training for school employees, volunteers, or independent contractors regarding the use of restraint shall be provided according to state law. Training for school employees, volunteers, or independent contractors regarding the use of time-out shall be provided according to state law.

Documentation:

If restraint is used, school employees, volunteers, or independent contractors shall implement the documentation as required by state law. Necessary documentation or data collection regarding the use of time-out, if any, must be addressed in the IEP or BIP. The ARD committee must use any collected data to judge the effectiveness of the intervention and provide a basis for making determinations regarding its continued use.

I. RESTORATIVE DISCIPLINE TECHNIQUES

Discipline will be designed to correct misconduct and to encourage all students to adhere to their responsibilities as citizens of the school community. Disciplinary action will draw on the professional judgment of teachers and administrators and on a range of discipline management techniques. Disciplinary action will be correlated to the seriousness of the infraction, the student's age and grade level, the frequency of misbehavior, the student's attitude, and the effect of the misconduct on the school environment.

Minor infractions shall be handled with discretion by the teacher and typically result in restorative discipline techniques or minor consequences, such as verbal reprimands, detention, or withdrawal of privileges.

Major infractions are more serious offenses and shall be escalated to the attention of school administration and may require non-discretionary action.

The following discipline management techniques may be used, alone or in combination, for misbehavior violating the Student Code of Conduct or school or classroom rules:

1. Assignment of school service or community service, such as scrubbing desks or picking up litter.
2. Behavioral contracts.
3. Cooling-off time or a time out.
4. Counseling by school counselors.
5. Detention.
6. Grade reductions, as permitted by policy.
7. Parent-teacher conferences.

8. Rewards or demerits.
9. Seating changes within the classroom.
10. Sending the student to the office or other assigned area.
11. Temporary confiscation of items disrupting the educational process, such as mobile devices.
12. Verbal correction.
13. Withdrawal of privileges, such as participation in extracurricular activities and eligibility for seeking and holding honorary offices, and/or membership in school-related organizations.
14. Withdrawal or restriction of bus privileges.
15. Other strategies and consequences as specified by the Code.

Disciplinary Consequences for Minor Infractions:

1. Application of one or more of the aforementioned discipline management techniques.
2. In-school suspension.
3. Out-of-school suspension for up to five days.

Disciplinary Consequences for Major Infractions:

1. Any applicable Minor infractions' disciplinary consequences.
2. Out-of-school suspension for over five days.
3. Referral to a legal authority for criminal prosecution in addition to disciplinary measures imposed by the school (in instances of severe or persistent Major infractions).
4. Expulsion.

In addition to the above list of Code of Conduct violations, the Lead School Administrator has authority to suspend a student for a period of up to five school days for any of the following additional reasons:

1. The need to further investigate an incident,
2. A recommendation to expel the student, or
3. An emergency constituting endangerment to health or safety.

II. SUSPENSION AND EXPULSION

Athlos Academy of Reno can issue in-school and out-of-school suspensions for persistent minor or major infraction. In cases of Major infractions, the school may expel a student.

In-School Suspension Rules:

1. Students must report to the detention room at the start of the school day, with in-school suspension running until dismissal time.
2. Students will bring materials to work on, including an in-school suspension assignment. Students are responsible for obtaining assignments from each teacher.
3. Students will not be permitted to go their lockers. All materials must be brought to the room when reporting.
4. Students may not bring food or drink into the detention room.
5. Sleeping and disruptive behavior are prohibited.
6. Students must abide by the Student Code of Conduct during their suspension period.
7. Unexcused absences from suspension will be referred to the Lead School Administrator.

8. A student who misses a scheduled in-school suspension without a confirmed excuse will be assigned one day out-of-school suspension. The missed in-school suspension period will be rescheduled. If a student misses more than one scheduled in-school suspension without a confirmed excuse, he or she may be subject to expulsion.

Out-of-School Suspension:

Notice of suspension and the reasons for the suspension will be given to the student by the Lead School Administrator.

Expellable Offenses:

The Lead School Administrator or a designee will determine conduct for which students may be expelled from school. Expellable offenses will be described in the minor and major infractions section of the Code.

Emergency Placement and Expulsion:

The Lead School Administrator or designee may order immediate removal of the student if the administrator reasonably believes a student's behavior is so unruly, disruptive, or abusive that it seriously interferes with a teacher's ability to communicate effectively with students in a class, with the ability of a student's classmates to learn, or with the operation of the school or a school-related activity.

The Lead School Administrator or designee may impose immediate suspension if he or she reasonably believes such action is necessary to protect persons or property from eminent harm. During an emergency removal, the student will be given verbal notice of the reason for the action, and appropriate hearings will be scheduled within a reasonable time after the emergency removal.

III. MINOR AND MAJOR INFRACTIONS

Minor infractions may result in disciplinary actions taken at the discretion of the teacher and in alignment with restorative practices and the Athlos Performance Character Program. Minor infractions include, but are not limited to:

1. Repeatedly violating the Student Code of Conduct by engaging in:
 - a. Sexual harassment or sexual abuse toward a student or employee;
 - b. Actions that substantially disrupt or materially interfere with school;
 - c. Harassment directed toward a student or employee that is motivated by race, color, religion, national origin, disability, or age;
 - d. Inappropriate verbal, physical, or sexual contact directed toward a student or employee.
2. Possessing or Selling:
 - a. A razor, box cutter, chain, or any other object used in a way that threatens or inflicts bodily injury to another person;
 - b. A "look-alike" weapon;
 - c. Tobacco products; or
 - d. Paraphernalia related to any prohibited substance.
3. Repeatedly violating school or classroom standards of behavior, including:
 - a. Repeated tardiness;
 - b. Insubordination;

- c. Stealing from students, staff, or the school;
 - d. Defacing or damaging school property, including textbooks, lockers, books,
 - e. Cheating or copying the work of another; and/or
 - f. Using a personal mobile device or other communications device at school, except in the case of an emergency.
4. Any other infraction listed in state law that the Lead School Administrator or designee deems to be a minor infraction.

Major infractions may result in disciplinary actions escalated to the level of school administration and in alignment with restorative practices and the Athlos Performance Character Program. Major infractions include, but are not limited to:

1. Conduct endangering the health and safety of others including:
 - a. Assault or fighting;
 - b. Bullying and cyber-bullying, as defined in NRS 388.135;
 - c. Sexual abuse or inappropriate sexual conduct;
 - d. Arson;
 - e. Murder;
 - f. Violent gang activity;
 - g. Harassment or creating hit list of people targeted to be harmed;
 - h. Threats by students intended for students or school personnel/faculty;
 - i. Use, exhibition, or possession of a firearm, illegal knife, club, explosive weapon or prohibited weapon; or
 - j. A non-Title 5 felony; school is notified by police.
2. Persistent minor infractions—four or more committed in any one school year—including:
 - a. Repeated failure to comply with school personnel’s directives;
 - b. Vandalism or graffiti of school facilities or property; and
 - c. Abusing a controlled substance, giving a controlled substance to another student, or possessing or being under the influence of another person’s controlled substance at school or a school event.
3. Engaging in conduct punishable as a felony, when the conduct occurs off school property and not at a school-related event; and/or
4. Any other infraction of state or federal law that the Lead School Administrator or designee deems to be a major infraction.

Detention may be held on each day during school for up to eight hours. Students who serve detention must make arrangements to be picked up from school. Parent/guardian(s) may request a delay of the detention in-person; no phone calls or notes will be accepted.

1. Students will bring materials to work on. Classroom materials may be sent by a teacher. Students will not be permitted to go to their lockers during detention. All materials must be brought to the detention room when reporting.
2. Sleeping is not permitted.
3. Students will follow all rules concerning classroom behavior.
4. Students assigned to the detention room must stay the entire time.
5. Students refusing to follow the rules of detention may be suspended from school.

(2) Describe the procedures for due process when a student is suspended or expelled as a result of a code of conduct violation, including a description of the appeal process that the school will employ for students facing expulsion.

Prerequisites to Suspension:

Prior to suspending a student, the Lead School Administrator or designee will hold an informal conference with the student to:

1. Notify the student of the accusations against him or her,
2. Allow the student to relate his or her version of the incident, and
3. Determine whether the student's conduct warrants suspension.

Notification to Parents/Guardians:

If the Lead School Administrator or designee determines the student's conduct warrants suspension during the school day, the Lead School Administrator or designee will make reasonable effort to notify the student's parent/guardian(s) that the student has been suspended before the student is sent home. The Lead School Administrator or designee will notify a suspended student's parent/guardian(s) of the period of suspension, the grounds for the suspension, and the time and place for an opportunity to confer with the Lead School Administrator.

Conferences, Hearings and Appeals:

All students are entitled to conferences, hearings, and/or appeals of disciplinary matters.

Credit during Suspension or Expulsion:

A student shall receive credit for work missed during the period of suspension if the student makes up work missed during the period of suspension in the same number of school days the student was absent on suspension. Students will not earn academic credit during a time of expulsion, except when required by law.

IV. PROCESS FOR OUT-OF-SCHOOL SUSPENSIONS OVER FIVE DAYS AND EXPULSION

When the Lead School Administrator or designee determines that a student's conduct warrants either suspension for more than five days or expulsion, but prior to taking any expulsion action, the Lead School Administrator or designee will provide the student's parent/guardian(s) with written notice of:

1. The reasons for proposed disciplinary action, and
2. The date and location for a hearing with the Lead School Administrator, which will be within five school days from the date of the disciplinary action.

The notice will also state that, at the hearing, the student:

1. May be present,
2. Shall have an opportunity to present evidence,
3. Shall be apprised and informed of the school's evidence,
4. May be accompanied by his or her parent/guardian(s), and
5. May be represented by an attorney.

Athlos Academy of Reno shall make a good faith effort to inform the student and the student's parent/guardian(s) of the time and place for the hearing, and the school shall hold the hearing regardless of whether the student, the student's parent/guardian(s) or another adult representing the student attends. The hearing may be recorded by the Lead School Administrator or designee. At the hearing, the student may be represented by legal counsel, the student's parent/guardian(s), or another adult who is not an employee of Athlos Academy of Reno.

Immediately following the hearing, the Lead School Administrator or designee will notify the student and the student's parent/guardian(s) in writing of his/her decision. The decision will specify:

1. The length of the suspension or expulsion, if any;
2. The educational services that may be available to students if the out-of-school suspension exceeds ten days;
3. The procedures for re-admittance at the end of the expulsion period, if the expulsion is not permanent;
4. The right to appeal the Lead School Administrator's decision to the Board or designee, and
5. If the period of expulsion is inconsistent with the guidelines on length of expulsion in the Student Code of Conduct, written notice and explanation of the inconsistency.

The student or parent/guardian(s) of the student may appeal the expulsion decision to the Board by notifying the Lead School Administrator in writing within seven days of the date of receipt of the decision. The Board will review the recorded or transcribed record from the hearing before the Lead School Administrator at a specially called meeting. The Board will notify the student and his or her parent/guardian(s) of its decision, in writing, within five days of the hearing. The decision of the Board is final and may not be appealed. Discipline consequences will not be deferred pending the outcome of an appeal of an expulsion to the Board.

(3) Who will be responsible for implementing the school's discipline policy? Who will ensure that accurate disciplinary records are maintained? Who will report discipline data to the school and the SPCSA? How will you use this data to make needed changes for school culture?

The School Leader will be responsible for implementing the disciplinary policy. A member of the office staff, specifically an office manager if one is named, will be responsible for updating and managing disciplinary records and reporting data to the school and SPCSA. Such data will be maintained in the schools' InfiniteCampus records.

Data will be regularly reviewed at regular intervals on an ongoing basis through the school's behavior management system. Reviews will look at at-risk students. Review and analysis of disciplinary data will allow school staff to take needed steps to correct disciplinary issues, including notifying parents and guardians about issues via written letters and other forms of communication, to improve school culture.

(4) How will you ensure that discipline practices don't disproportionately penalize more vulnerable student populations?

If any student involved in an incident receives special population services (IEP, 504, ELL), the employee assigned to oversee those services may be asked to collaborate with

colleagues to determine if the student has a Behavior Intervention Plan or BIP. Students on a BIP may require a different set of consequences than the general student population. Incidents involving special population services students may or may not require a manifestation determination evaluation.

Students with Disabilities:

Athlos Academy of Reno will treat all students with dignity and respect, including students with disabilities who receive special education services. Any behavior management technique and/or restorative discipline management practice will be implemented in such a way as to protect the health and safety of the student and others. No discipline management practice may be calculated to inflict injury, cause harm, demean, or deprive the student of basic human necessities. Corporal punishment will not be allowed.

Any disciplinary action for a student with a disability who receives special education services shall be determined in accordance with federal regulations. The placement of such a student may be made only by a duly constituted admission, review, and dismissal (ARD) committee. If it is determined the student's behavior was not a manifestation of the student's disability, school personnel may apply the relevant disciplinary procedures to the student in the same manner and for the same duration as for students without disabilities.

The school will notify the student's parent/guardian(s) of the decision and of all procedural safeguards no later than the date on which the decision to take the disciplinary action is made.

A student with a disability who violates the Code may be moved from his or her current placement to an appropriate interim alternative educational setting or suspension, for not more than ten consecutive school days, to the extent those alternatives are applied to children without disabilities.

School personnel may remove the student for additional removals of not more than ten consecutive school days in that same school year for separate incidents of misconduct, as long as those removals do not constitute a change in placement.

Any disciplinary action that would constitute a change in placement may be taken only after the student's ARD committee conducts a manifestation determination review. For purposes of disciplinary removal of a student with a disability, a change in placement occurs if a student is:

1. Removed from the student's current educational placement for more than ten consecutive school days; or
2. Subjected to a series of removals that constitute a pattern because:
 - a. The series of removals total more than ten school days in a school year;
 - b. The student's behavior is substantially similar to the student's behavior in previous incidents that resulted in the series of removals; and
 - c. Additional factors exist, such as the length of each removal, the total amount of time the student is removed, and/or the proximity of the removals to one another.

Athlos Academy of Reno will determine on a case-by-case basis whether a pattern of removals constitutes a change in placement. The school's determination is subject to review through due process and judicial proceedings.

Manifestation Determination:

Within ten school days of any decision to change the placement of a student because of a violation of the Code, Athlos Academy of Reno, parent/guardian(s), and relevant members of the ARD committee shall review all relevant information in the student's file, including the student's IEP, any teacher observations, and any relevant information provided by the parent/guardian(s) to determine whether the conduct in question was:

1. Caused by, or had a direct and substantial relationship to, the student's disability; or
2. The direct result of the school's failure to implement the IEP.

If Athlos Academy of Reno, the parent/guardian, and relevant members of the ARD committee determine that either of the above is applicable, the conduct shall be determined to be a manifestation of the student's disability, and the ARD committee shall:

1. Conduct a functional behavioral assessment (FBA), unless the school conducted an FBA before the behavior that resulted in the change in placement occurred, and implement a behavioral intervention plan (BIP) for the student; or
2. If a BIP has already been developed, review and modify the BIP, as needed.

The ARD committee shall return the student to the placement the student was removed from, except as provided in special circumstances and unless the parent/guardian and Athlos Academy of Reno agree to a change in placement as part of a BIP modification.

Special Circumstances:

School personnel may remove a student to an interim alternative educational setting for not more than 45 school days without regard to whether the behavior is determined to be a manifestation of the student's disability, if the student, while at school, on school premises, or at a school function carries or possesses a weapon, knowingly possesses or uses illegal drugs or sells or solicits the sale of a controlled substance, or has inflicted serious bodily injury upon another person.

Services during Removal for a Student with an IEP:

Athlos Academy of Reno will provide services during the period of removal if the school provides services to a child without disabilities who is similarly removed. The student must continue to receive educational services that enable the student to continue to participate in the general education curriculum and the student's own IEP, albeit in an alternative educational setting.

Appeals:

Consistent with the policies outlined in [part \(2\) of this section](#) (starting on page 54), a parent/guardian who disagrees with a placement decision or the manifestation determination may request a hearing. Athlos Academy of Reno may request a hearing if it believes that maintaining a current placement of a student is substantially likely to result in injury to the student or others.

During the appeals process, the student shall remain in the interim alternative educational setting pending the decision of the hearing officer or until the expiration of the student's assignment to the alternative setting, whichever occurs first, unless the parent/guardian and school agree otherwise.

Reporting Crimes:

Federal law does not prohibit Athlos Academy of Reno from reporting a crime committed by a student with a disability to appropriate authorities. If Athlos Academy of Reno reports a crime, the school shall ensure that copies of the special education and disciplinary records of the student are transmitted to appropriate authorities. The school may transmit records only to the extent permitted by the Family Educational Rights and Privacy Act (FERPA).

Students Not Yet Identified:

A student who has not been determined to be eligible for special education services and who has engaged in behavior that violated the Student Code of Conduct may assert any of the protections provided for in the Individuals with Disabilities Education Act (IDEA) if Athlos Academy of Reno had knowledge that the student had a disability before the behavior that precipitated the disciplinary action occurred.

School Knowledge:

Athlos Academy of Reno will be deemed to have knowledge that a student has a disability if, before the behavior that precipitated the disciplinary action occurred:

1. The parent/guardian(s) of the student expressed concern in writing to the administration or to the student's teacher that the student was in need of special education services,
2. The parent/guardian(s) requested an evaluation for special education services, or
3. The student's teacher or other school personnel expressed specific concerns directly to the special education director or to other school supervisory personnel of the school regarding the student's pattern of behavior.

Conversely, Athlos Academy of Reno shall not be deemed to have knowledge that the student had a disability if:

1. The parent/guardian(s) have not allowed an evaluation of the student,
2. The parent/guardian(s) refused services,
3. The student has been evaluated and it was determined that the student did not have a disability.

If Athlos Academy of Reno does not have knowledge, before taking disciplinary measures, that a student has a disability, the student may be subjected to the same disciplinary measures applied to students without disabilities who engaged in comparable behaviors.

However, if a request is made for an evaluation during the time period in which the student is subjected to disciplinary measures, the evaluation shall be conducted in an expedited manner. Until the evaluation is completed, the student shall remain in the educational placement determined by school authorities, which can include suspension or expulsion without educational services.

(5) Describe the core principles of the school's proposed parent grievance policy.

Athlos Academy of Reno recognizes parents, as well as students, staff and community members to file a formal grievance, only in cases where traditional methods of communication have failed to resolve an issue. Grievances should first be expressed at the local level; through direct communication between the complainant and the person most capable of resolving the issue, such as a teacher, staff member, or administrator. If an issue is not satisfactorily resolved through direct

communication the issue may be elevated to the attention of school administration by scheduling a meeting with the School Leader or designee through the front office.

If a resolution cannot be reached between the complainant and the School Leader, the complainant may file a formal grievance, using a form provided by the school. Grievance forms should be submitted to the school's office within 30 days from the incident that resulted in the grievance. The School Leader should readdress the situation and send a written decision to the complainant within 5 working days. If the complainant is not satisfied with the administrative decision, he or she may appeal to the Board of Directors. A written decision should be sent back to the complainant within 45 working days following submission of the grievance. Issues escalated to the Athlos Academy Governing Board shall be addressed in compliance with Nevada open meeting laws.

If the complainant wishes to appeal the decision yet again, he or she may appeal directly to the SPCSA. All grievances must include a written record of all communications and administrative meetings.

(6) Discuss any required dress code or uniform policy.

A neat and orderly appearance is a positive factor for school safety and success. In keeping with that belief, a dress code shall be adhered to by all students enrolled in Athlos Academy of Reno. Students' dress will be expected to reflect positively on the school at all school related activities. All students are required to be in uniform daily, except for free dress days and spirit days that will be publicized. Students who, in the judgment of the administration or any staff member, are dressed inappropriately for school will be excluded from class until a change of clothing is secured. School administrators will make the final interpretation of all uniform policies. Noncompliance with the uniform policy will generally involve progressive disciplinary action.

Uniforms will be available for purchase through the school website. There will warmer apparel options to keep students warm during winter months. School administrators can make exceptions to the school dress code. However, students are allowed to wear attire that is required by their religion. The administration will review and approve modifications on a case-by-case basis.

SCHOOL STRUCTURE: CALENDAR AND SCHEDULE

(1) Discuss the annual academic schedule for the school (included in the student/parent handbook). Explain how the calendar reflects the needs of the student population and the educational model.

Athlos Academy of Reno will have 180 days of instruction and closely follow Washoe County School District's Balanced Calendar. The Balanced Calendar was developed with a great amount of public input and fits well with Athlos Academy of Reno's educational model. Having a closely aligned calendar will also benefit the student population by allowing students to have access to after school, summer, winter, spring and fall break activities.

(2) Describe the structure of the school day and week. Include the number of instructional minutes/hours in a day for core subjects such as language arts, mathematics, science, and social studies. Note the length of the school day, including start and dismissal times. Explain why the school's daily and weekly schedule will be optimal for the school model and

for student learning. Provide the minimum number of hours/minutes per day and week that the school will devote to academic instruction in each grade.

Below are samples of a typical school day for elementary and middle school students at Athlos Academy of Reno. The sample daily schedules will be repeated for all five days of the week with minimal variations: for grades 1-5, students will have physical activity sessions four days a week and fine arts class one day per week. Instructional blocks will include English Language Arts (including reading, writing and spelling), mathematics, science and social studies. Teachers have some freedom to choose how to structure those blocks.

The schedules demonstrate a commitment to our mission and desire to reduce the risk of dropout for students in our school. The daily schedule incorporates many critical components of the Athlos Academies model, including regular physical activity and free play sessions and morning and afternoon huddles. Under this schedule, first through fifth grade students will have between 4.5 and 5 hours of curriculum and 5.9 to 6.25 hours of instruction per day. These levels of instruction exceed the grade-level requirements of Nevada Administrative Code 387.131. There are variations between grades due to scheduling the use of shared spaces, such as the lunch room and gymnasium/turf.

Daily Schedule

Kindergarten	
8:15-8:30	Opening Huddle, including Number Corner math instruction— <i>Performance Character Kickoff lessons may take place during this time.</i>
8:30-9:35	Instructional 1
9:35-9:50	Free Play
9:50-11:15	Instructional 2
11:15-11:40	Free Play
11:40-12:10	Lunch
12:40-1:15	Instructional 3
1:15-1:45	Athletics (4 days per week)/Fine Arts (1 day per week)
1:50-2:15	Instructional 4
2:15-2:30	Free Play
2:30-3:20	Instructional 5
3:20-3:30	Closing Huddle
1st – 5th Grades Sample Daily Schedule	
8:15-8:45	Morning Huddle— <i>Performance Character Kickoff lessons occur during this time.</i>
8:45-11:40	Instructional 1

11:40-12:00	Free Play
12:00-12:25	Lunch
12:25-2:10	Instructional 2
2:10-2:25	Free Play
2:25-2:35	Huddle
2:40-3:30	Athletics/Fine Arts
Middle School Sample Daily Schedule	
7:25-8:15	English Language Arts
8:20-9:10	Math
9:15-10:05	Physical Activity Session
10:05-10:20	Break
10:20-11:10	Science
11:15-11:55	Social Studies (Athlos Roots
12:00-1:15	Healthy Body Lunch/Free Play/Huddle (<i>Performance Character Kickoff lessons and regular PCT discussions will take place during the Huddle</i>)
1:15-1:55	Foreign Language/Elective

(3) Describe your goal for student attendance and explain how you will ensure high rates of student attendance. Who will be responsible for collecting and monitoring attendance data? What supports will be in place to reduce truancy and chronic absenteeism?

Athlos Academy of Reno believes in a direct correlation between student achievement and regular school attendance. Our goal is to encourage regular attendance in order to foster lifelong traits of focus, self-control, and leadership within students. It is a shared responsibility of students, parent/guardians, teachers, and the school administration to ensure that a student attends school regularly. Athlos has the following policies on attendance, excused and unexcused absences, tardiness and truancy.

Attendance Policy

Nevada’s Compulsory and Excused Attendance laws require children between the ages of 6 and 18 years old to attend school and arrive on time unless there is a valid and legitimate excuse.

1. Students are expected to attend all of their classes on time and make up any missing works in the event of an absence;
2. Parent/guardian(s) are expected to ensure their student is attending school and notify the school in the event of an unavoidable absence;
3. Teachers will take daily attendance and enforce attendance policies for all of their students. Attendance will be taken within the first 15 minutes of the school day for grades K-5. For middle school classes, attendance will be taken that the beginning of each class;

4. In instances of excused absences, teachers will provide assignments to students upon request;
5. Absentee reports will be reviewed weekly and, as needed, a series of notices of absenteeism will be sent home.
6. The school administration will maintain accurate attendance records, provide a responsible person to approve student check-outs, and regularly inform the parent/guardian(s) of the student's attendance and notify them of attendance issues as soon as one is identified; and

Excused Absence

An absence will be excused if a student's parent/guardian(s) verifies one of the following explanations in a timely manner:

1. Illness (excessive illness requires medical verification),
2. Serious illness in the student's immediate family or extreme family emergency,
3. Religious instruction—not to exceed three hours a week—or a religious holiday,
4. Medical appointments that cannot be scheduled outside of school hours, or
5. Official school field trip or school-sponsored event.

Unexcused Absence

1. An absence will be considered unexcused if it is neither verified by the student's parent/guardian(s), nor compliant with the school's excused absence policy absence.
2. An absence which is not approved by the parent/guardian(s) and/or the school; or
3. The student's absence could not be accounted for by evidence of a legitimate or valid excuse in accordance with school policy and state law.

Tardiness

Failure to be in an assigned class and/or seat on time is considered tardiness.

1. Students more than 10 minutes late at the beginning of the school day must go to the front office to obtain a tardy slip,
2. Tardiness between classes for middle school students shall be recorded by teachers,
3. Chronic tardiness between classes may be escalated to a disciplinary issue, and
4. Tardiness of more than 10 minutes can be excused with timely verification from the student's parent/guardian(s) in the event of an excusable absence.

Truancy

An absence on a student's record without a valid excuse is considered a truancy.

1. Athlos Academy of Reno will notify parent/guardian(s) by a phone call, text, or email within 24 hours of a student's unexcused absence so that a parent/guardian may call and excuse their child before he/she is marked absent for the day;
2. Five unexcused absences shall result in a *Notice of Truancy*; and
3. Truancy shall be handled according to school policy.

Reducing truancy and chronic absenteeism

Athlos Academy of Reno will employ a Behavior Intervention Specialist that will work to reduce truancy and absenteeism, as part of a larger role in working with at-risk students to help them navigate roadblocks to their success and to reduce discipline issues and improve attendance. This

position will work closely with RTI teams and the office manager to ensure attendance and truancy are addressed promptly. As needed, the Behavior Intervention Specialist will conduct home visits to mitigate absenteeism and truancy. Home visits are very effective in increasing attendance.

In addition, morning Huddles will be a social and emotional connection point for many students that they will not want to miss. Huddles will happen at or near the beginning of the school day to reduce truancy.

A DAY IN THE LIFE & SCENARIOS

(1) Describe a typical school day from the perspective of a student in each grade span (elementary, middle, and high school) that will be served in your first year of operation.

For both elementary middle school students, refer to the daily schedules, beginning on page 59. Elementary students will have one teacher instructing them in all subject areas, except physical activity and music/fine arts, while middle school students will have different teachers for each instructional subject.

After being greeted while arriving to school, students will spend 20 minutes in the Morning Huddle. The Huddle is a critical part of Athlos culture because teachers use the time to provide instruction on Performance Character curriculum, and will refer to that initial Huddle lesson and integrate new examples of the character trait throughout the day.

After the Huddle, students will begin deep learning around mathematics. Math instruction will include lessons that highlight enactive, iconic, and symbolic learning. While taking students' ideas about solving mathematical problems seriously, teachers facilitate rich discussions that push students conceptually. By encouraging multiple strategies, misconceptions are resolved and an understanding of the structure of mathematics emerges. Also, during a well-designed math class, a teacher would include Movement Breaks that are purposeful, allowing for short bursts of physical activity that facilitate neuron connectivity and tie to lesson content.

Realizing that short periods of unstructured free play are vital for a well-focused classroom, the teacher accompanies the students outside for a fifteen-minute break. By using good transitions, students will come back to class to begin their literacy lesson.

Using both readers and writers' workshops, the teacher engages students, finding ways to intentionally differentiate instruction. Utilizing small groups and collaborative learning, students are challenged on multiple ends of the learning spectrum. Literature that connects to broader themes helps students develop skills and interests that spark curiosity and tackle challenges.

Next, students head to Athletic Performance class. The 50-minute class begins with Movement Prep, elevating the heart rate through running, stretching, skipping, and hopping exercises. After warming up their bodies, students are taught a lesson on locomotion. The instruction builds on a series of lessons over the course of the week and year to help students become more fit, efficient movers. Once finished with their time on the turf, students eat a healthy lunch. The lunch experience is enhanced by a communal culture that relates to the schools focus on character. After lunch, students get the opportunity for some quiet reading. This 20-minute time period allows students the opportunity to wind down and increase reading fluency.

After individual reading, students begin science class. The science curriculum is full of inquiry, taught through the lens of the schools focus on the Healthy Body. The thermogenic component of the Movement Prep, experienced during Athletic Conditioning earlier in the day, is connected by the classroom teacher. The connection of science concepts to authentic learning and application of athletic activity increases relevancy and excitement surrounding content for students. Today's lesson on levers examines prosthetics and ties in an engineering design component to create STEM connections. During the course of the science class the teacher integrates two different two-minute Movement Breaks that reinforce lever and force concepts and activate neurons to stimulate learning.

Next, students spend another fifteen minutes with unstructured free play, reinvigorating the body and strengthening cognitive implanting of learned concepts. Students then proceed to social studies, a class full of deep inquiry and cross-disciplinary connection of historical events to present day situations and conflicts. Performance character traits are highlighted in historical figures and students engage in writing, discussion, and questioning.

Throughout the day, in all classes and experiences, students are receiving feedback through consistent, non-intrusive formative assessment. Ultimately, summative assessments are used to gain an even clearer picture of student learning. To conclude the day, students come together for a final 15-minute huddle.

(2) Describe a typical day for a teacher in a grade that will be served in your first year of operation.

Refer to the previous response and the daily schedules beginning on page 59 for an overview of the structure of the school day.

A typical first grade teacher will arrive at school before students to make final preparations for the day. Once students arrive, the teacher will lead the morning Huddle, which sets the tone for the day. The teacher will lead students in instructional lessons in blocks, as listed in the calendar. Instructional periods will include movement breaks designed by the teacher or included in curricula.

During the school day when the teacher's students are not in the classroom for athletics instruction, lunch, or music/fine arts instruction, the teacher will have time for more classroom preparations, including grading and communications, as well as grade-level collaborative planning. On some days, this time will be set aside for Professional Learning Community sessions, professional development or staff-level meetings. After the school day ends, additional preparations or meetings may occur, as needed and scheduled.

(3) A new student, Ruby, has enrolled at your school and during the registration process her mom informed the office manager that she has Down Syndrome. This student is eligible to attend the school. Based on the IEP information that her mom brought in, the student is included in the general education program for 60% of her day. How will you plan to ensure your school is prepared to meet the needs of students like Ruby and/or what adjustments will be made (e.g., in scheduling, staffing, etc.) to account for students with unanticipated needs?

Answering this question without an actual IEP would be very difficult. Based on the IEP, the Special Education Director could look at classes or courses that Ruby could participate in, with tailored instruction such as individualized or small group instruction, or pulling her out of class. The schedule of her day would be determined by the goals of her IEP.

Athlos Academy of Reno could make some structural, scheduling and staffing adjustments to allow Ruby to stay in the classroom. One option would be to have a special education paraprofessional assist her at various parts of the day, as needed. Additionally, Athlos Academy could “stack” a classroom with additional Special Education students so that a paraprofessional could serve multiple Special Education students within one general education classroom.

(4) A new student, Alejandra, has enrolled at your school. After reviewing the enrollment packet and speaking to your registrar you learn this student is an ELL student and her mother has brought a friend to serve as an interpreter. Some of the records you received from the parent indicate the child has a 4 in listening, a 4 in speaking, a 2 in Writing and a 1 in Reading. How will you plan to ensure your school is prepared to meet the needs of ELL students like Alexandra and/or what adjustments will be made to the daily schedule to account for unanticipated needs? How will you communicate and work with parents like Alexandra’s?

Athlos Academy of Reno would first ensure that the school’s forms and documents are available in multiple languages, especially English and Spanish, and make arrangements to have interpreters available as needed, if parents such as Alejandra’s request one.

Alejandra’s W-APT scores show that she is able to learn. Her results suggest that the correct course of action may be similar to that for any child struggling in writing and reading. Alejandra’s teacher at Athlos Academy of Reno will know that she has strengths in listening and speaking and use that to help her advance in other subject areas.

Athlos’ model of differentiated instruction allows Alejandra’s teacher and the school to employ a variety of strategies, including:

- 👤 finding time for pull out sessions and individual time to assist her with her writing and reading
- 👤 specialized and small-group instruction
- 👤 additional work with special education paraprofessionals to see if additional support is needed
- 👤 allowing her to listen to, rather than read, some lessons and speak, rather than write, some of her responses to ensure subject-area mastery.

(5) You have been operating a school for the past three years and have just received your school-level state test data for the most recent year (see table below).

(a) Your annual accountability targets for each subject require that you grow the whole-school Percent Proficient/Advanced of your SWD students by 8 percentage points to approach, 10 points to meet and 12 points to exceed expectations from year to year. Explain the trends you see in the performance of your Students with Disabilities (SWD), both over time and as compared to the non-SWD population, in the table below. What are your initial thoughts about this data? What are your next steps? Who needs to be part of the team to address this? What further information do you need and how will you obtain it? Keep in mind that the SWD subgroup includes a range of disabilities, including Specific Learning Disabilities, Autism, Emotional Disturbance and Intellectual Disabilities.

Data for All Tested Grades			Math				RLA			
Yr	Subgroup	valid tests	pct_bel ow_bsc	pct_bsc	pct_prof	pct_adv	pct_bel ow_bsc	pct_bsc	pct_prof	pct_adv
2012	All Students	131	30.6	51.1	14.5	3.8	29.8	49.6	16.8	3.8
	Students with Disabilities	23	26.2	47.8	13	13	34.9	30.4	13	21.7
	Non-Students with Disabilities	108	31.4	51.9	14.8	1.9	28.7	53.7	17.6	0
2013	All Students	116	26.7	40.5	25	7.8	46.5	41.4	11.2	0.9
	Students with Disabilities	20	50	50	0	0	75	25	0	0
	Non-Students with Disabilities	96	21.9	38.5	30.2	9.4	40.7	44.8	13.5	1
2014	All Students	113	30.1	38.9	24.8	6.2	44.2	43.4	12.4	0
	Students with Disabilities	14	57.2	28.6	7.1	7.1	57.2	35.7	7.1	0
	Non-Students with Disabilities	99	26.2	40.4	27.3	6.1	42.5	44.4	13.1	0

Students with disabilities are performing far worse than the non-SWD population on math in 2013, with no students meeting even proficiency, a drop of 26 percentage points from 2012. Non-SWD students saw a 22.9 percentage point increase in scoring proficient or advanced in math from 2012 to 2013. In 2014, the trends of change reversed slightly, with 14.2 percent of SWD students scoring proficient or advanced, up from zero, while the non-SWD population meeting that benchmark declined by 6.2 percentage points. However, that second-year change still meant non-SWD students posted strong gains, while SWD students were below where they started. So, while the 14.2

percentage increase would exceed expectations, it doesn't show the school has made progress over the 2-year period.

For reading scores, the entire school showed rather sizable declines from 2012 to 2013, which is concerning. The SWD population's 2013 scores had no proficient or mastery results, while the non-SWD population dropped 3.1 percentage points. The entire school showed only modest improvement in 2014—0.3 percentage points—driven entirely by the SWD population's 7.1 percent of students showing proficiency. While that increase is good, it falls short of even the 8 percent standard of approaching the goal. The non-SWD student population saw another decline, by 3.1 percentage points, in 2014.

Aside from the test scores, it's also concerning to see a rather large drop in the number of SWD taking the test and worth following up on. If the decline is because students are no longer needing disabilities services, that is great, but if students are not taking the state test or are leaving the school, that is concerning. Granted, student population data should have been available prior to these test results, so this issue likely would have been addressed previously.

Clearly, the school needs to take steps to show that it can improve student achievement. The school's data inquiry team, composed of staff and paraprofessionals, should look at interventions and their efficacy and potentially modify plans and strategies. The Special Education Director should be part of these meetings, given the concerning data on students with disabilities.

OPERATIONS PLAN

LEADERSHIP TEAM

(1) Describe the proposed organizational model; include the following information:

(a) Organizational charts for year one and one for when the school is at full capacity

The chart in Attachment 8 represents the organizational structure of Athlos Academy of Reno for when the school is fully operational. This organizational chart is expected to be in place for year one, as well. This organizational chart will not change dramatically as enrollment grows. For changes to staffing levels, see the section on staffing, starting on page 70.

(b) Job descriptions for each leadership role (provide as Attachment 2)

Please see Attachment 2 for job descriptions for the leadership positions listed in part (a) of this section.

(c) Resumes of all current leadership (provide as Attachment 3). NOTE: It is strongly encouraged that high quality school leaders/principals with strong track records of success with the target population be identified for any school which wishes to open in the 2017-18 school year.

(d) Previous student achievement data for the individual primarily responsible for academic programming (provide as part of Attachment 3)


No leadership positions, including School Leader, have been filled yet.

(2) Describe the team's individual and collective qualifications for implementing the school design successfully, including capacity in areas such as:

- (a) School leadership, operations, and governance;**
- (b) Curriculum, instruction, and assessment;**
- (c) At-risk students and students with special needs;**
- (d) Performance management; and**
- (e) Parent and community engagement.**

No leadership has been chosen yet to clarify these qualifications as a leadership team for the school.

(3) Explain who is responsible for school leader coaching and training and what those processes will look like in action. Please include any existing competencies used for school leader selection and evaluation, if available (provide as Attachment 4).

-  Athlos Academies will lead training, coaching and retention of the School Leader at Athlos Academy of Reno, with support coming directly from the Chief Program Officer, Chief Learning Officer, and Director of School Success. Support will include

School Leader professional development, feedback and guidance around teacher evaluation and growth, assistance in analyzing data and creating SMART goals, training around “teacher-centered” and “student-centered” coaching, accountability partner offering consistent feedback and a thought partner offering strategic guidance

This support will provide the school leader with the system necessary to continue to grow, lead, and maintain passion as the frontrunners at Athlos Academy of Reno. Another goal for professional development of leadership is to seek opportunities to train with the local district when appropriate and build professional skills and community with other educators in the area.

(4) Explain your school leader’s role in the successful recruitment, hiring, development and retention of a highly effective staff.

No leadership positions, including School Leader, have been filled yet.

(5) Explain your school leader’s role in providing instructional guidance and school culture guidance. How will the leadership team work in support of the school leader’s guidance?

No leadership positions, including School Leader, have been filled yet.

(6) What systems are in place in your leadership team structure to ensure redundancies in knowledge and skill?

No leadership positions, including School Leader, have been filled yet.

LEADERSHIP FOR EXPANSION

(1) Describe the school and the EMO’s current or planned process for recruiting and training potential network leaders. Explain how you have developed or plan to establish a pipeline of potential leaders for the network as a whole. If known, identify candidates already in the pipeline for future positions.

Athlos Academies is not planning to add any potential network leaders to assist Athlos Academy of Reno. This application is for one school in Reno. The EMO and the local board for Athlos Academy of Reno are open to a 9-12 expansion in the future, or additional campuses/partnerships over time. However, the EMO has advocated to open one school and prove the Athlos model in Reno before pursuing expansion opportunities

(2) Identify the proposed regional director candidate, if applicable, and explain why this individual is qualified to lead the expansion of the organization (provide a resume as Attachment 5). Summarize the proposed leader’s academic and organizational leadership record. Provide specific evidence that demonstrates capacity to design, launch, and manage a high-performing charter school network.

Athlos Academy of Reno does not have a regional director or similar position that will be filled.

(a) If a regional director candidate has not yet been identified, provide the job description (as Attachment 5) or qualifications and discuss the timeline, criteria, and recruiting and selection process for hiring the regional director. Note: It is strongly encouraged that applicants proposing schools with the intent or potential to add multiple campuses identify the regional leader (*Regional Director, Executive Director, etc.*) in the application or by the time of the capacity interview. The SPCSA reserves the right to require such applicants to defer opening until the 2017-18 school year and to add additional criteria to the pre-opening requirements for such schools.

Athlos Academy of Reno does not have a regional director or similar position that will be filled.

STAFFING

(1) Complete the following table indicating projected staffing needs for the proposed school over the next six years. Applicants which propose to grow their schools to multiple campuses based on the school’s academic performance should also complete the second table outlining projected staffing needs for the entire network over the next six years. Include full-time staff and contract support that serve the network 50% or more. Change or add functions and titles as needed to reflect organizational plans.

Proposed New School

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Management Organization Positions						
Clarifying note: Athlos Academies (the EMO) functions as a team. All of employees, in one way or another, are involved in each charter school from pre-approval through life of school. Our roles often overlap and are handled in a collaborative environment to best support our schools over time. To identify specific individuals who would be associated with Athlos Academy of Reno would be to list our every employee at the organization. Please review the EMO organizational chart in Attachment 8. We will grow in accordance to needs with each of our current, upcoming, and future schools. All Athlos Academies staff play integral parts in each individual Athlos school.						
School Staff						
Principals	1	1	1	1	1	1
Assistant Principals	1	1	1	1	1	1
Add'l School Leadership Position 1 [Instructional Guides]	2	2	2	2	2	2
Classroom Teachers (Core Subjects)	49	49	49	49	49	49
Classroom Teachers (Specials) [Sports Performance Coaches]	4	6	7	7	8	8

Student Support Position 1 [Guidance Counselors]	1	2	2	2	2	2
Student Support Position 2 [specify]						
Specialized School Staff 1 [Special Education Director]	1	1	1	1	1	1
Specialized School Staff 2 [Special Education Teachers]	2	2	3	3	3	3
Teacher Aides and Assistants	3.6	3.6	3.6	3.6	3.6	3.6
School Operations Support Staff	9.2	9.2	10.2	10.2	10.2	10.2
Total FTEs at School	73.8	76.8	79.8	79.8	80.8	80.8

Network: Not applicable

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Number of elementary schools						
Number of middle schools						
Number of high schools						
Total schools						
Student enrollment						
Management Organization Positions						
[Specify]						
Total Back-Office FTEs						
Elementary School Staff						
Principals						
Assistant Principals						
Add'l School Leadership Position 1 [Specify]						
Add'l School Leadership Position 2 [Specify]						
Add'l School Leadership Position 3 [Specify]						
Classroom Teachers (Core Subjects)						

Classroom Teachers (Specials)						
Special Education Teachers						
ELL/TESOL Teachers						
Student Support Position 1 [e.g., Social Worker]						
Student Support Position 2 [specify]						
Specialized School Staff 1 [specify]						
Teacher Aides and Assistants						
School Operations Support Staff						
Total FTEs at Elementary Schools						
Middle School Staff						
Principals						
Assistant Principals						
Add'l School Leadership Position 1 [Specify]						
Classroom Teachers (Core Subjects)						
Classroom Teachers (Specials)						
Student Support Position 1 [e.g., Social Worker]						
Special Education Teachers						
ELL/TESOL Teachers						
Student Support Position 2 [specify]						
Specialized School Staff 1 [specify]						
Teacher Aides and Assistants						
School Operations Support Staff						
Total FTEs at Middle Schools						
High School Staff						
Principals						
Assistant Principals						
Deans						
Add'l School Leadership Position 1 [Specify]						
Classroom Teachers (Core Subjects)						





Classroom Teachers (Specials)						
Special Education Teachers						
ELL/TESOL Teachers						
Student Support Position 1 [e.g., Social Worker]						
Student Support Position 2 [specify]						
Specialized School Staff 1 [specify]						
Teacher Aides and Assistants						
School Operations Support Staff						
Total FTEs at High Schools						
Total Network FTEs						

HUMAN RESOURCES

(1) Describe your strategy, plans, and timeline for recruiting and hiring teachers. Explain key selection criteria and any special considerations relevant to your school design.

Athlos Academy of Reno will begin recruitment efforts for teaching staff after receiving charter approval. Efforts will include attending local teacher hiring fairs as well as posting positions on the school's website, at the University of Nevada, Reno career center, in the newspaper, on national teacher recruitment sites such as SchoolSpring, national teaching websites, at national recruiting events. All teachers who apply for positions at Athlos Academy of Reno will be subject to state licensing laws regarding background checks. The hiring process for teachers includes: initial application review, screening interview, in-person interview, and finally an invitation to plan and demonstrate a model lesson. Potential hires will be presented to the board prior to extending an offer, which will be done in writing and in compliance with all applicable employment laws. All employees will participate in a new employee orientation prior to reporting to duty.

Athlos Academy of Reno's licensed employees are required to hold a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. Teachers must have graduated from a credentialing program. Transcripts must be submitted at time of hire. Substitute teachers shall be cleared in the same manner. The ideal Athlos teacher will:

-  Have proper experience and/or education
-  Demonstrate and appreciate the 12 Performance Character Traits
-  Maintain an instructional philosophy closely aligned with the school's stance, and
-  Exhibit a growth mindset.

(2) Outline the proposed school's salary ranges and employment benefits for all employees, as well as any incentives or reward structures that may be part of the compensation system. Explain the school's strategy for retaining high-performing teachers.

Attachments 18-6

Salaries for the staff of the organization have been compiled based on expectations of salaries offered within the Washoe County School District. The school will allocate no less than \$600 per employee per month for medical benefits. In addition, the school will offer life insurance and unemployment insurance benefits. The school will participate in the Nevada Public Employees' Retirement System and has allocated budget associated with the costs of providing that benefit to our employees.

A supportive workplace will be key to teacher retention for Athlos Academy of Reno. Research by Hirsch and Emerick shows that “teachers with positive perceptions about their working conditions are much more likely to stay at their current school than educators who are more negative about their conditions of work, particularly in the areas of leadership and empowerment.”²⁸ We have identified and created plans to foster the following areas that contribute to a supportive workplace:

Time: We will be mindful of how we organize school days and staffing, to ensure teachers will have adequate time to prepare for, assess, and reflect on student work. Teacher paraprofessionals will assist teachers with this workload. Daily physical activity sessions and other electives, including music and art, provide classroom teachers with regular planning time during the school day. Additionally, several full days throughout the school year have been set aside for teacher planning and professional development.

Strong Leadership: Hirsch and Emerick also found that schools with high teacher turnover possessed leaders who did not adequately support their staff.²⁹ The School Leader will recognize teacher accomplishments and continually communicate support for teachers; they will treat teachers as experts in instruction and learning and invite them into conversations about school policies such as discipline procedures or professional development planning. Leaders will also maintain excellent communication regarding all school policies and initiatives.

School Culture: The school culture at Athlos Academy of Reno will revolve around the Performance Character traits. Thus, teachers will feel inspired and empowered to invest time in regular self-improvement. The culture at Athlos Academy of Reno will celebrate strength and embrace weakness with a growth mindset. This culture will be driven by a strong School Leader, instilled in classrooms by passionate teachers, and thus fostered in student lives.

Instructional Coaching: Instructional Coaches will have a keen understanding of adult development, excellent listening skills, effective communication methods, effective questioning skills, and an ability to uniquely align support to individual teacher personalities, styles, and needs. Teachers will feel empowered by these coaches. Practices such as classroom observations, observation feedback, and professional learning communities will be led by the Instructional Coaches at Athlos Academy of Reno.

²⁸ (Hirsch & Emerick, 2006)

²⁹ (Hirsch & Emerick, 2006)

Teacher Empowerment: Teachers at Athlos Academy of Reno will not only have the power to make instructional decisions within their classrooms to best meet individual student needs; they also will be included in collaborative decision-making on topics such as scheduling, materials selection, and professional development experiences. Teachers may also adopt differentiated roles and serve as department supervisors or mentors for younger or less experienced teachers. This sense of involvement will ensure teachers feel empowered to contribute input in valuable ways.

Professional Development: Athlos Academy of Reno will engage teachers in determining the structure and content of professional development. The school will provide teachers with ongoing support in curriculum, instructional methods, classroom and behavioral management, special education support and accommodations, as well as other relevant topics essential to school success. Athlos Academy of Reno will also provide up to 10 days of intensive professional development for teachers for up to 10 days prior to opening. In pre-opening, teachers will receive training in the following areas: Three Pillars (Mission/Vision, Academic Curriculum, Healthy Body Curriculum, Performance Character Curriculum), Instructional Methods (project-based learning, active learning, cooperative learning, technology incorporation, differentiated instruction, backward design, unit design), and Operational Expectations (classroom management, discipline procedures, lunch room/playground duties, emergency plan). This training will be collaboratively provided by the School Leader, Instructional Coaches, and Athlos Academies. Additionally, several full days will be set aside for professional development throughout the school year. Athlos Academies will provide virtual and on-site professional development during these times. These days will consist of topics based on need, teacher interest, and best practices. Weekly, data-driven after school meetings will allow teachers the opportunity to discuss student achievement and plan differentiated instruction or interventions. This time will also allow for subject- or grade-level curriculum collaboration.

(3) Explain how the relationship between the school's senior administrative team and the rest of the staff will be managed. Note the teacher-student ratio, as well as the ratio of total adults to students for a "typical" school.

Please see the previous response, beginning on page 73. The teacher retention efforts there, including Strong Leadership, Instructional Coaching, and Professional Development, outline many aspects of the relationship between School Leader and the rest of the staff.

The teacher-student ratio, as outlined in the budget, is 23:1 across all grade levels in year 1. Athlos Academy of Reno will work with SPCSA to adjust student enrollment or ratios as needed to provide the best success for students. The ratio of total adults to students will be approximately 16.5:1 in year one.

(4) Outline the procedures for hiring and dismissing school personnel, including conducting criminal background checks.

Anyone at Athlos Academy of Reno with significant access to students, or unsupervised time spent with students, is required to submit to a background check prior to engaging with students; including all employees, volunteers, substitutes, or emergency replacements. In compliance with NRS 386.588, all personnel will submit their fingerprints and provide authority to conduct a

criminal background check. These will be completed before personnel are hired and begin their work for Athlos Academy of Reno.

The School Leader is responsible for supervising students to ensure their safety, and shall provide heightened supervision of substitutes, emergency replacements, volunteers and/or guest speakers, until a background check clears.

(5) Explain how teachers will be supported and developed. Describe the school's performance management system and process for teacher evaluation. Provide your teacher evaluation tool(s) as Attachment 6, as well as any supporting protocols or documentation.

Teachers will work with instructional coaches for support and development, in addition to other professional development that will be offered. Teachers will develop self-evaluations and growth plans that will be monitored and will be part of formal evaluation, along with data of students.

(6) Explain how the school leader will be supported, developed, and evaluated each school year. Provide, as Attachment 7, your leadership evaluation tool(s), as well as any supporting protocols or documentation.

The School Leader at Athlos Academy of Reno will receive direct support from leadership team at Athlos Academies, including the Chief Program Officer, Chief Learning Officer, and Director of School Success. This support will include:

- 👤 School leader professional development
- 👤 Feedback and guidance around teacher evaluation and growth
- 👤 Assistance in analyzing data and creating SMART goals
- 👤 Training around “teacher-centered” and “student-centered” coaching
- 👤 Accountability partner offering consistent feedback
- 👤 Thought partner offering strategic guidance

This support will provide the school leader with the system necessary to continue to grow, lead, and maintain passion as the frontrunners at Athlos Academy of Reno.

(7) Explain how staffing plans for non-classroom staff will ensure high-quality teacher support, family and student support, smooth school operations, and compliance with all applicable Nevada and SPCSA laws, regulations, policies, and procedures.

Staffing for special education teachers will be at a 1:25 ratio, based on an initial estimate and subsequently confirmed count of qualifying students. Paraprofessionals will be staffed at a ratio of 2 for each teacher. Additional paraprofessionals will be hired should the Special Education Director determine a greater need based on incoming students' IEPs, such as a student's need for one-to-one instruction for part or all of the school day.

(8) Does your organization have a proactive succession plan? If so, please provide a detailed description for how potential school leaders will be cultivated and developed.

Athlos Academy of Reno promotes a growth mindset among its teachers and staff as well as students, and provides several ways to develop future leaders. Our staffing structure allows for

teachers to lead committees and professional learning communities as well as become instructional coaches.

In addition, Athlos Academies offers short- and long-term leadership training opportunities for potential leaders at Athlos Academy of Reno and the other schools it partners with. The Athlos Leadership Induction Academy is a multi-month in-person and virtual training program designed for educators, administrators, coaches, or board members interested in gaining an understanding of Athlos' unique model. In addition, the Athlos Summer Institute is regional professional development offered to school leaders, the teaching staff, and board members focusing on the 36 Athlos strategies. This training focuses on building capacity and making strategic plans for improvement. Participants bring pertinent data that directs construction of a work plan involving intentional professional development design. Beyond building bonds between leaders, the collaborative opportunity helps schools level-set and make rigorous goals for the following school-year and beyond.

(9) Explain how the school and organization intend to identify and address unsatisfactory leadership or teacher performance, as well as leadership/teacher changes and turnover. Include an estimate of the costs of leader and teacher turnover.

Please refer to Attachment 6: Teacher evaluation tool for how Athlos Academy of Reno will address teacher performance. Please refer to Attachment 7: School leader evaluation tool for how Athlos Academy of Reno will address school leader performance. For more on plans to encourage teacher retention, please see the response beginning on page 73.

Turnover of teachers and leaders, especially, would cost from a time and monetary standpoint, since there would be a loss of continuity and institutional knowledge and additional searching and training would be required. For high-level positions, Athlos Academies would likely assist in the search process, mitigating the cost to the school and improving the search process. In addition, all staff will have professional development training, so any added cost to newly hired staff would likely be minimal. Thus, the estimated cost would likely be no more than 10 percent to 15 percent of the annual salary of the position turned over.

(10) Does your EMO utilize a Human Resources Information System (HRIS)? If so, please provide the name of the system you are / will be using.

Athlos Academies relies on services from ADP for its Human Resources services.

(11) Will your organization require additional support (from third parties or consultants) for core Human Resources functions (e.g., payroll, benefits administration, employee relations, etc.)? If yes, please detail the areas that will require additional support and the costs and criteria for selecting such services. If not, please provide a detailed description of how these functions will be managed.

As mentioned in the previous response, Athlos Academies uses ADP for its payroll and benefits administration. The cost for these services to Athlos Academy of Reno is part of the overall fee that the school pays to Athlos Academies.

SCALE STRATEGY

(1) Describe the steps that you will take to scale your model to new sites, including the people involved and the resources contributed both by the EMO and the new schools.

Athlos Academies currently has sufficient resources in academics, construction, marketing, and governance to support Athlos Academy of Reno. Additionally, Athlos Academies has plans to expand its capacity to serve Athlos Academy of Reno and other schools, as evidenced by the EMO organizational chart in Attachment 8: EMO/Network/School Organizational Charts.

Athlos Academies' Programs, Construction and Finance teams will all contribute to scaling Athlos Academy of Reno, as well as any potential other new schools in Nevada. There are currently no plans for additional schools Nevada, or to add regional network staff in Nevada. If there is sufficient interest, demand and growth, Athlos Academies could add a regional office for its Nevada schools. Athlos Academies has experience working with two charter school networks in Texas, Jubilee Academic Center and International Leadership of Texas, which have provided excellent exposure to high functioning regional school networks. The successes in both networks are examples of what we want to bring to Nevada. Their success is not just specific to student achievement, but also to their ability to grow and support a school and network culture. Opportunities for staff, shared campus events, inter-campus trainings and collaboration, strong support for day-to-day operations, and overall health of the networks we work with in Texas have been valuable for the EMO to gain an understanding of the challenges and beneficial areas to focus on in growing a network regional model.

(2) If your organization operates schools in other states, compare the EMO's efforts to scale operations to Nevada to past scale efforts in other states.

Athlos Academies currently partners with schools in Texas and Minnesota for implementation services. Athlos Academies will also open new fully-partnered schools in Utah and Minnesota in the fall of 2016, with a new school launching in Louisiana in 2017. Athlos Academies' efforts to scale in Nevada is most similar to its planned schools in Utah and Minnesota, where those schools also included partnering with a local board on application efforts, procuring and building a facility and recruiting students and staff. Athlos' schools in Texas are with an existing board, and its currently operating school in Minnesota is a transition from an existing charter school.

(3) Describe your plan for embedding the fundamental features of the model that you described in the transformational change section in each new school that you plan to open.

Athlos Academies will use professional development of staff, implementation of curriculum and thoughtful design of physical spaces to embed its Three Pillars of Performance model at Athlos Academies of Reno. Board members, the school leader, and teachers will all receive training from Athlos Academies staff on how to implement the Three Pillars of Performance, as well as other necessary areas of training. This professional development, detailed elsewhere in this application, includes in-person and virtual meetings.

The new facility for Athlos Academy of Reno will also help instill the Three Pillars of Performance. The facility includes sufficient court and turf space for the Healthy Body pillar as well as the Prepared Mind pillar. The facility provides a certain confidence for families and helps to build school culture in a positive direction. For charter schools to continue transforming public education, they must be able to draw a substantial number of students. From a marketing perspective alone, the quality of the physical learning environment does affect enrollment. In order for the school to deliver on its charter promises, a high quality facility must be a priority.

(4) Explain any shared or centralized support services the EMO or its affiliates will provide to schools in Nevada.

Athlos Academies will which will manage and provide support for academic, fiscal, and operational services for Athlos Academies of Reno. An agreement between the school and the EMO is currently being negotiated with Athlos Academies at arm's length and will be reviewed by an independent third party, such as an attorney. Services Athlos Academies will provide include:

- 👤 Assistance with the preparation of the charter application, as requested.
- 👤 Marketing support for various marketing campaigns for the purpose of student enrollment at our school, as requested.
- 👤 Consultation on the review of materials for various marketing campaigns for the purpose of student enrollment and retention at our school, as requested.
- 👤 Assistance with the preparation for any future expansion of the school to accommodate growth, if requested.
- 👤 Assistance with the recruitment of key employees, as requested.
- 👤 Assistance with the recruitment of candidates for Athletic Performance Coach positions and identification of a suitable staff member to serve as the Performance Character Coach, as requested.
- 👤 Professional development training for school employees.
- 👤 Assistance with implementation of academic plan.
- 👤 Initial and ongoing training to school staff of the Three Pillars of Performance model.
- 👤 Curriculum scope and sequence for implementation of the Healthy Body and Performance Character programs.
- 👤 Athletic curriculum fixtures and equipment, excluding sport specific and traditional physical education equipment.
- 👤 Assistance and guidance with the setup and launch of the athletic after school program (if adopted), as requested.
- 👤 Assistance with a student performance assessment plan, as requested.
- 👤 Assistance with teacher and administrator support and development, as requested.
- 👤 Assistance with professional learning community implementation, as requested.
- 👤 Assistance in the development and refinement of school support forms related to school function, such as enrollment forms, parent surveys, student handbooks, as requested.
- 👤 Assistance in launching a school website and providing an email address domain.
- 👤 Provision of approved Athlos school uniforms for sale and distribution to students.

- 👤 Provision of approved Athlos gym outfits for sale and distribution to students.
- 👤 Finance and Human Resources support. Athlos Academies will be responsible for the financial management, including compliance with state and federal rules associated with spending public resources.
- 👤 Provision of Human Resources assistance, in conjunction with school leadership and the Governing Board.

(5) Describe the structure, specific services to be provided, the cost of those services, how costs will be allocated among schools, and specific service goals of the network. Please also include how the board will measure successful delivery of these services. The governing board must outline the services to be provided by the EMO and/or its affiliates in the term sheet and draft contract provided later in Attachment 13. Note that Nevada law allows charter schools to contract for the management or operation of the school with either a for-profit or non-profit entity. Beginning January 1, 2016, sponsors will also be permitted to grant charters directly to non-profit Charter Management Organizations which directly hold charters in other states or to Nevada non-profit corporations which were formed for the sole purpose of submitting an application in conjunction with such a Charter Management Organization.

The specific services Athlos Academies provides to Athlos Academy of Reno are listed in the previous response, as well as Attachment 13: EMO Agreement Documentation. The cost of these services is included in The cash flow also contains some formula errors. For example, cell B48 should be added with B46 to equal the amount in B50. Unfortunately, the mathematical formula does not work and the cell is locked and cannot be fixed. Also, notice numerous cells have ## signs in them. This is due to the cell width not being wide enough to display the numbers. Unfortunately, these cell widths are also locked. However, the net change in cash does match the income statement.

Attachment 19: Financial Workbook.

(6) Identify any school positions which will be employed by the EMO or may be employed by the EMO based on the contract. To the degree that this position will represent the interests of the school to other parties, including vendors, school employees, regulators, or the SPCSA, how will the board ensure there is appropriate oversight and management of that individual's activities by school employees or the board?

Athlos Academies will not employ any employees of Athlos Academy of Reno, though Athlos Academies will offer assistance in the search process for the School Leader, teachers and other key personnel, as requested and needed by the governing board.

(7) Using the table below, summarize the division school- and organization-level decision-making responsibilities as they relate to key functions, including curriculum, professional development, culture, staffing, etc. This division of responsibilities will be evaluated both in the context of Nevada law and regulation and best organizational and authorizing practices nationally.

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
Performance Goals	<p>The EMO will work with governing board and school leader to manage the performance goals set forth for the school by the leadership. The EMO will also weave these goals into professional development plans for the year in collaboration with school leadership. These plans will be presented and reported to the local governing board. The EMO will be contracted to assist and collaborate in development of performance goals with school leadership as requested – at minimum to adjust and include in highly effective professional development needs.</p>	<p>Performance goal development will be accepted or moved to be adjusted by the Chair and members of the Academic Committee. The school leadership and EMO will work with the governing board to understand, share development processes, etc. throughout the year (at minimum at monthly meetings). Each month the local board will hear a report of the progress monitoring of these goals. Quarterly the local board will hear results from benchmarks to have data for decision making. Bi-annually the local board will receive a more thorough report with potential adjustments to performance goals based on EMO and School Leader bi-annual and end of year review.</p>	<p>School leader will have autonomy to develop and design performance goals. The EMO will provide templates, review, and development support as requested by leadership. School Leader will present performance goals to the governing board and EMO. The EMO will work with governing board and school leader to ensure goals align with the overall mission and vision.</p>
Curriculum	<p>The EMO will be responsible for planning, supporting the ordering of, and monitoring the cost projects for curriculum. The EMO will</p>	<p>The local board will govern decisions and monitor/evaluate curricular deliverables as based on the MSA contract with the EMO.</p>	<p>The School Leader will have ultimate decision making on the curricular options that will be used to foster highly effective learning at the Athlos</p>

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
	also, as per the MSA, be responsible for curricula alignment with state standards, professional development for implementation of curricula, and reporting of curricula needs/progress to the governing board.	The EMO will work with the board and school leadership to develop a site specific evaluation tool of curricula being used at the school for reporting purposes.	school. The School Leader will make decisions about resource allocation for curricular choice and for staff needs to support curricular choices at the school.
Professional Development	The EMO is responsible for planning, developing, and implementing Professional Development. The EMO will work with the Academic Committee and School Leader to map appropriate PD into the yearly calendar and budget.	The local board will receive reports at monthly board meetings about Professional Development as appropriate. The board will also govern decisions surrounding funding for Professional Development for the school in collaboration with planning needs and justification evidence from EMO and School Leader.	The School Leader will collaborate with the EMO to design and map PD needs. The School Leader will decide, with approval of the governing board, what the PD will look like for the year, what the needs are, and what resources are needed for the plan.
Data Management and Interim Assessments	The EMO is responsible for managing data with a member of the school staff. This data should be accessible for reporting throughout the school year to the governing board. This data will be analyzed regularly by the EMO for tailoring needs	The School Leader and EMO will report data and assessment information at monthly meetings. This reporting will be governed consistently throughout the year. The role of the board is to govern decisions about how to improve process	The School Leader will manage school faculty and staff for data processing and collection. The School Leader will be responsible for decisions surrounding the needs of the school for success based on data reporting and will plan to implement day-to-day

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
	<p>to fit PD requirements for the school faculty and staff. The EMO will project a needs assessment bi-annually (at least) to support the School Leader and Governing Board using this data as evidence. EMO will make decisions to support overall student success academically in collaboration with the School Leader and Governing Board.</p>	<p>and achievement based on analysis of evidence provided by the School Leader and EMO in reporting. Quarterly checks and bi-annual thorough review of this data with the Academic Committee will be most important for determining governing decisions.</p>	<p>needs for instructional coaching and staff development to ensure a student-centered approach.</p>
<p>Promotion Criteria</p>	<p>The EMO will research and provide a sample student promotion process aligned to state requirements. The EMO will work with local educational stakeholders to determine the best criteria for the school. The EMO will assist the governing board with draft policies for review that outline student promotion.</p>	<p>The governing board will review promotion and graduation processes. The governing board will review and adopt student promotion policies accordingly.</p>	<p>The School Leader will work with parents, teachers, and students to convey the elements of the student promotion process. The School Leader will also ensure that through Professional Learning Communities and teacher professional development time that each student is tracked accordingly within the identified promotion criteria. This ensures each student that needs additional supports towards promotion can</p>

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
			receive academic intervention if needed.
Culture	The EMO will provide the board and school leadership/staff with the Athlos model and all training necessary to support cultural understanding for implementation. The EMO will have authority to report on any concerns and be present in person at the school to assist if needed in developing school culture.	The governing board will make hiring and firing decisions for staff and leadership positions at the school. Qualification decisions will be approved by the governing board and a part of that qualification will be for cultural fit for the Athlos model and school. Governing decisions will also include partnerships, community involvement, day-to-day impacts, and any concerns regarding the culture at the school. The governing board will also work with the EMO to be sure the model is being supported with the partnership to improve and mentor Athlos school culture.	The School Leader will work with the EMO and governing board for cultural planning and development needs to support school culture. The School Leader will control day-to-day needs assessments and coaching to promote and mentor Athlos culture. Decisions for development and support needs will be presented to the board by the leadership team.
Budgeting, Finance, and Accounting	The EMO will provide the governing board and School Leader with a 0-6 year conservative budget projection. The EMO will manage this document and activity with the governing board's	The governing board will receive financial reporting for the School Leader at monthly board meetings. The Finance Committee will be committed to governing a sound budget that keeps	The School Leader will work with EMO to continuously monitor and manage the budget and accounting needs of the school. Daily decisions will be the responsibility of the School Leader and

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
	<p>Finance Committee for the life of the school.</p>	<p>the school operating at a revenue with a conservative overall budget. The governing board will make sure this budget is healthy, sound, and projected for 6 years.</p>	<p>collaboration on monthly reporting will be planned by the School Leader. Projection decisions and future planning will be done by the School Leader. Contract decisions for vendors, etc. will be at the discretion of the school leader with reporting and ultimate authority from the governing board.</p>
<p>Student Recruitment</p>	<p>The EMO will train the governing board and School Leader to implement the local recruitment effort with assistance from EMO staff. The EMO will adjust and manage student enrollment for the life of the school as stated as a deliverable in the MSA.</p>	<p>The governing board will work with the EMO for their contract deliverable of support (both financial and human capital) for recruitment. The EMO will present a plan to be approved by the governing board and will report at monthly board meetings to share enrollment data, recruitment milestones, and deliverable compliance. Once student enrollment is met, the governing board will continue to monitor the EMO and school staff to ensure that all available seats are back filled and that all data is current to retain re-enrollment</p>	<p>The School Leader will have authority over recruitment needs and goals. The School Leader will collaborate with EMO to work with grassroots efforts for recruitment and have control over local needs for the school recruitment efforts. The School Leader will manage continued enrollment efforts at the school and be responsible for reporting structures.</p>

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
		rates for the subsequent years.	
School Staff Recruitment and Hiring	The EMO will work with the governing board and School Leader to provide support in national teacher and staff recruitment. The EMO will manage job postings and outreach/marketing for these efforts.	The governing board will work with the EMO for their contract deliverable of support (both financial and human capital) for recruitment. The EMO will present a plan to be approved by the governing board and will report at monthly board meetings to share hiring recommendations in collaboration with the School Leader. The governing board will make sure the EMO is compliant with MSA agreement for autonomy of School Leader to make ultimate hiring decisions for staff with the approval of the board.	The School Leader will conduct interviews for highly qualified candidates, make ultimate hiring decisions with the governing board, and will be responsible for building a staff culture that will prove to bring student success.
HR Services (payroll, benefits, etc.)	The EMO will be the HR service for the school. The EMO will work with a data reporting system at the school for appropriate staff to utilize for management and reporting structures. The EMO will report to the governing board any	The role of the board will be to monitor data monthly as reported by the School Leader and EMO to make decisions that may impact any budgetary or resource needs.	The School Leader will monitor staff at EMO and the local school who are in charge of HR. School Leader will use access for analysis of information to guide decision making at the school pertaining to HR needs.

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
	needs based on HR issues for the life of the school.		
Development/ Fundraising	The EMO will provide human capital resources if required for any development/fundraising efforts. The EMO will provide support to the governing board as needed for decision making regarding choices of, and plans for, development and fundraising as set forth by the School Leader.	The role of the board may be to participate in fundraising events or coordinate them with the Community Relations Committee. The CR Committee will be responsible for maintaining a pool of grassroots individuals affiliated with the school to assist in planning and maintenance of any development/fundraising needs. The governing board will make decisions approving these activities and their mission driven purpose throughout the life of the school.	The School Leader will work collaboratively to bring forth ideas, needs, and human capital for development and fundraising needs. The School Leader will work with the EMO and governing board to execute these needs.
Community Relations	The EMO will be responsible for support in developing and designing Community Relations partnerships, management of these partnerships and outreach efforts. This may include decisions for the EMO to be present on the ground with the local	The role of the board may be to participate in fundraising events or coordinate them with the Community Relations Committee. The CR Committee will be responsible for maintaining a pool of grassroots individuals affiliated with the school to assist in planning and	The School Leader will be responsible for collaboration with and reporting of Community Relation needs with the EMO. The School Leader will approve and be the spokesperson for immediate CR needs overtime.

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
	board, community groups, and school staff.	maintenance of any development/fundraising needs. The governing board will make decisions approving these activities and their mission driven purpose throughout the life of the school.	
IT	The EMO will provide IT support as needed for the school and will manage contracts with providers for the school in collaboration with the board and school leader.	The board will make ultimate decisions on the cost and needs for IT in the school based on reporting from the EMO and School Leader.	The School Leader will plan for, find vendors, and manage day-to-day IT needs with appropriate staff.
Facilities Management	The EMO will manage communication of facility needs in collaboration with the School Leader as needed for the life of the partnership. The EMO will also coach the local school with financial management in the budget to buy back the building in a timely manner for local ownership of the facility.	The local board will have ultimate authority on the time frame of buying back the school. The local board will also govern decisions of needs based assessments regarding management of the school site as needed.	The School Leader will monitor, assess, and plan for decisions pertaining to the facility needs for the life of the school. The School Leader will utilize appropriate reporting structures to have decisions made in a timely manner with the governing board's authority over time.
Vendor Management / Procurement	The EMO will manage contracts with appropriate school staff for life of partnership.	The local board will monitor reports from EMO and School Leader regarding	The School Leader will have authority over day-to-day needs regarding vendors and procurement. The School Leader will

Function	Network/Management Organization Decision-Making	Local Board Decision-Making	School Leader Decision-Making
		vendor/procurement needs.	notify the EMO of any support needs and will be responsible for reporting to the governing board and finance committee regarding contract and procurement.
Student Support Services	The EMO will monitor and manage student support services in collaboration with the School Leader and appropriate staff.	The local board will govern decisions needing to be made at the recommendation of the School Leader.	The School Leader will work with the EMO to manage Student Support Services reporting. The School Leader will use this information to guide decisions making at the school daily and will address needs with the EMO and the governing board.
Other operational services, if applicable			

(8) Provide, as Attachment 8, the following organization charts (including both network management and schools within the network):

- (a) Year 1 network as a whole**
- (b) Year 3 network as a whole**
- (c) Year 6 network as a whole**

(9) The organization charts should represent the all national operations and clearly delineate the roles and responsibilities of – and lines of authority and reporting among – the governing board, staff, any related bodies (e.g., advisory bodies or parent/teacher councils), and any external organizations that will play a role in managing the schools. Clearly show the EMO’s role and the role of positions employed by the EMO in the organizational structure of the school, explaining how the relationship between the governing board and school administration will be managed.

STUDENT RECRUITMENT AND ENROLLMENT

Like all public schools, public charter schools must be open to any such child, regardless of that child's race, gender, citizenship, or need for accommodations or special education services. Thus, recruitment and enrollment practices should demonstrate a commitment to providing all students equal opportunity to attend the school, and help schools avoid even the appearance of creating barriers to entry for eligible students.

(1) Explain the plan for student recruitment and marketing that will provide equal access to interested students and families, including how the school will comply with the requirements of SB208 (2015 session). Specifically, describe the plan for outreach to: families in poverty; academically low-achieving students; students with disabilities; and other youth at risk of academic failure. For schools which are giving one or more statutorily permissible admissions preferences pursuant to NRS 386.580 or SB390 (2015 session), please indicate if you plan to focus your student recruitment efforts in specific communities or selected attendance areas.

The Athlos model intertwines physical activity and performance character development with an innovative academic curriculum, so our model will likely attract a wide variety of students throughout Washoe County. Our program will serve to keep students healthy and actively engaged in school, thus lowering the chances of future dropouts.

Athlos Academy of Reno will also develop important relationships with parents, students, and the business community within the Washoe County School District and surrounding areas, following practices Athlos Academies has used to successfully attract students to new charter schools. Athlos Academies will provide support and marketing efforts on behalf of the school prior to opening. Additionally, the Board of Directors of Athlos Academy of Reno will conduct a variety of outreach activities.

Athlos Academy of Reno will comply with state law (as changed by SB208 in 2015). After receiving authorizer approval and selecting a site, we will mail informational packets to all households with children within a two-mile radius of each facility that includes the application and enrollment information required by law, as well as information about our Three Pillars of Performance model. These mailers will be part of our broader marketing and outreach strategy.

In October prior to the first year of operation, we will begin advertisement for the enrollment window. The enrollment window will open on January 1 and last until February 15. If needed, a lottery will take place at the next board meeting. It will take approximately two weeks to align student preference issues with the lottery. The first round of offers will be sent out in March with a two-week response window for parents to respond electronically. We will also schedule in-person meetings each month to give families without access to proper technology an opportunity to complete paperwork in hardcopy.

(a) What is the enrollment calendar for both the first year of operation and subsequent years of operation? Please specify the dates on which the school will begin accepting applications and how long the enrollment window will last prior to conducting a lottery.

The chart below represents key elements of our recruitment timeline, assuming approval in 2016.



School Website—The school website will provide information about the school’s vision, mission, and programs. It will also provide the option to complete an online enrollment application or print a hard copy, and will allow parents to join our mailing lists. The website will also track facility construction progress, including pictures of the facility during development. The school website will include clear access to the school’s non-discrimination policy and acknowledgments of the school’s obligation to meet the needs of students who qualify for free or reduced lunch.

Social Media—Athlos Academies will execute an ongoing social media campaign. Social media outlets, including the school’s website, will be managed jointly by Athlos Academy of Reno and Athlos Academies.

Press Releases & Advertising—Athlos Academies will release statements to local media outlets periodically, notifying them of our progress and programs; they will also purchase advertising space in local publications, online radio stations, movie theatres and/or other venues to help in efforts to create awareness in the community.

Mailings—Athlos Academies will blanket the community with direct response mailings, [as mentioned on page 88](#), and will use targeted mailing lists. Informational mailings will target the primary attendance area to generate interest in enrollment.

Public Parent Meetings—Every month prior to opening, the Board and school leadership, with support from Athlos Academies, will conduct at least two events, including parent information meeting. Meeting notifications will be communicated through community partnership platforms, press releases, social media, on the school website, and through the school’s contact lists.

Construction Site Signs—Construction site signs will be placed at site locations determined to be most visible and effective for communicating to local commuters. The site billboards will include a school rendering, site plan, and the school’s contact information for enrollment.

Site Billboard—During facility construction, there will be a billboard at the school site. Informational packets and enrollment forms will also be available at the site.

Word of Mouth—With support from Athlos Academies, we will work diligently to engage the community members who express interest in Athlos Academy of Reno. We will track contact information for people interested in enrolling their child at our school through a database and send out frequent email updates about the school’s progress. We will also include general information and enrollment materials. Further, we will identify parents and community members who are enthusiastic about the school and/or its model and engage them in outreach and enrollment activities, including taking part in the public parent meetings.

Facility Tours—Prior to school opening, and subject to availability, the facility will be open for tours to the general public. Onsite tours will increase enrollment numbers by providing families with the opportunity to see our innovative facility.

Application and enrollment window

Athlos Academies of Reno will begin accepting applications in January of 2017. The open enrollment will continue until February 15, 2017. If needed, a lottery will be conducted on February 15, 2017 to follow legal procedure for this process in Nevada.

- (b) What enrollment targets will you set and who will be responsible for monitoring progress towards these targets? What is your target re-enrollment rate for each year? How did you come to this determination? What are the minimum, planned, and maximum projected enrollment at each grade level? Outline specific targets in the table below.**

Enrollment targets and projected grade level enrollments are listed below. Athlos Academies will be responsible for monitoring progress, as well as broader recruitment activities, during the startup year. Note that the planned and maximum projected enrollment rates are the same. Athlos’ target re-enrollment rate is 85 percent after year one, with the expectation that this will increase in future years.

- (c) What systems will you put in place to ensure that staff members are knowledgeable about all legal enrollment requirements pertaining to special populations and the servicing of particular populations of students?**

Athlos Academy of Reno will not discriminate against any student in the enrollment process. Special education or English Language Learner services will be provided to any qualifying student and the Special Education Director will be in charge of monitoring and ensuring a compliant referral and eligibility determination process. The school will advertise that it provides special education and ELL services. During enrollment, if the number of applicants exceeds the number of seats, all students will be offered seats, using a lottery system if needed, prior to collecting any information about special education or language needs. After a seat has been accepted, parents will complete registration paperwork that includes indicating whether their child has an Individualized Education Plan (IEP) or 504 as well as a Home Language Survey (HLS). Indicating that a child has an IEP or 504 or that his or her first language isn’t English won’t affect the student’s enrollment

eligibility; such information will allow the Special Education Director to initiate a review to ensure that appropriate services are in place for every student prior to the first day of school.

For more on how Athlos Academy of Reno will handle screening and instruction of the special population of Gifted and Talented students, see page 28. For more on identifying special education students, see page 38. For more on identifying English language learners, see page 43.

(2) Describe the student recruitment plan once your school has opened. In what ways will it be different than your pre-opening year, in terms of the strategies, activities, events, persons responsible and milestones? How will the school backfill vacancies in existing grades?

Athlos Academies will provide continued recruitment support for the life of Athlos Academy of Reno. Part of their continued management services as the EMO is to continue to support annual open enrollment procedures and lotteries, as well as backfilling students through management of continued enrollment needs throughout each school year. Athlos Academies will support marketing efforts, including online, on-the-ground recruitment, and backfilling procedures in compliance with state law. The school data system will help keep track of enrollment and identify and grade levels that may need backfilling.

(3) Complete the following tables for the proposed school to open in 2017-18. Experienced Operators applying for multiple schools must complete enrollment summary tables for each school campus opening in fall 2017.

(a) Minimum Enrollment (Must Correspond to Break Even Budget Scenario Assumptions)

Grade Level	Number of Students					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
K	80	80	80	80	80	80
1	112	112	112	112	112	112
2	112	112	112	112	112	112
3	112	112	112	112	112	112
4	112	112	112	112	112	112
5	112	112	112	112	112	112
6	112	112	112	112	112	112
7	112	112	112	112	112	112
8	112	112	112	112	112	112
Total	976	976	976	976	976	976

(b) Planned Enrollment (Must Correspond to Budget Worksheet Assumptions)

Grade Level	Number of Students					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
K	100	100	100	100	100	100
1	140	140	140	140	140	140
2	140	140	140	140	140	140
3	140	140	140	140	140	140
4	140	140	140	140	140	140
5	140	140	140	140	140	140
6	140	140	140	140	140	140
7	140	140	140	140	140	140
8	140	140	140	140	140	140
Total	1220	1220	1220	1220	1220	1220

(c) Maximum Enrollment (Note: Enrolling more than 10 percent of the planned enrollment described in subsection b will necessitate a charter amendment)

Grade Level	Number of Students					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
K	100	100	100	100	100	100
1	140	140	140	140	140	140
2	140	140	140	140	140	140
3	140	140	140	140	140	140
4	140	140	140	140	140	140
5	140	140	140	140	140	140
6	140	140	140	140	140	140
7	140	140	140	140	140	140
8	140	140	140	140	140	140

Total	1220	1220	1220	1220	1220	1220
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(4) Describe the rationale for the number of students and grade levels served in year one and the basis for the growth plan illustrated above. Note: particular weight will be given to rationales which prioritize academic achievement over financial returns. Start-Up applicants proposing to open with more than 400 students or more than 3 grade levels should identify and discuss the specific elements of the school model detailed throughout the application that demonstrate that the proposed school is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a start-up environment.

Athlos Academy of Reno plans to serve the above listed number of students in grade K-8 because the Three Pillars of Performance educational model, especially the Healthy Body Pillar, requires space and materials that will benefit from the resources and economies of scale that comes with this level of enrollment. See the heading on Facilities, beginning on page 109, for a more detailed description of the proposed facility and its academic benefits. The space and equipment requirements allow for a larger student body to make use of athletic facilities such as the turf and court, as well as academic facilities.

While Athlos Academy of Reno will exceed 400 students and serve 8 grade levels, student achievement and progress is the core reason for this school’s existence. Students will be exposed to an amazing learning environment with technology, highly qualified teachers, excellent school leadership, a proprietary health and physical activity program, and development of the whole child. The tools and professional development needed to support faculty and staff to meet student achievement goals can be best achieved in a collaborative and healthy environment. The large size of the Athlos school is often criticized, but in practice it is a culture of collaboration and team work. Grade level teachers plan, develop, and teach together. The pedagogy and philosophies of building an Athlos culture for all students is developed and supported at a whole school, grade, and mentorship level. Healthy and highly qualified leadership trickles to healthy and highly qualified teachers and staff. Highly qualified teachers and staff trickles to highly successful students. Highly successful students mean a healthy community both inside and outside of the school. The partnership with the EMO brings resources to support all levels of development and achievement at Athlos Academy of Reno, especially at such a large scale.

BOARD GOVERNANCE

(1) Explain the governance philosophy that will guide the board, including the nature and extent of involvement of key stakeholder groups.

The governance philosophy of Athlos Academy of Reno is built on not only the mission and vision of the school, but also the mission and vision of what this school brings to the South Reno community. Ethical practices by the governing board is the key foundation to success. Recruiting and retaining highly qualified board members to support all aspects of the school’s needs (finance, facilities, academics, ethics, compliance, community outreach) is a way to put the board’s philosophy into Attachment 10-1

action. It is the board's belief that the Three Pillars model from Athlos Academies (EMO) will answer a need for both innovative student success and also facility solutions in an area of intense, well-publicized overcrowding. The board is in place to govern all aspects of the school, to collaborate with the leadership and EMO, to make both exciting and tough decisions for the greater good of the school's mission and vision, to advocate for high quality options in education throughout the community, and to work with the local community and stakeholders to set clear goals that support the greatest success at Athlos Academy of Reno.

(2) Describe the governance structure of the proposed school when the board is fully composed, including the primary roles of the governing board and how it will interact with the principal/head of school and any advisory bodies. Explain how this governance structure and composition will help ensure that a) the school will be an educational and operational success; b) the board will evaluate the success of the school and school leader; and c) there will be active and effective representation of key stakeholders, including parents.

Governance Structure

The general governance structure of the Board is detailed in the bylaws (see See PDF

Attachment 11: Board Bylaws, Code of Ethics and Conflict of Interest Policies). The Board of Directors of Athlos Academy of Reno will be the governing body of the school and is primarily responsible for the adoption and implementation of policy and management, operation and accountability of Athlos Academy of Reno as required by state law. The Board will oversee the use of all public funds and property, held in trust for the benefit of its students, and will be fiduciaries to the students and State. The Board of Directors will have the final authority to: (a) hear or decide employee grievances, citizen complaints, or parental concerns; (b) adopt or amend the budget of the school; (c) authorize the expenditure or obligation of state funds or the use of public property; (d) direct the disposition or safekeeping of public records; (e) adopt policies governing school operations; (f) approve audit reports; and (g) select, employ, direct, evaluate, renew, non-renew, terminate, or set compensation for any school leaders.

No board member may act on behalf of the Board unless appointed by the Board to do so. Action is taken with a quorum through a process that complies with open meeting laws.

The School Leader position will be hired by and report to the Board, and is responsible for the day-to-day school operations. The School Leader will have the final authority to: (a) organize the central administration; (b) approve reports or data submissions required by law; and (c) select, hire and fire school employees and officers. The Board will develop an evaluation process and an evaluation tool to assist in evaluating the performance of the School Leader.

The Board and School Leader may also establish committees and advisory bodies to support the programs and missions of Athlos Academy of Reno, including community, business and parent advisors, boosters, and committees to advise on finance, long range planning, community relations, fundraising, and other areas.

The Athlos Academy of Reno Board will ensure its responsibilities are met by delegating tasks to members serving in the following roles: President (1), Vice President (1), Secretary (1), Treasurer (1), and Member (3).

Board Member Selection

Athlos Academy of Reno acknowledges the role it plays in governing a charter school well is one that benefits from careful consideration of many professional and community-based perspectives. Board members are expected to uphold the vision and mission of the school and to be active participants in the work of governance, including preparing for board meetings and representing the school in the community. Board members are expected, as are all employees of the school, to be models of the Performance Character Traits.

Athlos Academy of Reno will comply with NRS 386.520 and have a board that consists of a licensed teacher, a non-teacher parent or guardian, two people who are knowledgeable in accounting, financial services, the law, and/or human resources, and up to four additional members.

A potential board member's professional background is a consideration in membership. Athlos Academy of Reno seeks to include professionals with experience in finance, marketing, education, and business startup operations, as well as professionals with experiences in health care and fitness. Parents and community members with other professional backgrounds can bring unique perspectives as well.

Overall, existing and potential members of the Athlos Academy of Reno share a passion to see students excel in academics and health and demonstrate a commitment to community and public trust. They bring the skills necessary to govern and oversee an innovative and high quality charter school that will provide true value to the students and taxpayers of Nevada.

(3) Summarize the qualifications and experience of proposed members of the governing body of the school. Please submit board member information in the provided Board Member Template (provide as Attachment 9). Please note that all statutory roles on the Committee to Form must be filled as a condition of application. At least 75% of additional board members for SY 2017-18 must be identified by the capacity interview to ensure a thorough evaluation of the capacity of the founding board.

The Board of Directors at Athlos Academy of Reno includes parents, community members, local business owners, local educators, and a local legal expert. Each member shares a passion for improving educational opportunities and outcomes for local youth. Both individually and collectively, these board members are convinced that Athlos' three pillars educational model will provide an innovative, whole-child educational experience that will improve educational outcomes. The seven currently identified board members represent a well-rounded body that will passionately and thoughtfully govern a high quality charter school.

(4) Provide, as Attachment 10, a completed and signed Board Member Information Sheet for each proposed Board member as well as the board member's resume and a thoughtful biographical summary outlining the particular qualifications of each board member as relates to both service on a public charter school board and to the specific needs of this particular proposed charter school.

See Attachment 10: Board Member Information Sheets.

(5) If the current applicant team does not include the full founding board, explain how and when the additional board members will be identified.

Athlos Academy of Reno has a full founding board, so this question is not applicable.

(6) Describe the board's ethical standards and procedures for identifying and addressing conflicts of interest. Provide, as Attachment 11, the board's proposed Bylaws, Code of Ethics, and Conflict of Interest policy.

See Attachment 11: Board Bylaws, Code of Ethics and Conflict of Interest Policies for Athlos Academy of Reno's complete policies. Below are overviews of our ethical standards and conflict of interest policies. Upon approval, the local board will work with the EMO to develop and approve all school policies. Those included in this application are in draft form for this reason.

Ethical standards

The Athlos Academy of Reno Board of Directors will comply with Nevada state Code of Ethical Standards outlined in NRS 281A.400, as well as all applicable federal and local laws. Board members will also comply with all school policies, as adopted by the board, take no private action that could compromise the Board or school administration and conduct school business only in open Board meetings.

Board members have a legal and moral responsibility to ensure that Athlos Academies of Reno does the best work possible in pursuit of its mission and vision. Board members will act responsibly and

prudently as the school’s steward, avoid being placed in a position of conflict of interest, and will refrain from using their board position for personal gain. Board members will take no private action that will compromise the school or Board.

Avoiding conflicts of interest

During each Board meeting, the Board President will ask the Board if there are any conflict of interest advisements. If there are, Board Members will provide the advisements and subsequently recuse themselves accordingly. If not, the meeting proceeds. At all times, each Board Member is bound to the highest moral and ethical codes of conduct, including all applicable local, state, and federal laws and guidelines. If the board is unclear concerning a potential conflict of interest, the Board will defer to the Board attorney. In cases that involve the attorney, or in cases that the board attorney may be uncertain, the board will seek guidance from attorneys at Athlos Academies (EMO).

(7) Identify any existing relationships that could pose actual or perceived conflicts if the application is approved; discuss specific steps that the board will take to avoid any actual conflicts and to mitigate perceived conflicts.

There are no perceived conflicts.

(8) Describe plans for increasing the capacity of the governing board. How will the board expand and develop over time?




Prior to the opening of Athlos Academy of Reno, Athlos Academies will provide training regarding Board obligations, duties and best practices to the Board of Directors. Board members will also receive ongoing professional development services from Athlos Academies as needed, with a particular focus on professional development when new individuals join the board. Athlos Academies utilizes proprietary courses for Governance Training modules in Canvas and has a governance specialist on-site at each board meeting for all Athlos schools. Athlos Academy of Reno will have all trainings and development tailored to fit the needs of the local school. Governing capacity will increase based on continued support and training.

(9) Describe the kinds of orientation or training new board members will receive and what kinds of ongoing development existing board members will receive. The plan for training and development should include a timetable, specific topics to be addressed, and requirements for participation.

Orientation and training for new board members is provided by Athlos Academies. This training includes six modules covering topics including the Athlos model, governance v. management, Board roles and responsibilities, financial oversight, succession planning, and strategic planning

Athlos Academies has a schedule of regular topics to discuss as part of ongoing development. Training will typically happen 30 minutes prior to each Board meeting.


August

-  Meet Staff
-  Legislative Update
-  Confirm annual board and committee calendars

February

-  Approve Marketing Plan

March

-  Review Coming Fiscal Year Budget

- 👤 State Test Scores – Prior Year
- 👤 Approve any Necessary Amendments to Workplan Goals
- 👤 Student Achievement Plan

September

- 👤 Yearly Policy Review
- 👤 Administrator Goal-Setting Evaluation Conference (Executive Session)

October

- 👤 Audited Financial Reports
- 👤 Board Assessment

November

- 👤 Marketing Needs Plan
- 👤 Development/Community Partnerships Plan Update

January

- 👤 Review Marketing Plan
- 👤 Schedule for Next Year
- 👤 Preliminary Hiring Needs for Next Year
- 👤 Review Stakeholder Survey
- 👤 Administrator Mid-Year Evaluation

- 👤 Finalize Hiring Needs for Next Year
- 👤 Review Stakeholder Evaluations, 1

April

- 👤 Approve Coming Fiscal Year Budget
- 👤 Board Evaluation
- 👤 Initial Workplan
- 👤 Coming Year Fiscal Budget Development
- 👤 Review Stakeholder Evaluations, 2

May

- 👤 Board Committees Assigned
- 👤 Board Member Election as needed
- 👤 Board Officer Election as needed

June

- 👤 Approve Past Fiscal Year Budget
- 👤 Review Workplan Goals
- 👤 Vender Contracts
- 👤 Administrator and ESP Summative Evaluation

The Board of Directors are expected to be at every meeting, though full attendance may not always be possible. The Board will set a percentage attendance expectation for Board members, which will become part of the Board's Bylaws.

(10) Describe the working relationship between the board and staff (academic, operations, and financial) and the working relationship between the board, staff, and any education management organization. Outline the regular reports that will be provided to the board, their frequency, and who will provide them. This may include financial, operational, and/or or academic reports.

The Governing Board's primary role and responsibility is as the decision maker for Athlos Academy of Reno. Board members will also be part of all Board committees, with the Board Chair and School Leader serving on all such committees. These committees will do much of the needed governing work for the school, with presentations to the full Board for votes.

Athlos Academies does not hold a Board seat and cannot vote in Board matters. Rather, Athlos Academies will assist with coordinating resources and supporting best practices of governance, including complying with open meeting and public comment laws and following proper meeting protocols.

The School Leader and Athlos Academies will make regular monthly reports to the Board, with Athlos Academies' governance specialist making regular launch reports during the incubation year,

and additional service updates as needed. As stated above, Board committees will also make regular reports to the full Board.

(11) Describe any advisory bodies or councils to be formed, including the roles and duties of those bodies. Describe the planned composition; the strategy for achieving that composition; the role of parents, students, and teachers (if applicable); and the reporting structure as it relates to the school's governing body and leadership.

The board will continue to cultivate membership to support advisory positions throughout the start-up phase (and hopefully for the life of the school). Best practices for charter school governance recommends a board of 5-7 core members with 4-6 advisory positions. This helps to avoid burn-out and turn over, especially in the start-up phase of a school. There are several areas where advisory bodies or councils will be formed to support Athlos Academy of Reno.

1. To support recruitment, a parent volunteer group will be trained by the EMO in conjunction with school leadership staff to assist in converting interest to enrollment for students and families.
2. Committees within the board will be critical to the success of the school. The core areas that will be supported by committee efforts will be: finance, community relations, ethics, academics, and facilities. The role of finance during start-up will be to prepare for and govern decisions regarding the 0-6 year budget plan for the school. This group will also govern operational, day-to-day, and projected financial needs for the life of the school. Community Relations will be responsible for outreach, enrollment, fundraising/grant identification, and public relations such as working with families, reporters, social media, etc. for the school. Ethics will focus on legal compliance for both the operation of the school as well as for the board. Academics will focus on curricular decisions. This committee will hold both the EMO and school leadership accountable for curricular planning, mapping, implementation, and standards based requirements. Facilities, especially in the start-up phase, will work closely with Athlos Academies to ensure success of building the school facility. For the life of the school this committee will merge with finance.
3. Parents and students at Athlos Academy of Reno will be welcome at open meetings. All community members are also welcome. The role of the governing board will also include being able to publicize meetings in a way that will increase attendance from community members so that the school can really be entwined with the local community in a genuine and open manner.

(12) Explain the process that the school will follow should a parent or student have an objection to a governing board policy or decision, administrative procedure, or practice at the school.

The school would have to request that the item in question be put on the agenda for the next board meeting. The board would prepare the agenda and follow Open Meeting Law to ensure that the issue is resolved on public record for the good of the whole school community. The board would consider the issue presented at the board meeting and vote on a motion for action to correct, amend, or repeal the policy or decision in question. If the board feels that the policy or decision in question should remain in place they will have to work with the school leadership to mitigate the issue on campus with the individuals involved in a responsible and respectful manner. The board's role is to govern the school and with a healthy relationship with both school leadership and the EMO the transparency of needs, actions, etc. set forth by the governing board should be agreeable

or at least understood with reason prior to being set in motion. This collaborative relationship will help in mitigating and managing potential issues among parents or students in a procedural, communicative, and positive way.

(13) What goals will be established for the board and how will board members be held accountable? Outline the key expectations for board members in the table below. You may add rows as appropriate. What actions would trigger removal from the board and under what process?

Further Board goals will be developed during the Board’s upcoming strategic planning process.

Board members could be removed for serious violations of the Board Bylaws, Code of Ethics or Conflict of Interest Policies. Please refer to Attachment 11: Board Bylaws, Code of Ethics and Conflict of Interest Policies.

Goal	Purpose	Outcome Measure
Athlos Academy of Reno will meet academic progress and performance goals.	The purpose of this goal is to ensure that the educational goals are met or exceeded each school year to keep the school at or above its approved performance goals. The role of the board is to hold leadership accountable at monthly meetings for required reporting of this data to be able to make proactive governance decisions throughout the year to be sure the goals are met.	MAPS data analysis, benchmark data, School Leader reporting. Academic Committee reporting in collaboration with School Leader. EMO reporting of Professional Development, progress and benchmarking, bi-annual qualitative/quantitative reviews, and School Leader evaluation.
Athlos Academy of Reno will remain financially viable and thriving.	The purpose of this goal is to maintain a conservative budget to operate the school. Regular oversight of this budget by the Finance Committee will be imperative for the overall success of the school. This goal is set forth to hold the EMO and School Leader accountable for their use of resources at the school and to plan effectively and collaboratively for all future fiscal needs.	Monthly finance report from School Leader to local board. Finance Committee records, regular school audits, and projected budget needs for 6 years into the future (at minimum).
Athlos Academy of Reno will maintain and implement healthy community partnerships to enhance the	The purpose of this goal is to make sure the school is an integral part of the local community and that those businesses, services, and partnerships	Accountability and reporting from grassroots volunteer groups that are trained by school leadership and the

<p>experience of students and families at the school.</p>	<p>with the school are mission driven to enhance student success. This goal is also set forth to provide opportunities to students and families that are unique to the Athlos model and culture.</p>	<p>EMO to aid in events, recruitment, and partnership efforts.</p> <p>Monthly reporting of partnership accountability to mission driven resources.</p> <p>Advisory positions or attendance at monthly board meetings encouraged for leaders of community partnerships for transparency and collaboration.</p>
<p>Athlos Academy of Reno will comply with all legal and ethical requirements set forth by state and federal laws, SPCSA requirements, and those inspired by charter school best practices.</p>	<p>The purpose of this goal is to uphold the legal and ethical requirements put forth by state and federal government for public schools, charter schools, and governing boards.</p>	<p>Monthly board meetings that follow open meeting law and governance requirements.</p> <p>Documentation of monthly meetings and archived governance policies and procedures showing evidence of legal compliance.</p> <p>Annual legal review of policy updates pertaining to the school and board.</p> <p>EMO contract compliance and deliverables met and curriculum supported in compliance with Nevada standards requirements.</p>
<p>Athlos Academy of Reno will be a healthy and safe place to learn for all students, families, faculty, and staff.</p>	<p>The purpose of this goal is to make the experience of being an Athlos student and family member a priority for the life of the school under the governance of the local board.</p>	<p>Inclusion of parent and student voice through virtual and in person feedback.</p> <p>Inclusion of feedback and action items at monthly board meetings and as needed throughout the life of the school.</p>

INCUBATION YEAR DEVELOPMENT

(1) Provide a detailed start-up plan as well as specific organizational goals for the planning year (SY 2016-2017) to ensure that the school is ready for a successful launch in fall 2017. Using the template provided, outline key activities, responsible parties, and milestones and submit as Attachment 12.

See Attachment 12: Incubation Year Planning Table.

(2) Please describe the plans for leadership training and development of the selected school leader during the incubation year prior to school opening and how these plans support your year 0 goals. If partnering with an organization, please briefly describe the main components of the training program.

Athlos Academies will provide leadership training and development for the Board of Directors and a hired School Leader. This training program is worked planned collaboratively with the board and leadership to best meet the needs of the local area of South Reno. The professional development plan is created with EMO staff and presented to the local board for approval. Included here is a sample plan with the EMO, but this will change and develop to fit the needs of Athlos Academy of Reno upon approval.

Athlos provides extensive training for identified school leaders in the incubation year. The focus of the training involves a deep dive into the 36 Athlos strategies that cover the three pillars: Prepared Mind; Healthy Body; and Performance Character. All pillars are framed around curriculum, instruction, assessment, and family and community guiding implementation of the Athlos model. School leaders participate in both virtual and on-site training that includes a monthly formal experience and weekly interaction.

Beyond the training and understanding of the model, school leaders are given extensive leadership coaching. This training involves a book study on Bambrick-Santoyo's *Leverage Leadership* and Willink and Babin's *Extreme Ownership*. School leaders completing the training gain extensive strategies to add to their previous experiences. Also, school leaders leave with a specific list of "next steps" and timelines that strategically help guide their work.

The summer before the opening of the school, leaders attend a three-day training institute with members of their leadership team. This experience allows leaders to solidify the school's direction and build strong relationships prior to full staff training. At the summer institute, school leaders complete the Year 1 work plan that lays out the professional development plan for the coming school year, along with clearly articulating school-wide goals.

(3) Explain who will work on a full-time or nearly full-time basis immediately following assignment of a location to lead development of the school(s) and the plan to compensate these individuals.

Immediately following assignment of location, Athlos Academies' School Success Team will be working full-time to plan for and execute a successful launch. In conjunction with the EMO staff, at least one school leader will be contracted for nearly full-time (depending on the individual's personal situation, including his or her current job contract or commitment) to work with the EMO and local governing board. The compensation for this individual will be through a Promissory Note

established between the EMO and the governing board to provide start-up funding for Athlos Academy of Reno.

SCHOOL MANAGEMENT CONTRACTS

(1) How and why was the EMO selected?

Athlos Academy of Reno is confident in choosing Athlos Academies as an EMO. Athlos Academies is an Educational Service Provider for charter schools in Texas and Minnesota and is launching new schools in 2016 in Utah and Minnesota, with a new school launching in Louisiana in 2017. Athlos Academies has the capabilities and expertise to help schools organize; build high quality facilities; attract and retain students, teachers and staff; and manage ongoing operations, including securing and analyzing sensitive student and financial data.

Additionally, each pillar of the Athlos Academies curriculum is rooted in sound research and science. The Prepared Mind curriculum, Healthy Body program, and Performance Character development work together to support an educational environment that meets the needs of the whole student: academically, physically, emotionally, and socially. One example of successful implementation of the Athlos model can be seen at a school powered by the Athlos model in Brownsville, Texas. This school opened in 2014 and currently serves more than 1,000 1st to 9th grade students. The school has already established itself as the premier charter school in the area and has over 2,000 students on its waiting list. The rigorous classroom experiences are paying off for all students and are helping them meet their goal of having over 75 percent of their students graduate high school with at least a year of college under their belt. In the first year of operation, 20 percent of all 9th grade students took two college courses, taught by professors from local community colleges that come on the Athlos campus twice a week. Besides academic success, students' FitnessGram scores indicate significant improvement and their extracurricular involvement hovers around 90 percent.

Athlos Academy of Reno is excited to see the benefit of this whole child approach in our community. Given the truancy and dropout rates in the district and the struggle with childhood obesity statewide, the Healthy Body and Performance Character pillars of the Athlos model will have a particularly positive impact for Reno kids. The Performance Character program will help provide students with the grit necessary to persevere through challenges, the leadership skills necessary to set a positive example for others, and the social intelligence necessary to navigate a variety of circumstances with humility, integrity, and creativity. The Healthy Body program will provide students with the opportunity to develop healthy lifestyles through regular physical activity, nutrition and health education, and a general community of wellness at our school. Together, these pillars will also help support positive gains in the classroom and prepare student minds to engage in an innovative, standards-based core academic curriculum.

(2) Describe the relationship between the school governing board and the service provider, specifying how the governing board will monitor and evaluate the performance of the service provider, the internal controls that will guide the relationship, and how the governing board will ensure fulfillment of performance expectations.

Athlos Academy of Reno will receive support from the EMO through, at a minimum, yearly community based reports focused on several key factors. These factors include an analysis of community demographics and growth areas, as well as financial areas. By contract, Athlos Academies and the local Governing Board of each school will communicate at least monthly so that the local needs are clear to the EMO and the support needed is evidenced and clarified. Athlos Academies (EMO) will support preventative measures with the local Governing Board to make sure that the anticipation of those changing needs are mitigated before they may occur.

Data-driven results and feedback are strong components of the partnership between Athlos Academies and Athlos schools. Athlos Academies staff encourage continued feedback for many activities, including professional development trainings, walk-through and team-teaching experiences with EMO staff, curriculum critique, compliance and management functions. This feedback is always welcomed from leadership and staff at Athlos schools and is used to shape next steps as part of a framework of continuous improvement for processes and practices and a growth mindset among Athlos staff. Without an openness to feedback, Athlos Academies would not be able to adequately support excellent and successful schools.

Feedback is more than a mindset: there are structured opportunities for meaningful feedback throughout each school year. Each local Governing Board that partners with Athlos Academies evaluates the EMO at least bi-annually. The Master Service Agreement between the Board and the EMO also guides feedback by holding the EMO accountable for all services rendered. Furthermore, the curricular support for Athlos Academy of Reno provides feedback from leadership and staff after each professional development opportunity, during mid-year and end-of-year evaluations, and following benchmarking initiatives throughout the year. Athlos Academies collects, analyzes, communicates data with the Board, and works to support any changes or needs that come from the collection of this feedback to see the greatest success for students.

(3) Disclose fully and provide an explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities, including, without limitation, any past or current employment, business or familial relationship between any officer, employee, or agent of the proposed service provider and any prospective employee of the charter school, a member of the committee to form a charter school or the board of directors of the charter management organization, as applicable.

There are no existing or potential conflicts of interest between the school governing board and the proposed service provider (or any other entity).

(4) Please provide the following in Attachment 13:

- (a) A term sheet setting forth the proposed duration of the contract; roles and responsibilities of the school governing board, the school staff, and the service provider; scope of services and resources to be provided by the EMO; performance evaluation measures and mechanisms; detailed explanation of all fees and compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement by the governing board and/or school staff; investment disclosure; and conditions for renewal and termination of the contract;
- (b) A draft of the proposed management contract which complies with NRS 386.562 and SB509 (2015 session);
- (c) As an exhibit to the proposed management contract, a crosswalk of the academic, financial, and organizational goals of the charter school set forth in the SPCSA Charter School Performance Framework, including the school's mission-specific goals, and a clear identification of each of the performance goals and expectations for the education management organization related to each charter school goal. This will serve as the board's primary evaluative tool for the education management organization.
- (d) Documentation of the service provider's for-profit or non-profit status and evidence that it is authorized to do business in Nevada.

(5) Provide, as Attachment 21, a copy of the education management organization's three most recent audits and other historical financial documents for the EMO. This may be provided in the format of your choosing. Note that there are limited statutory exceptions related to the disclosure of proprietary information for private, for-profit entities proposing to contract with public bodies. Applicants proposing to contract with an education management organization are required to have the entity provide such information to them for evaluation by a qualified financial professional and attach a notarized certification of compliance by that third party. Education management organizations which are reluctant to provide audited financial statements for inclusion in the application to the SPCSA are directed to contact the SPCSA and request that the agency work with its Deputy Attorney General to arrange for a private review of these materials immediately following the submission of the proposal.

(6) Complete the Summary and Contact Information worksheet in the EMO Data Request template for each of the EMO's schools as Attachment 23.

(7) Complete the EMO Achievement Data and Audit data worksheets and provide any explanatory or contextual information in the Info tabs of the EMO Data Request template for each of the EMO's schools as Attachment 23.

(8) Provide three years of audited financial statements for each of the schools identified which has been in operation for more than a year as part of Attachment 22.

See Attachment 13: EMO Agreement Documentation, Attachment 21: EMO Historical Financial Documents, Attachment 22: EMO School Audits, and Attachment 23: EMO Data Request template.

DUAL-CREDIT PARTNERSHIPS

(1) If the charter school will provide a program where a student may earn college credit for courses taken in high school, please provide answers to the following questions. Other applicants may provide a sentence explaining why this section is not applicable.

This section is not applicable: Athlos Academy of Reno will not be offering classes that students may earn college credit for.

(2) Describe the proposed duration of the relationship between the charter school and the college or university and the conditions for renewal and termination of the relationship.

(3) Identify roles and responsibilities of the governing body of the charter school, the employees of the charter school and the college or university.

(4) Discuss the scope of the services and resources that will be provided by the college or university.

(5) Explain the manner and amount that the college or university will be compensated for providing such services and resources, including, without limitation, any tuition and fees that pupils at the charter school will pay to the college or university.

(6) Describe the manner in which the college or university will ensure that the charter school can effectively monitors pupil enrollment and attendance and the acquisition of college credits.

(7) Identify any employees of the college or university who will serve on the governing body of the charter school.

(8) Provide as Attachment 14, a draft memorandum of understanding between the charter school and the college or university through which the credits will be earned and a term sheet confirming the commitment of both entities to the specific terms outlined in this charter application.

SERVICES

(1) Provide, as Attachment 15, a description of how the school leadership team will support operational execution. Please provide narrative or evidence that illustrates the staffing model, performance metrics, and the school's plan for supporting all operational needs of the school, including but not limited to those listed below. In this space and in the finances section, demonstrate how you will fund the provision of these services.

- (a) Transportation: Describe your plans for providing student transportation. If the school will not provide transportation, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance.**
- (b) Food Service: Outline your plans for providing food service at the school, including whether and how you will be your own school food authority or will contract with another provider. If the school will not provide food service, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance.**
- (c) Facilities maintenance (including janitorial and landscape maintenance)**
- (d) School health and nursing services**
- (e) Purchasing processes**
- (f) Safety and security (include any plans for onsite security personnel)**

(2) Technology: Outline the technology infrastructure and support mechanisms across your school, staff, and teachers. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support.

Athlos Academy of Reno will implement a Local Area Network and an Air (Wi-Fi) network within the school. Both networks will be managed by Education Networks of America (ENA), which was chosen because of their specific knowledge of the education industry and its ability to design a network within the school's budget constraints and facility design. The anticipated costs are \$43,3200 for Wi-Fi design, setup, and infrastructure and \$36,896 for managed LAN. This includes costs associated with the design and setup of the network as well all of the infrastructure and equipment needs associated with the network, except for cabling. These costs included one year of service managed services. The managed service agreements are built on one-year agreements, with Athlos Academy of Reno having the opportunity to evaluate the service and enter into their own agreements with ENA moving forward, separate from the agreement between Athlos Academies and ENA.

Content filtering is a vital component of a successful K-12 organization. Adequate content filtering requires that an organization continually maintain its filtering parameters and have the ability to update them as needed in a very timely fashion. ENA provides a content filtering system at an attractive price of \$1 per student per year. The filtering product allows for the school to have online access to a tool that will allow the organization to make adjustments as needed. The content filtering works hand in hand with internet service which allows for timely coordination and filtering of internet traffic.

In addition to content filtering, the school also needs to ensure it has an adequate firewall available to limit external parties from gaining access to school services and school specific information. Through working with ENA, it was determined that a firewall appliance installed locally at the school would meet all of the necessary firewall requirements. ENA provided Athlos Academies with the name of a product that they would be willing to manage on our behalf as part of the overall

management of the school's network. The device, a Cisco 5515-X, would cost \$3,700 to purchase, with firewall managed service costing \$1,200 per year.

The infrastructure includes the cabling and drops necessary to ensure that the schools equipment can connect to the internet and power. For similar facilities, Athlos Academies has received bids of \$118,905 for data cabling.

It is imperative that the infrastructure have a batter backup that allows for it to run or safely shut itself down should the school lose power. Bids were reviewed from numerous competitors, but in the end Logical Front, a re-seller of Dell provided us with the best UPS system. The batter backup systems will allow for 30 minutes of batter backup. The costs for two UPS systems will be approximately \$4,300.

While much of Athlos Academy of Reno's data and systems will be cloud-based, in Skyward, PowerSchool and Infinite Campus, the school will need servers set up for active director, firewall and filtering service management, as well as for other storage needs that may arise. Athlos Academies has price quotes from Logical Front, a Dell authorized reseller. Total costs for servers will be approximately \$16,000.

We will also purchase and install projectors for each of the fifty classrooms, as well as several other rooms throughout the facility. We have settled on a Dell projector that includes an interactive whiteboard. Buying and installing the projectors will cost \$110,000.

Athlos Academy of Reno will have approximately 47 staff (teachers and other instructional staff) that will need laptops, and another 15 desktops that will be needed both for staff workstations. Instructional and administrative staff will utilize a laptop that will allow them the flexibility to move throughout the facility and bring their computer to meetings both on and off-site. fashion. Dell, through authorized re-seller Logical Front, priced us a Dell Latitude laptop with a corresponding three-year warranty that will allow us to meet these requirements, at a cost of \$1,000 per unit, or \$47,000 for three years. Athlos Academy of Reno will purchase Dell Optiplex desktops for staff best served with a desktop machine. These will cost \$613, or \$9,195 for 15 units.

The Athlos curriculum is based on bringing technology into the classroom. To this end we want to ensure that we provide current, user friendly, and age appropriate technology for student use. Initially, the goal is to ensure that the schools have two fully functioning computer labs within the school. The labs will include twenty desktops each, and will be available for student use and student testing. The schools will have at their disposal two fully functioning computer labs with twenty computers in each lab. The computers will be Dell OptiPlex desktops that will cost \$550 per unit, or \$22,000 for 40 units.

The school will also need to procure Chromebooks to be available for student testing. These Chromebook will be placed on laptop carts and will be available for use throughout the school and the academic year. 60 Chromebooks will cost \$15,500, with two mobile computing carts costing \$8,370.

In year one, the school is not looking to provide end user student devices within the school besides the desktops and mobile carts. However, because of prudent fiscal management in year one operations, the school will have budget fund availability in future years to begin the process of

providing end user devices in the classroom. As the Athlos curriculum and program grow with the number of schools we will have budgetary funds available to grow student end user device needs.

In addition to the end user device technology, there is numerous accessory related items the school will need to purchase that are in addition to devices, including printers, monitors, and Microsoft licenses. A Microsoft eCampus agreement will cost \$12,000, while computer monitors and printers will cost \$8,000.

ENA will also provide a cloud-based phone service, which includes the purchase of the phones themselves along with an annual service agreement. While ENA service and costs are quite competitive, the school also has the ability to switch carriers should they choose at a later date. Equipment purchased through ENA will be transferrable to other carriers, if needed. should the school feel the need to change. Phone equipment will cost \$13,000, while phone service will cost \$12,000 annually.

ENA will also be the internet provide for Athlos Academy of Reno. By using them as the internet provider we have one entity responsible for the complete infrastructure of the organization. As a sole provider of infrastructure for our Athlos schools we are able to leverage their understanding of the network, their ability and desire to resolve issues, and the cost efficiencies associated with a single service provider being designated. A 100 MB internet service with ENA will cost \$25,800 per year.

(3) Student Information Management: Timely communication of accurate student information is critical for payments to schools, compliance, and performance monitoring. Please describe how you will manage student information using the statewide Infinite Campus system, and how you will build capacity around the use of the software. If most of the applicant group or the EMO is new to operating in Nevada's education environment, explain your plan to determine Nevada specific reporting requirements. Detail the staff members who will enter data along with the project manager who will commit to trainings and regularly monitor student information for accuracy.

Athlos Academies' student data specialist will attend appropriate state level trainings. Additionally, Athlos Academy of Reno and other EMO schools employ an office manager who is tasked with managing state reporting and enrollment from the school level. Both the office manager and student data specialist will attend state trainings.

After our charter is approved, the student data specialist will begin planning for training specific to Athlos Academy of Reno. Training materials will be housed in the online staff portal, which is a password-protected portion of the school's website. Athlos Academy of Reno's professional development schedule includes time for student information system training for all teachers and staff.

(4) Data Security: SPCSA charter schools record, generate and consume data that falls under strict requirements for security, privacy, and retention (including FERPA and recent legislation related to the protection of personally identifiable information (PII)). Describe the systems and procedures you will implement in order to ensure you are compliant with these obligations.

Athlos Academy of Reno recognizes the importance of respecting and maintaining the privacy of its students' records and data and will adopt policies and practices to follow state and federal laws

pertaining to student records and family privacy rights. All employees of Athlos Academy will maintain appropriate confidentiality of protected student information and records, including personally identifiable information.

The Family Educational Rights and Privacy Act of 1974 mandates that students and their parent/guardian(s) have:

- 🔒 The right to examine and request the amendment of education records;
- 🔒 The right to limit access to student records and/or personal information, in certain circumstances, by requiring the prior written consent of a parent or guardian before the information or records can be released; and
- 🔒 The right to be notified of, examine, and either consent to or opt out of, participating in surveys or educational activities that relate to particular protected areas.

Athlos Academy will train its employees on upholding student confidentiality, including an overview of all federal and state laws that pertain to the privacy of educational records concerning students, their parent/guardian(s), and their families.

Access to student cumulative files and other private student records shall be provided in accordance with FERPA, with the following provisions. Parent/guardian consent is required prior to disseminating student personal information, except in instances outlined in FERPA. All access to electronically maintained student data shall require password protection. Employees will be trained on recognizing the instances in which divulging private information to authorized persons serves the best interest of the student and serves a lawful purpose.

Specifically, Athlos Academy of Reno will comply with NAC 388.289 regarding personally identifiable information. The office manager will be responsible for protecting the confidentiality of personally identifiable information, though all teachers and staff that collect such information will receive professional development on policies and procedures regarding such information.

FACILITIES

(1) Describe the process for identifying and securing a facility, including any brokers or consultants you are employing to navigate the real estate market, plans for renovations, timelines, financing, etc.

Athlos Academy of Reno will contract with Athlos Academies to procure school facilities with a lease-to-purchase option. We believe that a high quality facility provides a certain confidence for families and helps strengthen a positive school culture. For charter schools to continue transforming public education, they must be able to draw a substantial number of students. From a marketing perspective, the quality of the physical learning environment does affect enrollment. For the school to deliver on its charter promises, a high quality facility must be a priority.

Athlos Academies has been selected to support facilities development because it specializes in providing responsible financing and facilities acquisition to top-tier charter schools. We (the Board of Directors) will negotiate any construction or leasing contracts with Athlos Academies at arm's length and will seek professional advice in the process. The intended lease structure will provide affordable lease payments and a purchase option that will be favorable to Athlos Academy of Reno.

This structure is intended to allow our school to exercise its purchase option and refinance the facilities through either traditional financing or bond issuance. Athlos Academies is currently locating a suitable property in Reno. They will purchase the property and construct and own a "Class E" purpose-built school facility.

Upon construction completion, Athlos Academy of Reno will take possession of the building and will lease the facilities with the aforementioned purchase option. No pre-operational funding will be required for site selection, construction, fixturing, or financing. Financing is generally provided by Athlos Academies and/or leveraged through its relationships with financial partners. This will provide our school with access to affordable, responsible financing. The Athlos Academies facility model has been previously vetted by independent financial advisors, legal counsel and bond counsel for other charter schools, and we, the Board, are informed that the model is an effective, viable, and affordable option to provide a start-up charter school and students with Class E school facilities pending the ability to secure either traditional financing or issue bonds.

(2) If a facility is not yet identified, please describe the organization's approach to finding a suitable facility. Please include the organization's plans to finance the facility, including:

Athlos Academies has an in-house site selection specialist that has access to sophisticated demographic software that assists the Board in locating the school in the optimal location. From here, the site selection specialist is scouring the area for potential sites, using many tools including real estate databases, site visits, and other electronic means. Cost, zoning, traffic, and site remediation concerns are also factored into the analysis. Once a site is identified as fitting the overall requirements of the school, high-level negotiations with the seller commence. For obvious reasons, no property is purchased prior to receiving charter authorization.

(a) Total project cost

This number is currently not available. The pursuit of land has been underway for several months, but until a decision is made with the local governing board there will not be a finite project cost projection. There is, however, a conservative estimate in the budget attached with the Finance Plan.

(b) Financing and financing assumptions

The Board of Directors plans to enter into a triple net Build-to-Suit Lease with an entity capable providing a facility well-suited to deliver the specialized curriculum identified.

**(c) Total facility costs that the financial model can handle
- debt service + lease + maintenance + utilities + etc.**

Based on the Charter School Workbook, the total facilities cost is \$1,808,100 per year, with the total cost to lease being \$1,785,600. Maintenance supplies and needs will be \$40,000 per year (this is included in general office supplies). Utilities will be \$103,500 per year. Custodial services will be budgeted at \$39,600 per year.

(3) If you currently hold a facility or have an MOU or other proof of intent to provide a facility, please provide the proof of commitment as Attachment 16. Briefly describe the facility, including location, size, and amenities. You may provide, included with Attachment 16, up to 10 pages of supporting documents providing details about the facility. Charter school facilities must comply with health and safety requirements. In addition, charter

school applicants must be prepared to follow applicable county and municipal review procedures which vary significantly between jurisdictions.

We do not currently hold a facility or MOU. For details of our proposed facility, see Attachment 16: Facility Commitment.

(4) Describe the organization's capacity and experience in facilities acquisition and management, including managing build-out and/or renovations, as applicable.

Athlos Academies has successfully financed and built 23 school facilities in five states since 2007. Athlos Academies has finance, development and construction staff with experience and expertise to manage construction of a new school facility, including site selection, financing, construction, and installing technology and furniture, fixtures and equipment.

(5) Explain the organization's plan to maintain the independent facility.

Once the facility is complete, the School Leader will oversee facilities management and building maintenance, along with other responsibilities. The assistant administrator and maintenance manager will assist in managing all contract and operation logistics. A portion of this person's job will include facility management, needs, maintenance, and coordination with EMO for any changes or updates for life of school. As need and requested, Athlos Academies can assist the School Leader on maintenance issues.

(6) Will the EMO's operations be run out of a school site or out of another facility?

Athlos Academies' operations will be run out of its headquarters, though its staff will provide frequent in-person and virtual assistance to Athlos Academy of Reno officials.

ONGOING OPERATIONS

(1) SPCSA schools coordinate emergency management with local authorities. Explain your process to create and maintain the school's Emergency Management Plan required by the State of Nevada. Include the types of security personnel, technology, equipment, and policies that the school will employ. Who will be primarily responsible for this plan?

The Board of Trustees will create and approve the Emergency Management Plan. In developing the plan, Athlos Academy of Reno will, as required by NRS 392.620, consult with social service agencies including Washoe County's Social Services and Emergency Management office as well as local law enforcement. The Emergency Management Plan will include all the required procedures in NRS 392.620.

The School Leader will be responsible for creating and maintaining the Emergency Management plan, including training staff and students to follow emergency procedures. Athlos Academy of Reno is not budgeting for any onsite security personnel. However, the school facility will be designed and operated in ways that enhance safety and security, including door controls, limited access points, and using check-in systems.

(2) Provide, as Attachment 17, a list of the types of insurance coverage the school will secure, including a description of the levels of coverage. Types of insurance should include workers' compensation, liability insurance for staff and students, indemnity, directors and officers, automobile, and any others required by Nevada law or regulation.

Athlos Academy of Reno will meet all mandatory minimums for insurance associated with charter schools. Policies will include workers' compensation, directors and officers, general liability insurance, facility liability, employment and volunteer liability insurance, and motor vehicle coverage, as well as overages specific to school districts and charter organization such as coverage associated with molestation and sexual abuse. Policies will meet or exceed state recommendations or guidelines. Additionally, see Attachment 17: Insurance Coverage.

FINANCIAL PLAN

(3) Describe the systems and processes by which the school will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted for the school, and describe the criteria and procedures for the selection of contractors.

Athlos Academies will manage financial services for Athlos Academy of Reno. Athlos Academies will use ADP for its payroll and will use a yet-to-be determined accounting software system for purchasing, accounting and audits. The cost to Athlos Academy of Reno for these services is included in its overall master services agreement.

(4) As Attachment 18, present a budget narrative including a detailed description of assumptions and revenue estimates, including but not limited to the basis for revenue projections, staffing levels, and costs. The narrative should specifically address the degree to which the school budget will rely on variable income (e.g., grants, donations, fundraising, etc.). There is no page limit for budget narrative in Attachment 18. Include the following:

- (a) Per-Pupil Revenue: Use the figures provided in developing your budget assumptions.**
- (b) Anticipated Funding Sources: Indicate the amount and sources of funds, property or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated, and include evidence of commitment for any funds on which the school's core operation depends.**
- (c) Anticipated Expenditures: Detail the personnel and operating costs assumptions that support the financial plan, including references to quotes received and the source of any data provided by existing charter school operators in Nevada or other states.**
- (d) Discuss in detail the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated, including both the scenarios identified in subsections e and f.**
- (e) Year 1 cash flow contingency in the event that state and local revenue projections are not met in advance of opening.**
- (f) Year 1 cash flow contingency in the event that outside philanthropic revenue projections are not met in advance of opening.**

See Attachment 18: Budget Narrative.

(5) Submit the completed Financial Plan Workbook for the proposed school as Attachment 19.

See The cash flow also contains some formula errors. For example, cell B48 should be added with B46 to equal the amount in B50. Unfortunately, the mathematical formula does not work and the cell is locked and cannot be fixed. Also, notice numerous cells have ## signs in them. This is due to

the cell width not being wide enough to display the numbers. Unfortunately, these cell widths are also locked. However, the net change in cash does match the income statement.

Attachment 19: Financial Workbook.

(6) Submit, as Attachment 20, a detailed budget for the operator at the regional network level (the format of this is left to the applicant's discretion).

Athlos Academies does not operate at the regional network level, so there is no Attachment 20.

(7) Describe the annual audit of the financial and administrative operations of the school. Discuss the planned financial controls and their implementation plans. Include evidence that the school will adhere to the accounting, auditing, and reporting procedures and requirements that apply to public schools operating in Nevada.

The Board of Directors will adopt a comprehensive set of finance policies. These all-encompassing policies will cover items such as use of funds, internal controls, purchasing, bank accounts, and signatory authority.

The school will comply with Generally Accepted Accounting Principles (GAAP), undergo an audit each year consistent with its responsibilities as a charter school, and comply with all state laws regarding purchasing and accounting of all public funds, including those raised locally. The Board of Directors will ensure:

- 👤 Segregation of duties so that multiple people are involved each time money changes hands to reduce the likelihood of fraud.
- 👤 Oversight by regular internal methods—a Board finance and audit committee—and external methods—an independent auditor consistent with Athlos' status.
- 👤 Monthly internal review with a Board finance and audit committee, which samples transactions for compliance with school finance policies.
- 👤 Transparency in budgeting and spending, with all transactions and budgets posted online as required by law.
- 👤 Competitive bidding for large projects to ensure fair treatment of all and best value for the school and taxpayers.
- 👤 Proper authorization, ensuring that all expenses are known and approved prior to being incurred.
- 👤 Protection of the school's assets with accurate inventory records, asset holdings spread across multiple banks, and insurance to indemnify employees, the Board, and the school from claims.

Athlos Academies will ensure that the school's assets (cash, buildings, and equipment) are adequately documented and protected, school finance policy and state law are followed in all transactions, and student enrollment records are accurate and reported to the state daily. Athlos Academies will be responsible for submitting an annual financial report to the Board and the Nevada Department of Education, as required by law. In all aspects, Athlos Academies will adhere to GAAP, state law, and the Board-adopted finance policies. Additionally, Athlos Academies will work with the Board to ensure that grants and all restricted streams of funding are properly administered according to each source's guidelines, and that the school meets all other key financial obligations that are part of any state law or rule now in place or that are put in place in the future.

Attachments 18-6

Athlos Academies will, as needed, attend financial training to stay updated on changes in state law regarding school finance.

Athlos Academies will be supported in these oversight and managerial tasks by the school administrative staff, including the office manager, who will have specific responsibility to manage student records. Designating a single person to serve as registrar will ensure that the school has the capacity to develop adequate policies and processes for tracking enrollment and attendance eligibility, eligibility for free and reduced lunch, students with disabilities and ELL enrollment. The office manager will submit data to the state and School Leader regularly to ensure that records are accurate.

(8) Provide independent audits for each schools for each of the past three years for any under management at any point during that period as attachment 22.

See Attachment 22: EMO School Audits.

(9) Complete the audit data worksheet in Attachment 23. In the info tab, please identify any schools or campuses listed under the student achievement tab for which, pursuant that relevant state's charter law, financial data is consolidated for reporting and auditing purposes in the independent audits provided in Attachment 22.

In developing your budget, please ensure that the school does not operate at a loss during any year—this is prohibited by Nevada law.

See Attachment 22: EMO School Audits and Attachment 23: EMO Data Request template. For the budget, see The cash flow also contains some formula errors. For example, cell B48 should be added with B46 to equal the amount in B50. Unfortunately, the mathematical formula does not work and the cell is locked and cannot be fixed. Also, notice numerous cells have ## signs in them. This is due to the cell width not being wide enough to display the numbers. Unfortunately, these cell widths are also locked. However, the net change in cash does match the income statement.

Attachment 19: Financial Workbook.

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Attachment 1: Letters of Community Support/Partnership

See PDF

Attachment 2: Leadership Team Job Description

I. RESPONSIBILITIES OF AN EDUCATIONAL SCHOOL LEADER

A. Staff Management, Training and Motivation:

1. Recruits, hires, and retains high quality teachers and staff, terminates when necessary;
2. Oversees professional development of all teachers and staff;
3. Observes all classes regularly; oversee and assess the performance of all school employees;
4. Holds employee evaluation conferences based on records of performance observations;
5. Ensures collaboration, partnerships and team building among staff;
6. Manages conflicts and relations between school employees justly and efficiently;
7. Oversees employee screening measures to ensure that each employee has undergone an appropriate background check.

B. Program Implementation:

1. Evaluate instructional program effectiveness; develop and enforce policies and procedures;
2. Ensures implementation of instructional strategies, classroom management, and communication;
3. Ensures effective, research-based professional development is provided and implemented;
4. Monitors Special Projects accountability timelines and coordinates timely completion;
5. Prepares annual performance audit;
6. Collaborates with staff for united school improvement plan;
7. Monitors and analyzes student performance assessment data preparing reports as needed for various special projects (i.e., after school program, summer school);
8. Oversees special education program implementation and compliance;
9. Analyze student achievement data, draw logical conclusions and prepare comprehensive reports;
10. Hold and attend parent/teacher/student conferences in regards to student and school issues;
11. Ensure school facilities are managed effectively; oversee facilities to ensure maintenance provides a clean and safe school.

C. Fiscal and Legal Compliance:

1. Abides by all state and federal laws that apply to charter schools and charter policy;

2. Ensures that there is proper documentation on operations of charter programs to develop accurate budget;
3. Maintains fiscal control; report accurate fiscal information;
4. Ensures smooth operation of school facilities, school finance and risk management, including appropriate procurement of insurance policies;
5. Ensures school-wide compliance with all policies and procedures;
6. Attends all required Board of Directors and state meetings; attend other meetings and training that provide legal guidance;
7. Participates in the school's annual fiscal audit and oversee the preparation of the school's Annual Budget, Annual Financial and Annual Program Reports;
8. Ensures school safety by performing fire drills and other drills;
9. Preparation of financial and statistical documents and reports.

D. Public Relations and Communications:

1. Establish rapport with parents, students, school staff, and Athlos Academy Board of Directors;
2. Coordinate with the school's parent organization to increase parental involvement within the school;
3. Build positive relations with state education departments, other charter schools, and school districts;
4. Works pro-actively to maintain positive PR that showcases the school's success.

E. Professionalism:

1. Uphold and enforce board policy, administrative procedures, and school rules and regulations, and be supportive of such in your communications with students, parents, and the public at large;
2. Communicates the positive aspects of Charter to the public in word and deed;
3. Works cooperatively with parents and teaching mentors to strengthen the educational program;
4. Oversees with overall school operations;

5. Promotes and maintains a positive and effective school climate by ensuring that all interactions with staff, students, parents, and the public at large are prompt, efficient, helpful and friendly.

II. QUALIFICATIONS FOR A LEAD SCHOOL ADMINISTRATOR

A. License:

1. Administrative Licensure.
2. Advanced degree required with course work in Business Administration, Organizational Management, or Educational Leadership.

B. Experience:

1. Three years broad, varied, and increasingly responsible experience with budgeting, management, and organizational procedures;
2. Charter school experience desirable.

C. Knowledge and Abilities:

1. Knowledge of principles, methods and procedures, related to purchasing, operation, safety, computer networking programs, food service, budgeting and accounting, electronic data processing techniques and methods, purchasing and inventory control systems;
2. Knowledge of techniques and strategies of organization, management and supervision;
3. Knowledge of law, policies and regulations pertaining to youth and employee records;
4. Establish and maintain cooperative relationships with all partners; deal effectively and graciously with situations requiring tact and judgment;
5. Exercise patience, common sense, and good humor to thrive within the pressures, competing priorities and demands of a school office environment;
6. Possess an entrepreneurial spirit that embraces creativity and dedication;
7. Possess the ability to learn new things quickly and adapt to changing situations.

III. EVALUATION OF A LEAD SCHOOL ADMINISTRATOR

- A. Performance of this job will be evaluated by Athlos Academy's Governing Board through an annual evaluation process.**

1. Extensive professional development opportunities will be supported.

Position: Instructional Guide

Reports to: Educational School Leader and Athlos Academies Chief Learning Officer

Salary Range:

Minimum Qualifications Required:

Education: Bachelors in Education + 5 years' educational experience OR Masters in Education.

Experience Required: 5 years of educational experience preferred (required if only Bachelors), experience in research-based instructional practices.

Certification Required: Hold a valid Nevada Teaching License.

Job Duties:

1. Implements a collaborative coaching and learning approach.
2. Assists new teachers in a collaborative model of observation, conversation, and lesson demonstration.
3. Models effective and differentiated instruction.
4. Provides individualized, classroom-based coaching, and supports implementation of good instructional practices.
5. Facilitates professional collaborative groups to review effective practice and analyzes student data.
6. Facilitates grade-level teams to discuss implementation of effective content, skills, and problem-solving instruction.
7. Provides comprehensive and balanced training in and across given subject areas and curricular areas.
8. Participates in Professional Development for coaches, including peer observations, professional research, and inquiry sessions.
9. Assists teachers in aligning their teaching with appropriate standards, curriculum, and assessments.
10. Works collaboratively with other Instructional Guides, curriculum specialists, and district specialists.

Position: Kitchen Manager

Reports to: Operational School Leader and Athlos Academy Director of Nutrition

Salary Range:

Minimum Qualifications Required:

Education: High school diploma or GED equivalent

Experience Required: One year of public school food service experience or three years of food service operation management.

Certification Required: Completion of an accredited sanitation course and maintenance of certification. Completion of manager training program.

Job Duties:

1. Conducts operational management 55% and production management 45% of the work week.
2. Prepares and maintains records reflecting an accurate report of planned meals, food produced, and food discarded.
3. Maintains accurate on-site reports of daily and monthly financial, production, and activity records.
4. Assists the Director of Nutrition in ensuring that sanitation and safety practices comply with federal, state, and local law.
5. Inputs work orders for equipment maintenance needs and ensure they are completed in a timely manner.
6. Prepares and reviews daily work schedules to ensure proper and efficient scheduling of employees.
7. Manages employees on the school site and promotes employee growth, efficiency, morale, and teamwork.
8. Provides leadership to ensure school meals are served in a pleasant environment by courteous staff.
9. Maintains daily deposits and cash receipt documentation; management and reconciliation of cash register.
10. Responsible for presenting quality food in an attractive manner.

Position: Special Education Director

Reports to: Educational School Leader

Salary Range:

Minimum Qualifications Required:

Education: Master's in Education, Special Education K-12, or related field.

Experience Required: 3-5 years in a supervisory role. 3-5 years managing a case load.

Certification Required: Nevada Teachers License with a special education endorsement.

Job Duties:

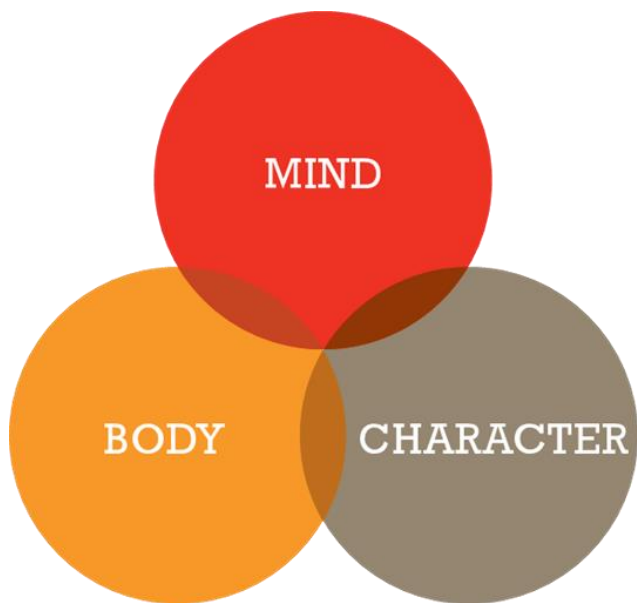
1. Supervises Special Education Teachers and Special Education Teacher's Aides.
2. Ensures all students receive accommodations and modifications as specified in their IEPs.
3. Oversees the IEP process, including Child Find, Annual IEP reviews, and 3-year assessment cycles.
4. Provides training to regular education teachers, as needed.
5. Assists the Lead School Administrator with data analysis to ensure all students are successful, as needed.
6. Resolves conflicts with teachers, exceptional child behavior, and addresses parent/guardian concerns as they arise.
7. Consults with school administration in cases of disciplinary action involving students with IEPs.
8. Oversees required reporting and student file management and maintains confidentiality of exceptional child records.

Attachments 3, 4, 5

Not provided.

Attachment 6: Teacher evaluation tool

Athlos Academy of Reno



Teacher Evaluation & Improvement Plan

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I. Context

Athlos Academy of Reno (AAU) has adopted a modified version of the Nevada Educator Performance Framework (NEPF) model of educator evaluation and improvement. The evaluation tool uses peer and supervisor observations and evaluations of professional performance, student growth measures, and stakeholder input to evaluate teachers' performance on the ten standards of Instructional Practice and Professional Responsibilities:

Instructional Practice

1. New Learning is Connected to Prior Learning and Experience
2. Learning Tasks have High Cognitive Demand for Diverse Learners
3. Students Engage in Meaning-Making through Discourse and Other Strategies
4. Students Engage in Metacognitive Activity to Increase Understanding of and Responsibility for Their Own Learning
5. Assessment is Integrated into Instruction

Professional Responsibilities

1. Commitment to the School Community
2. Reflection on Professional Growth and Practice
3. Professional Obligations
4. Family Engagement
5. Student Perception

II. The AAU Teacher Evaluation and Support Model

There are three components of the Model: 1) Professional Performance, 2) Student Growth and Learning, and 3) Stakeholder Input. These three components are weighted at 70%, 20%, and 10% of the performance rating.

In the Model, a teacher engages in a continuous annual review process, as outlined below:

Summer:

Orientation to the Model

Teacher engages in self-assessment using the Educator Effectiveness Rubric

Teacher sets Student Learning Objectives (SLOs)

Teacher develops Professional Growth Plan (PGP)

Within the First Quarter:

Initial conference is held to review self-assessment, SLOs, and PGP

For Probationary teachers and Post-Probationary teachers participating in the Teacher Improvement Process (TIP), an observation must be conducted by the school administrator

By January 31st:

Mid-Year conference held to assess progress towards SLOs and the PGP

One observation must be conducted by each the summative evaluator and a peer evaluator

This observation is in addition to the initial one for Probationary and TIP teachers
Teacher should be gathering preliminary supplemental evidence for Component I

By April 1st:

Stakeholder survey results collected and distributed to teachers

By Year-End:

A second observation must be conducted by each the summative evaluator and a peer evaluator

Year-End conference held to evaluate progress towards SLOs

Stakeholder input and teacher responses evaluated by summative evaluator

A. Performance Level Ratings and Expectations

A teacher receives a summative evaluation at the end of each year. The summative evaluation includes feedback for further growth and development and a final performance rating determined by the process found on page 20. The following performance ratings are used for the final performance rating:

3 - Highly Effective

2 - Effective

1 - Marginally Effective

1 - Emerging Effective (used only for Probationary teachers)

0 – Not Effective

A teacher with a final summative performance rating of “Marginally Effective” should be supported to improve through targeted professional development opportunities and through the setting of appropriate Professional Growth Plan goals. A teacher with final summative performance rating of “Not Effective” must be supported through the teacher improvement process (TIP) on page 21 or dismissed.

The final performance rating is based on evidence from all three model components as described on page 20.

B. Development and Evaluation Activities in the Process

Observations

Observations are planned or impromptu opportunities for a summative evaluator or a peer reviewer to gather evidence for evaluation and to provide feedback to a teacher for growth and development. Summative observations are those conducted by a summative evaluator. These may be announced or unannounced and must occur at least once per semester. Summative evaluations should use the Educator Effectiveness tool as a guide. These summative observations should be supplemented by formative or impromptu observations by the summative evaluator as well as peer observations. Formative evaluations may occur inside or outside of the classroom. Examples of observations to be considered include: PLC work, interactions with students in the halls or at extracurricular events, interaction with peers during Professional Development and staff meetings, input at a review of student data, etc.

All observations that are to be used as a part of a teacher's summative evaluation must be documented within two weeks of the observation. Summative and peer evaluations are to be debriefed with the observed teacher within three weeks of the observation. At this conference, any documentation of the observation must be shared with the observed teacher.

Peer Observations

Twice per year, a teacher will be observed by an experienced peer, preferably in a similar content area. The peer reviewer does not need to be the same individual for both reviews. Peer reviewers should be Post-Probationary teachers rated effective or highly effective in the prior year. Prior to a peer review, the two teachers involved should meet to discuss areas of focus. The peer reviewer should provide feedback tailored to the issues discussed at this pre-observation conference, in addition to any other meaningful observations. These observations should be documented and debriefed as described above.

Self-Assessment

Each summer, teachers complete the Educator Effectiveness rubric as a self-assessment. Self-assessment should be based on a teacher's thoughtful reflection of their performance in prior years, rather than as a goal for the current year. The results of the self-assessment should represent current performance levels and should be informed by the prior years' summative evaluation, if available.

Professional Growth Plan

The Professional Growth Plan is a way for a teacher to set and pursue professional growth goals and plan connected learning activities as part of the annual review cycle. The Professional Growth Plan is intended to:

- Guide individual learning activities throughout the year;
- Empower a teacher to plan his/her own individual professional learning; and
- Ensure that each teacher is making adequate yearly progress towards license renewal.

The Professional Growth Plan is developed at the beginning of each year, following the teacher self-assessment, and is reviewed at the initial yearly conference with the summative evaluator. A teacher is encouraged to develop a plan that reflects goals and activities shared by members of his/her professional learning community so that members can collaborate to implement their plans.

As part of plan development, a teacher identifies:

- Areas for growth;
- At least one professional goal based on the Performance Standards for Teacher Practice for areas for growth; and
- Activities for professional development, resources needed to meet goals, and evidence that will be used to evaluate goal achievement.

In addition, a teacher identifies activities needed to ensure that s/he is on track for license renewal.

Prior to the summative evaluation, a teacher submits a summary of Professional Growth activities for the year to the summative evaluator.

Additional Teacher Documentation

A teacher has the right to provide to the summative evaluator any supplemental documentation in order to address areas of weakness on the Educator Evaluation tool or to provide evidence for areas of professional performance that were not otherwise evidenced throughout the year. The summative evaluator shall set the deadline for submission of additional documentation no earlier than three weeks following the debrief of the final summative observation.

Conferences

At least three conferences must occur between the teacher and the summative evaluator each year. The first must occur within the first quarter of the school year and should serve primarily as a goal-setting conference, where the self-assessment, SLOs, and the PGP are reviewed. At the mid-year conference, progress towards the SLOs and the PGP are reviewed, as well as areas in which evidence have and have not been gathered for Professional Performance evaluation on the Educator Effectiveness tool. The final conference shall follow the Summative Evaluation and serve as a review of the year's growth and performance.

Student Learning Objectives

Teachers at AAU engage in annual goal-setting for student performance. This process involves identifying targets to assess, selecting appropriate local or state-level assessments, identifying baseline levels from which to measure growth, and monitoring progress over the course of the year. The objectives can be set to incorporate both growth and overall performance goals.

Stakeholder Input

AAU conducts an annual stakeholder survey. Teachers are expected to receive positive feedback from parents and students. In addition, teachers are expected to use data from the stakeholder input survey to improve practice and to provide evidence of regular communication with parents and students.

Summative Evaluation

At the end of each year, the summative evaluator conducts a summative evaluation that takes into account Professional Performance, Student Growth and Learning, and Stakeholder Input. The Professional Performance dimension is determined using evidence from summative observations, formative and impromptu observations, peer observation reports, progress in the Professional Growth Plan, and additional teacher documentation.

C. Roles in the Process

Teacher

“Teachers” include classroom teachers and any other professional employee required to hold a teaching license. However, “teachers” are not school principals or superintendents for the purposes of this Model. A teacher must demonstrate competencies of professional practice as well as positive impacts on student learning and positive stakeholder relations as part of an evaluation. For this Model, a teacher must

- Demonstrate professional teaching standards evaluated through the Educator Effectiveness tool.
- Create and use a Professional Growth Plan annually to support professional growth and development.

- Documents Professional Growth activities annually, using the Professional Growth Plan as a guide.
- Collaborate with a peer reviewer(s) to receive targeted feedback on his/her teaching practice.
- Create student learning goals and monitor student progress towards those goals.
- Review and respond to survey results of stakeholder input annually.
- Complete a self-assessment annually and share that assessment with the summative evaluator.

Also, teachers may compile a portfolio of practice and professional growth as evidence for the summative evaluation.

Peer Reviewer(s)

A peer reviewer is a peer who collaborates with a teacher to evaluate practice and impact on students by providing feedback derived from observations on areas of interest to the evaluated teacher. The peer reviewer must be a trained observer of teacher practice and be approved by the assigned summative evaluator. When possible, a peer reviewer(s) should also be in the teacher's professional learning community, and new teachers may use their mentors.

A peer reviewer(s) should be a Post-Probationary teacher who has completed adequate training to be considered a reliable observer. For this model, a peer reviewer(s)

- Meets with a teacher prior to observations to discuss strengths and weaknesses to focus on;
- Conducts an observation of the teacher;
- Documents the observation with particular attention paid to the areas requested by the evaluated teacher;
- Provides verbal feedback and a copy of the observation documentation to a teacher at a post-observation conference;
- As a member of the teacher's evaluation team, attends meetings between the teacher and assigned summative evaluator as requested by the teacher and provides input and feedback as requested by the assigned summative evaluator.

Summative Evaluator

The assigned summative evaluator facilitates the summative evaluation. A summative evaluator must hold a valid teaching license to be qualified and must undergo sufficient training necessary to adequately complete evaluation tasks. For the Model, a summative evaluator

- Annually reviews the self-assessment;
- Annually reviews and approves the Professional Growth Plan;
- Approves both annual Peer Observations;
- Annually reviews and approves the Student Learning Outcomes Form and associated assessments, and evaluates student learning goal progress and outcomes;
- Documents summative, formative, and impromptu observations that will be used to evaluate a teacher;
- Meets with a teacher to debrief each of the two summative evaluations;
- Holds at least three annual conferences with a teacher to discuss teacher performance;
- Annually completes the summative evaluation and assigns a final performance rating.

School Administrator

For the Model, the school administrator

- Identifies administrators, supervisors, and/or teachers as summative evaluators and supports them in successfully completing evaluator training;
- Encourages teachers to serve as peer reviewers and complete relevant training;
- Supports evaluators and peer reviewers by creating a structure for managing evaluation activities and documents;
- Pre-approves assessments and determines mastery scores to be used for student learning goals;
- Coordinates staff development activities with evaluation processes and evaluation outcomes.
- Often serves as a summative evaluator

School Board

For the Model, the school board

- Collaborates with the exclusive representative of teachers in the district for professional development and evaluation system design, implementation, and revision.

III. Component One: Professional Performance

A. Component Overview

The professional performance component includes teacher activities that are aligned to the Nevada Teacher Instructional Practice Standards and Indicators and the Nevada Teacher Professional Responsibilities Standards 1-3.

Teacher Instructional Practice Standards and Indicators

Standard 1: New Learning is Connected to Prior Learning and Experience

Indicator 1.1: The teacher activates all students' initial understandings of new concepts and skills

Indicator 1.2: The teacher makes connections explicit between previous learning and new concepts and skills for all students

Indicator 1.3: The teacher makes clear the purpose and relevance of new learning for all students

Indicator 1.4: The teacher provides all students opportunities to build on or challenge initial understandings

Standard 2: Learning Tasks have High Cognitive Demand for Diverse Learners

Indicator 2.1: The teacher assigns tasks that purposefully employ all students' cognitive abilities and skills

Indicator 2.2: The teacher assigns tasks that place appropriate demands on each student.

Indicator 2.3: The teacher assigns tasks that progressively develop all students' cognitive abilities and skills.

Indicator 2.4: The teacher operates with a deep belief that all children can achieve regardless of race, perceived ability and socio-economic status.

Standard 3: Students Engage in Meaning-Making through Discourse and Other Strategies

Indicator 3.1: The teacher provides opportunities for extended, productive discourse between the teacher and student(s) and among students.

Indicator 3.2: The teacher provides opportunities for all students to create and interpret

multiple representations.

Indicator 3.3: The teacher assists all students to use existing knowledge and prior experience to make connections and recognize relationships.

Indicator 3.4: The teacher structures the classroom environment to enable collaboration, participation, and a positive affective experience for all students.

Standard 4: Students Engage in Metacognitive Activity to Increase Understanding of and Responsibility for Their Own Learning

Indicator 4.1: The teacher and all students understand what students are learning, why they are learning it, and how they will know if they have learned it.

Indicator 4.2: The teacher structures opportunities for self-monitored learning for all students.

Indicator 4.3: The teacher supports all students to take actions based on the students' own self-monitoring processes.

Standard 5: Assessment is Integrated into Instruction

Indicator 5.1: The teacher plans on-going learning opportunities based on evidence of all students' current learning status.

Indicator 5.2: The teacher aligns assessment opportunities with learning goals and performance criteria.

Indicator 5.3: The teacher structures opportunities to generate evidence of learning during the lesson of all students.

Indicator 5.4: The teacher adapts actions based on evidence generated in the lesson for all students.

Teacher Professional Responsibilities Standards and Indicators

Standard 1: Commitment to the School Community

Indicator 1.1: The teacher takes an active role on the instructional team and collaborates with colleagues to improve instruction for all students.

Indicator 1.2: The teacher takes an active role in building a professional culture that supports school and district initiatives.

Indicator 1.3: The teacher takes an active role in cultivating a safe, learning-centered school culture and community that maintains high expectations for all students

Standard 2: Reflection on Professional Growth and Practice

Indicator 2.1: The teacher seeks out feedback from instructional leaders and colleagues and uses a variety of data to self-reflect on his or her practice.

Indicator 2.2: The teacher pursues aligned professional learning opportunities to support improved instructional practice across the school community.

Indicator 2.3: The teacher takes an active role in mentoring colleagues and pursues teacher leadership opportunities.

Standard 3: Professional Obligations

Indicator 3.1: The teacher models and advocates for fair, equitable, and appropriate treatment of all students and families.

Indicator 3.2: The teacher models integrity in all interactions with colleagues, students, families, and the community.

Indicator 3.3: The teacher follows policies, regulations, and procedures specific to role and responsibilities.

B. Educator Effectiveness Tool

The Educator Effectiveness Tool is a rubric used by a teacher and summative evaluator to measure teacher practices against common professional standards. The rubric provides performance levels of practice for each indicator related to Professional Performance described above. The self-assessment and summative assessment use the rubric explicitly when evaluating teacher Professional Performance. Additional activities as a part of the Teacher Evaluation and Improvement process should also use this tool as a guide as a teacher's Professional Performance will ultimately be rated based on the extent to which each of the indicators above can be evidenced.

The Model uses the Nevada Department of Education Teacher Self-Assessment rubric as a rubric for the entirety of the Professional Performance component, drawing from evidence from all data sources described below.

C. Evidence of Teacher Practice

Evidence gathered by a summative evaluator largely comes from documented observations, whether summative, formative, or informal, that are conducted by the summative evaluator.

Other evidence in this component area is from the documentation of a teacher's peer reviews as well as any supplemental materials submitted by the teacher as a part of the summative evaluation process.

D. Determining the Component Rating for Teacher Practice

To determine a component rating for the teacher practice component, the summative evaluator shall collect all evidence from the year including:

- The documentation from Observations conducted by the summative evaluator;
- The teacher's self-assessment;
- The teacher's Professional Growth activities;
- The peer reviewer's Observation documentation;
- Supplemental materials submitted by the teacher.

The assigned summative evaluator reviews the body of evidence for the professional performance component of the Model. The evaluator looks for patterns in performance and trends over time and compares evidence to the Educator Effectiveness Tool. An overall score for Professional Performance is given on a 0-3 scale, using the rubric and the performance levels below.

3 – Highly Effective

2 – Effective

1 – Marginally/Emerging Effective

0 – Not Effective

A holistic approach is used by an assigned summative evaluator to determine a component rating for the teacher practice component. A holistic approach acknowledges that a summative evaluator uses professional judgment when combining evidence from multiple measures into a single rating.

IV. Component Two: Student Growth

A. Component Overview

Student learning is a main driver of an effective teacher's practices. A great teacher continually assesses student achievement against standards and uses results to modify his practice, to intervene when students struggle, and to differentiate instruction.

The Model uses the Nevada model for student learning objectives from the [National Council on Teacher Quality](#) (based on the National Center for the Improvement of Educational Assessment's SLO Toolkit) to measure student growth and learning for students in all classes.

B. Student Learning Objectives (SLOs)

Student Learning Objectives consist of three key parts:

The Learning Goal: a description of what students will be able to do at the end of the course, subject, or grade level;

The Assessment(s): measurement of students' understanding of the learning goal;

The Targets: the expected student outcome by the end of the instructional period.

Determining Learning Goals

Learning goals are the most important aspect of the SLO. Determining what students need to know and/or be able to do at the end of the learning interval is paramount to the success of the student. The learning goal is a description of what students need to be able to do.

A Learning goal is written such that the educator has thoroughly reflected on the purpose for the course, the skills embedded within the standards to be able to move on to the next level or subject within the content area, and what it is that a student should be able to do to indicate proficiency of the learning goal. In other words, the SMART goal setting process is used to create a learning goal that is 1) Specific to the Core Standards, 2) Measureable and can be assessed for mastery or proficiency, 3) Attainable, yet rigorous and ambitious for the students to master, 4) Relevant to real life and needed in future learning, and 5) Time bound because it can be taught during the period of instruction outlined.

Developing or Determining Assessments

Educators may create their own assessments, use assessments that are already developed and vetted for quality, or purchase assessments that have been aligned to Nevada academic standards. Teacher created assessments are by far the most utilized assessments. These teacher-developed assessments may be created by individual classroom teachers, teams of teachers (i.e., PLCs, departments,) or district level content area specialists. Some commercially developed assessments may also be used as long as they are vetted for quality and align with the course core standards.

The use of assessments is directly related to the learning goal. Assessments should be used to formatively determine the progress students are making toward proficiency of the learning goal. Educators need to know what proficiency looks like for this course or subject's learning goal(s). Understanding that one summative assessment is not enough will help the educator be more successful improving students' progress toward meeting the learning goal.

Finally, no matter what assessments are used or how they are determined, they should be assessed for high quality.

Setting Targets

In order to determine the expected student growth outcomes based on the identified assessments, it is first necessary to consider the actual performance of students from baseline data. In other words, consider what information will help to identify students' prior knowledge and their potential achievement levels and growth. For example, if a course does not have a pre-requisite, consider whether the assessment that will be used to measure the learning goal expects students to use math, reading, and/or writing skills. Data from state standardized assessments, previous core content classes, and/or student work samples can be examined to determine growth targets. For example, a student enrolled in an entry level music class may have taken private music lessons or a student enrolled in an entry level automotive class may have been learning about cars with a family member for years. In these cases, a student survey about their knowledge and experiences would be beneficial for establishing starting levels and developing expected Targets.

The baseline data that educators use will help to establish three or four expected levels of student performance that will be used to indicate overall educator contribution to student growth and learning. Targets provide the educator the opportunity to contextualize the growth expectations based on the students' starting places.

In addition to using baseline data for determining the contextualized growth targets, educators need to know the benchmarks they desire their expected levels of student performance to reach. Benchmarks for growth can be set by individual teachers, teams of teachers, or AAU. These determinations should be ambitious, yet realistic expectations for student growth.

Types of Data to Use to Determine Targets:

Data can be used to determine many things that a teacher wants to know. For example, students' present levels of knowledge, necessary interventions, progress or lack of progress and patterns of learning are some of the reasons data collection is one of a teacher's most important skills. The use of baseline data to help determine SLO Targets is a key aspect of writing a valid SLO. The reason this is so important is because the Targets are the part of the SLO that make it a useful instrument for measuring student growth. The actual growth of the students, as predicted or expected levels of performance, is used to determine the effectiveness of the educator. This methodology for measuring student growth and applying it to evaluation is not about gauging an educator's prediction skills, but more about determining the educator's instructional skills and progress monitoring skills. This is why using SLOs is about effective teaching.

Understanding and using baseline data to think about the kinds of achievement students should and will make requires teachers to collaborate, use data accurately, adjust and differentiate instruction, use formative assessments to inform decision-making, and pay attention to improving all students' learning. Baseline data are not data about what the students DO NOT know, but more about what the students DO

know. The following is a list of types of data that can be used to determine students' present levels of knowledge and skills about a Learning Goal:

Achievement Data	Demographic Data	Perceptual Data
Formative assessments <ul style="list-style-type: none"> • Portfolios • Observations • Running records • Exit slips • Think-pair-share 	Trends in student population and learning needs	Results of student surveys
Performance assessments	School and student profiles	Results of parent/community surveys
Common assessments	Data disaggregated by subgroups	
Interim assessments		
Summative assessments		
Report card grades		
Student work samples		
Individual Education Plans		
State standardized results		

Developing SLOs

Teachers are encouraged to use these example SLOs as written or to use them to guide the development of their own SLOs. Teachers should use the SLO Guidance and Toolkit document published by USBE in the development of their own SLOs.

The vetting and review of SLOs is an important component of comparability and equity. The use of a state template that helps guide the SLO development process by asking the appropriate questions to encourage cognitive reflection on what it is we want our students to learn, how we will know if they learned it, and what the appropriate growth targets are is very important. The use of the Nevada SLO Development Guide, along with appropriate professional learning on the SLO process is paramount to the fairness, equity, fidelity, and comparability of SLOs.

Additionally, SLOs will be reviewed and approved by a teacher's summative evaluator at the initial conference.

Reviewing SLOs

SLOs will be evaluated by a summative evaluator using the rubric found in the SLO Guidance and Toolkit document published by USOE no later than 2 weeks following the initial conference. Progress on the SLOs will be discussed at the mid-year conference.

The mid-instructional conference is an opportunity for the teacher to submit evidence of current student growth and learning to the evaluator. This evidence will typically focus on the formative data the teacher has collected to monitor students' progress toward the learning goals. Prior to the conference, the supervisor/evaluator should review the approved SLO Template and any notes made from the approval process and any submitted student baseline data that was used at the beginning of the year conference.

The purpose of the mid-instructional period conference is to add context to the teacher’s observed performance and to enhance discussion of instructional strengths and areas for improvement as they pertain to student growth and learning. The mid-instructional period conference also allows the supervisor/evaluator to get to know the teacher’s methods of monitoring and assessing student progress and will help to support the teacher in efforts to promote student achievement.

Finally, the mid-instructional period conference allows the teacher to show evidence that growth targets need to be adjusted or revised. The administrator/supervisor, as the evaluator, will make every effort to support the teacher in these conversations. The evidence and data brought forward should be discussed until mutual understanding is reached. The figure below suggests discussion questions that the supervisor uses to bring focus to the conference and help the decisions about whether to adjust targets.

Mid-Instructional Period Conference Discussion Questions

- How are your students progressing toward their Learning Goal?
How do you know? (Provide evidence and data)
- Which students are struggling/exceeding expectations?
What are you doing to support them? (Provide evidence and data)
- What additional resources do you need to support you as you work to achieve the Learning Goal?
- Are you on-track to meet the SLO Targets?
- What can I do to support you? (Discuss evidence and progress monitoring)

Finally, SLOs will be evaluated by the summative evaluator as described below.

Evaluating SLOs

Prior to the summative evaluation, a teacher will gather final data on outcomes for SLO targets. Using this data, a summative evaluator will use the following table to determine a final score for the student growth and learning component of the Model.

Does Not Meet (0)	Partially Meets (1)	Meets (2)	Exceeds (3)
Based on the students’ starting points, students performed worse than expected.	Based on the students’ starting points, students partially performed as expected.	Based on the students’ starting points, students performed as expected.	Based on the students’ starting points, students performed better than expected.

V. Component Three: Stakeholder Input

A. Component Overview

A key component of effective teaching is developing positive relationships with students and their families. Within the classroom, a teacher can influence student engagement through relationships with students and the relevance and rigor of instruction. If teachers build positive relationships with students, make content relevant to students, and plan and facilitate rigorous instruction, then students will be

engaged at high levels. Additionally, timely and effective communication with parents/guardians is necessary for the success of students and the school as a whole.

In order to assess a teacher's performance on Nevada Teaching Professional Responsibilities Standards 4 and 5, stakeholder input will be gathered. This Component will be evaluated through student and parent surveys, through teacher response to survey data, and through evidence of teacher communication efforts.

B. Stakeholder Surveys

Surveys will be distributed to both students and parents. Student surveys will consist of questions regarding engagement and student-teacher relationships, as well as student perception of elements of teacher disposition, such as caring. Surveys will be written in a developmentally appropriate manner and will be of an appropriate length. Parent surveys will include questions regarding the parent-teacher relationship and communication efforts. Sample Likert-scale questions are below.

- Student Survey:
 - “My teacher cares about me”
 - “I usually know what I am supposed to be learning in this class”
 - “My teacher helps me when I am confused”
 - “The teacher wants everyone to work hard”
- Parent Survey:
 - “My student’s teacher regularly communicates both positive and negative updates on my student’s progress”
 - “I feel as though my student is supported by his/her teacher”
 - “My student’s teacher believes s/he can succeed”

C. Teacher Response to Surveys

A teacher is expected to analyze responses to parent and student surveys and develop and implement a plan to address any concerns and improve students and parent experience.

D. Evidence of Communication

A teacher will submit evidence of effective and timely feedback to parents and students and efforts to maintain effective two-way communication between students and parents/guardians.

E. Determining the Component Rating for Student Engagement

The following rubric will be used by the summative evaluator to determine a holistic score on the Stakeholder Input portion of the summative evaluation.

Not Effective (0)	Minimally/Emerging Effective (1)	Effective (2)	Highly Effective (3)
Results from stakeholder input indicates common patterns of concern and consistently negative feedback	Results from stakeholder input indicates some areas of concern and limited positive feedback	Feedback from stakeholder survey are mostly positive	Feedback from stakeholder survey show consistent and above-average positive responses
Teacher does not provide evidence of response to concerns outlined in the stakeholder survey	Teacher provides superficial response to concerns outlined in the stakeholder survey, but little evidence of change in behavior	Teacher effectively analyzes feedback and develops and follows through on a reasonable plan of improvement	Teacher effectively analyzes feedback, develops and follows through on an appropriate plan of improvement, and seeks additional feedback on the plan's effectiveness
Teacher rarely communicates with parents/guardians beyond school-wide opportunities. Teacher rarely, if ever, communicates with students outside of instructional activities	Teacher engages in occasional one-way updates to students and parents/guardians	Teacher provides timely feedback to parents/guardians and students. Teacher provides multiple avenues for ensuring two-way communication	Teacher regularly communicates with teachers and parents/guardians and uses feedback from this communication to adapt approaches.

VI. Annual Timeline of Activities

In the Model, each teacher engages in an annual cycle of professional development and improvement. Each year, teachers, peer reviewers, and summative evaluators follow an ongoing series of annual activities as follows.

Prior to Annual Cycle (Target – Prior to the School Year)

Role	Activity
School Administrator	<ul style="list-style-type: none"> Analyze school data

	<ul style="list-style-type: none"> • Set school goals • Identify available professional development resources
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Start of Annual Cycle (Target—August-September)

Role	Activity
Teachers	<ul style="list-style-type: none"> • Engage in Self-Assessment • Develop Professional Growth Plan • Develop Student Learning Objectives, with professional learning community, if appropriate. <ul style="list-style-type: none"> • Review content standards. • Collect and analyze relevant baseline student learning data. • Select or create associated final assessments to measure student learning goals. • Draft student learning goals
Summative Evaluators	<ul style="list-style-type: none"> • Review and approve teachers’ Professional Growth Plans • Review and approve teachers’ SLOs • Review teachers’ Self-Assessments
School Administrator	<ul style="list-style-type: none"> • Share school goals and professional development resources to inform Professional Growth Plans and Student Learning Objectives. • Ensure summative evaluators and peer reviewers have engaged in appropriate training to conduct observations

In the First Quarter

Role	Activity
School Administrator	<ul style="list-style-type: none"> • For each probationary teacher and teacher engaged in the Teacher Improvement Plan, conduct one summative observation. Meet with teachers and document evidence and feedback.

First Semester (Target—September-January)

Role	Activity
Teachers	<ul style="list-style-type: none"> • Implement Professional Growth Plans and gather evidence of implementation and outcomes. • Collect and review interim student learning data for student learning goals. Confer with summative evaluators and professional learning communities as appropriate. • Collect additional evidence of teacher practice and student impact.

Summative Evaluators	<ul style="list-style-type: none"> • Conduct, document and debrief one summative evaluation • Conduct and document formative and informal observations
Peer Reviewers	<ul style="list-style-type: none"> • Conduct, document, and debrief one peer observation
School Administrator	<ul style="list-style-type: none"> • Monitor and evaluate school improvement goals

Mid-Year (Target – January)

Role	Activity
Teachers	<ul style="list-style-type: none"> • Collect Mid-year data on Student Learning Objectives
Summative Evaluator	<ul style="list-style-type: none"> • Conduct Mid-year conference to review progress on SLOs, PGP, and evidence of Professional Performance. Give formative rating on Component I.

Second Semester (Target—February-May)

Role	Activity
Teachers	<ul style="list-style-type: none"> • Implement Professional Growth Plans and gather evidence of implementation and outcomes. • Collect and review interim student learning data for student learning goals. Confer with summative evaluators and professional learning communities as appropriate. • Collect additional evidence of teacher practice and student impact.
Summative Evaluators	<ul style="list-style-type: none"> • Conduct, document and debrief one summative evaluation • Conduct and document formative and informal observations
Peer Reviewers	<ul style="list-style-type: none"> • Conduct, document, and debrief one peer observation
School Administrator	<ul style="list-style-type: none"> • Monitor and evaluate school improvement goals • Distribute and collect data from Stakeholder Input Survey

End of Annual Cycle (Target—April-May)

Role	Activity
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Teachers	<ul style="list-style-type: none"> • Review student learning data with professional learning communities as appropriate and determine outcome of student learning goals • Review and respond to stakeholder input survey data • Gather evidence of progress in Professional Growth Plan • Gather and submit additional materials for Component I, if necessary
Summative Evaluators	<ul style="list-style-type: none"> • Review end-of-year results of teachers' student learning goals • Review stakeholder input survey data • Review teachers' Fall self-assessments • Gather and review evidence, determine component ratings, and calculate summative scores and summative performance rating. Meet with teachers and complete documentation.
Peer Reviewers	<ul style="list-style-type: none"> • Submit documentation of reviews to each teacher's summative evaluator
School Administrator	<ul style="list-style-type: none"> • Review student learning data and determine outcome of school improvement goals. <ul style="list-style-type: none"> • Collect data from interim and final assessments. • Determine the extent to which school improvement goals were met. • Communicate results of school improvement goals to staff.

VII. Determining the Final Performance Rating for the Summative Evaluation

For the summative evaluation, the assigned summative evaluator first determines a component rating for each of the three components of the Model—Professional Practice, Student Growth and Learning, and Stakeholder Input. These three component ratings are then used to numerically calculate a summative score and final summative performance rating for a teacher. The three ratings are quantified, weighted, and added in order to generate a summative score. Ranges of summative scores then determine the summative performance rating for a teacher. Evaluators use the following process:

1. Assign a numerical value to the component ratings for each of the three model components as noted above.
2. Multiply the numerical value for each component rating by the weight assigned to that component.
 - a. Professional Performance – 70%
 - b. Student Growth and Learning – 20%
 - c. Stakeholder Input – 10%
3. Add the three resulting products together to determine the summative score.
4. Determine the final performance rating by applying the ranges for summative scores below.

2.50-3.00

Highly Effective

1.50-2.49

Effective

0.50-1.49

Emerging (Prob.)/Minimally Effective

VIII. Professional Growth Plan

Teachers with final performance ratings of Highly Effective, Effective, and Emerging Effective should use the feedback from the summative evaluation to inform the next year's Professional Growth Plan. Teacher with a final performance rating of Minimally Effective shall work with the summative evaluator to determine specific, measurable, actionable deficiencies; available resources provided for improvement; and recommended course of action that will improve performance. Minimally Effective teachers may engage in the Teacher Improvement Process the following year. Teachers rated Not Effective must be given specific, measurable, actionable deficiencies; available resources provided for improvement; and recommended course of action that will improve performance. They also must engage in the Teacher Improvement Process the following year, if they are not dismissed.

IX. The Teacher Improvement Process

A teacher who receives a "Not Effective" rating on a summative evaluation, and is retained, must enter the teacher improvement process. A teacher who receives a "Minimally Effective" rating may enter the teacher improvement process if mutually agreed to by the summative evaluator and teacher.

A teacher who enters into the Teacher Improvement Process must, as a part of their summative evaluation, receive the following:

- specific, measurable, actionable deficiencies;
- available resources provided for improvement; and
- a recommended course of action that will improve performance.

As a part of the Teacher Improvement Process, the school leader will do the following in order to assist the struggling teacher:

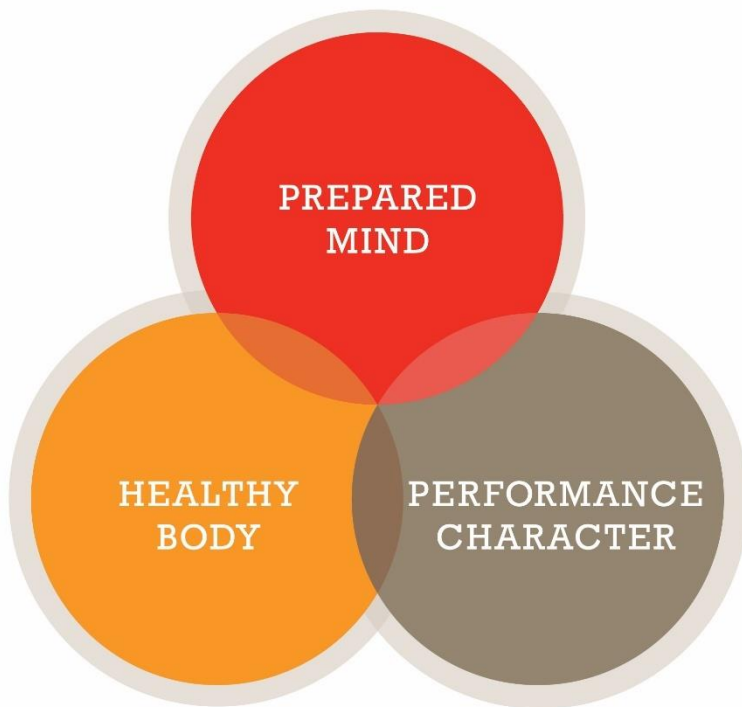
- Cooperatively develop the Professional Growth Plan, including providing mandatory professional development opportunities for the teacher, examples of which include:
 - Professional workshops or conferences
 - Book study
 - Additional evaluator or peer reviews
 - Curriculum resources
 - Videos of classroom teaching
 - Observations of other teachers
 - Data conferencing
- Cooperatively develop teacher SLOs

- Perform summative observations as if the teacher were a Probationary teacher
- At his/her discretion, assign a mentoring teacher to the teacher in the Teacher Improvement Process
- Provide specific, measurable, formative goals
- Provide for a type, form, and frequency of formative feedback to the struggling teacher (ex. Monthly conferences, weekly written reports, etc.)
- Implement any additional oversight procedures as s/he sees fit.

All actions taken as a part of the Teacher Improvement Process shall be documented by the school leader and available for review.

Attachment 7: School leader evaluation tool

Athlos Academy



Administrator Evaluation & Improvement Plan

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Appendix I – Examples of Additional Administrator Documents

Appendix II – Effective Educator Tool

X. Context

Athlos Academy of Reno intends to use a modified version of the NEPF framework. The evaluation tool uses observations and evaluations of professional performance, school performance measures, and stakeholder input to evaluate administrators' performance on the Administrator Instructional Leadership and Professional Responsibilities standards:

Instructional Leadership

1. Creating and Sustaining a Focus on Learning
2. Creating and Sustaining a Culture of Continuous Improvement
3. Creating and Sustaining Productive Relationships
4. Creating and Sustaining Structures

Professional Responsibilities

1. Manages Human Capital
2. Self-Reflection and Professional Growth
3. Professional Obligations
4. Family and Community Engagement

XI. The AA Administrator Evaluation and Support Model

There are three components of the Model: 1) Professional Performance, 2) School Performance, and 3) Stakeholder Input. These three components are weighted at 50%, 30%, and 20% of the performance rating, respectively.

In the Model, the administrator engages in a continuous annual review process, as outlined below:

Summer:

Orientation to the Model

Administrator engages in self-assessment using the Educator Effectiveness Rubric

Administrator sets School Performance Goals

Administrator develops Professional Growth Plan (PGP)

Within the First Quarter:

Initial conference is held to review self-assessment, Performance Goals, and PGP

By January 31st:

Mid-Year conference held to assess progress towards School Performance Goals and the PGP and to give a formative rating

At least two documented observations should be completed, one summative and one informal
Administrator should be gathering preliminary supplemental evidence for Component I

By April 1st:

Stakeholder survey results collected

By Year-End:

At least two additional documented observations completed, one summative and one informal

Stakeholder input evaluated by summative evaluator

Administrator completes second self-assessment

Administrator submits optional supplementary evidence for Component I

Summative evaluation conference reviews self-assessment, progress towards School Performance Goals and PGP, stakeholder input, and supplemental materials to give a final rating

D. Performance Level Ratings and Expectations

An administrator receives a summative evaluation at the end of each year. The summative evaluation includes feedback for further growth and development and a final performance rating determined by the process found on page 15. The following performance ratings are used for the final performance rating:

3 - Highly Effective

2 - Effective

1 - Marginally Effective

0 – Not Effective

An administrator with a final summative performance rating of “Marginally Effective” should be supported to improve through targeted professional development opportunities and through the setting of appropriate Professional Growth Plan goals. An administrator with final summative performance rating of “Not Effective” must be supported through an improvement process or dismissed.

The final performance rating is based on evidence from all three model components as described on page 15.

E. Development and Evaluation Activities in the Process

Attachment 7-2

Observations

Observations are planned or informal opportunities for a summative evaluator to gather evidence for evaluation and to provide feedback to an administrator for growth and development. Summative observations are those conducted by a summative evaluator. These may be announced or unannounced and must occur at least once per semester. Summative evaluations should use the Rubric as a guide. These summative observations should be supplemented by formative or informal observations by the summative. Examples of observations to be considered include: co-observation of teachers, teacher evaluation meetings; walkthroughs of the school; staff meetings; special events; parent meetings; goal setting/data meetings; transition periods; arrival, dismissal, and lunch times; etc.

All observations that are to be used as a part of an administrator's summative evaluation must be documented within two weeks of the observation. Summative evaluations are to be debriefed with the observed administrator within three weeks of the observation. At this conference, any documentation of the observation must be shared with the observed administrator.

Self-Assessment

Each fall, prior to the initial conference, and each spring, prior to the year-end conference, and administrator completes the Self-Assessment. Self-assessment should be based on an administrator's thoughtful reflection of their performance in prior years, rather than as a goal for the future. The administrator should identify evidence available to support statements made on the spring self-assessment.

Professional Growth Plan

The Professional Growth Plan is a way for an administrator to set and pursue professional growth goals and plan connected learning activities as part of the annual review cycle. The Professional Growth Plan is intended to:

- Guide individual learning activities throughout the year;
- Empower an administrator to plan his/her own individual professional learning; and
- Ensure that each administrator is making adequate yearly progress towards license renewal, if applicable.

The Professional Growth Plan is developed at the beginning of each year, following the administrator self-assessment, and is reviewed at the initial yearly conference with the summative evaluator.

As part of plan development, an administrator identifies:

- Areas for growth;
- At least one professional goal based on the Performance Standards for Administrator Practice for areas for growth; and

- Activities for professional development, resources needed to meet goals, and evidence that will be used to evaluate goal achievement.

In addition, an administrator identifies activities needed to ensure that s/he is on track for license renewal, if applicable.

Prior to the summative evaluation, an administrator submits a summary of Professional Growth activities for the year to the summative evaluator.

Additional Administrator Documentation

An administrator has the right to provide to the summative evaluator any supplemental documentation in order to address areas of weakness on the rubric or to provide evidence for areas of professional performance that were not otherwise evidenced throughout the year. Preliminary materials may be submitted prior to the Mid-Year conference, in addition to those that may be submitted prior to the Year-End conference.

Conferences

At least three conferences must occur between the administrator and the summative evaluator each year. The first must occur within the first quarter of the school year and should serve primarily as a goal-setting conference, where the self-assessment, School Performance Goals, and the PGP are reviewed. At the mid-year conference, progress towards the School Performance Goals and the PGP are reviewed, as well as areas in which evidence have and have not been gathered for Professional Performance evaluation on the Rubric. The final conference shall follow the Summative Evaluation and serve as a review of the year's growth and performance.

School Performance Goals

Administrators at AA engage in annual goal-setting for school performance. This process involves identifying targets to assess, selecting appropriate local or state-level assessments, identifying baseline levels from which to measure growth, and monitoring progress over the course of the year. The objectives can be set to incorporate both growth and overall performance goals. In addition, the administrator will set goals on important school climate factors such as discipline and attendance rates.

Stakeholder Input

AA conducts an annual stakeholder survey. Administrators are expected to receive positive feedback from parents, students, and teachers. In addition, administrators are expected to use data from the stakeholder input survey to improve practice.

Summative Evaluation

At the end of each year, the summative evaluator conducts a summative evaluation that takes into account Professional Performance, School Performance, and Stakeholder Input. The Professional Performance

dimension is determined using evidence from summative observations, formative and informal observations, progress in the Professional Growth Plan, and additional administrator documentation.

F. Roles in the Process

Administrator

An administrator must demonstrate competencies of professional practice as well as positive impacts on student learning and positive stakeholder relations as part of an evaluation. For this Model, an administrator must

- Demonstrate professional teaching standards evaluated through the Rubric.
- Create and use a Professional Growth Plan annually to support professional growth and development.
- Document Professional Growth activities annually, using the Professional Growth Plan as a guide.
- Create School Performance Goals and monitor student progress towards those goals.
- Review and respond to survey results of stakeholder input annually.
- Complete a self-assessment twice annually and share that assessment with the summative evaluator.

Also, administrators may compile a portfolio of practice and professional growth as evidence for the summative evaluation.

Summative Evaluator

The summative evaluator is a person designated by the Board of Directors to evaluate the administrator. For the Model, a summative evaluator

- Semi-Annually reviews the self-assessment;
- Annually reviews and approves the Professional Growth Plan;
- Annually reviews and approves the School Performance Goals form and associated assessments, and evaluates school performance goal progress and outcomes;
- Documents summative, formative, and informal observations that will be used to evaluate an administrator;
- Meets with an administrator to debrief each of the two summative evaluations;
- Holds at least three annual conferences with an administrator to discuss administrator performance;
- Annually completes the summative evaluation and assigns a final performance rating.

School Board

For the Model, the school board

- Collaborates with the EMO for professional development and evaluation system design, implementation, and revision.

XII. Component One: Professional Performance

E. Component Overview

The professional performance component includes administrator activities that are aligned to the Nevada Administrator Standards and Indicators for Instructional Leadership and Professional Responsibilities.

Instructional Leadership

Standard 1: Creating and Sustaining a Focus on Learning

Indicator 1.1: Administrator engages stakeholders in the development of a vision for high student achievement and college and career readiness, continually reviewing and adapting the vision when appropriate.

Indicator 1.2: Administrator holds teachers and students accountable for learning through regular monitoring of a range of performance data.

Indicator 1.3: Administrator structures opportunities to engage teachers in reflecting on their practice and taking improvement actions to benefit student learning and support professional growth.

Indicator 1.4: Administrator systematically supports teachers' short-term and long-term planning for student learning through a variety of means.

Standard 2: Creating and Sustaining a Culture of Continuous Improvement

Indicator 2.1: Administrator sets clear expectations for teacher performance and student performance and creates a system for consistent monitoring and follow-up on growth and development.

Indicator 2.2: Administrator supports teacher development through quality observation, feedback, coaching, and professional learning structures.

Indicator 2.3: Administrator gathers and analyzes multiple sources of data to monitor and evaluate progress of school learning goals to drive continuous improvement.

Indicator 2.4: Administrator operates with a deep belief that all children can achieve regardless of race, perceived ability and socioeconomic status.

Standard 3: Creating and Sustaining Productive Relationships

Indicator 3.1: Administrator demonstrates a welcoming, respectful, and caring environment and an interest in adults' and students' well-being to create a positive affective experience for all members of the school community

Indicator 3.2: Administrator provides opportunities for extended, productive discourse between the administrator and teachers and among teachers to support decision-making processes.

Indicator 3.3: Administrator structures the school environment to enable collaboration between administrators and teachers and among teachers to further school goals.

Indicator 3.4: Administrator has structures and processes in place to communicate and partner with teachers and parents in support of the school's learning goals.

Standard 4: Creating and Sustaining Structures

Indicator 4.1: Administrator implements systems and processes to align curriculum, instruction, and assessment to state standards and college-readiness standards, continually reviewing and adapting when appropriate.

Indicator 4.2: Administrator develops systems and processes to implement a coherent and clearly articulated curriculum across the entire school, continually reviewing and adapting when appropriate.

Indicator 4.3: Administrator allocates resources effectively, including organizing time, to support learning goals.

Professional Responsibilities

Standard 1: Manages Human Capital

Indicator 1.1: The administrator collects high quality observation data and evidence of teacher practice in a fair and equitable manner, and utilizes the results of evaluations to provide supports to improve performance.

Indicator 1.2: The administrator uses available data, including teacher effectiveness data, to identify, recognize, support, and retain teachers.

Indicator 1.3: The administrator supports the development of teacher leaders and provides leadership opportunities.

Indicator 1.4: The administrator complies with the requirements and expectations of the Nevada Teacher Evaluation Framework.

Standard 2: Self-Reflection and Professional Growth

Indicator 2.1: The administrator seeks out feedback from colleagues and staff, and uses a variety of data to self-reflect on his or her practice.

Indicator 2.2: The administrator seeks opportunities to increase their professional knowledge in an effort to remain current on educational research and evidence-based practices.

Indicator 2.3: The administrator pursues aligned professional learning opportunities to improve his/her instructional leadership across the school community

Standard 3: Professional Obligations

Indicator 3.1: The administrator models and advocates for fair, equitable, and appropriate treatment of all personnel, students, and families.

Indicator 3.2: The administrator models integrity in all interactions with colleagues, staff, students, families, and the community.

Indicator 3.3: The administrator respects the rights of others with regard to confidentiality and dignity, and engages in honest interactions.

Indicator 3.4: The administrator follows policies, regulations, and procedures specific to role and responsibilities.

Standard 4: Family and Community Engagement

Indicator 4.1: The administrator involves families and the community in appropriate policy implementation, program planning, and assessment.

Indicator 4.2: The administrator involves families and community members in the realization of vision and in related school improvement efforts.

Indicator 4.3: The administrator connects students and families to community health, human, and social services as appropriate.

F. Rubric

The Rubric is a rubric used by an administrator and summative evaluator to measure administrator practices against common professional standards. The rubric provides performance levels of practice for each indicator related to Professional Performance described above. The self-assessment and summative assessment use the rubric explicitly when evaluating administrator Professional Performance. Additional activities as a part of the Administrator Evaluation and Improvement process should also use this tool as a guide as an administrator's Professional Performance will ultimately be rated based on the extent to which each of the indicators above can be evidenced.

The Model uses the NEPF rubrics for the entirety of the Professional Performance component, drawing from evidence from all data sources described below.

G. Evidence of Administrator Practice

Evidence gathered by a summative evaluator largely comes from documented observations, whether summative, formative, or informal, that are conducted by the summative evaluator, as well as any supplemental materials submitted by the administrator as a part of the summative evaluation process.

H. Determining the Component Rating for Administrator Practice

To determine a component rating for the administrator practice component, the summative evaluator shall collect all evidence from the year including:

- The documentation from Observations conducted by the summative evaluator;
- The administrator's self-assessments;
- The administrator's Professional Growth activities;
- Supplemental materials submitted by the administrator.

The assigned summative evaluator reviews the body of evidence for the professional performance component of the Model. The evaluator looks for patterns in performance and trends over time and compares evidence to the Rubric. The evaluator interprets the evidence within the context of these

benchmarks to draw conclusions about performance in each of the areas of the Administrator Instructional Leadership and Professional Responsibilities standards and indicators. An overall score for Professional Performance is given on a 0-3 scale, using the rubric and the performance levels below.

- 3 – Highly Effective
- 2 – Effective
- 1 – Marginally/Emerging Effective
- 0 – Not Effective

A holistic approach is used by an assigned summative evaluator to determine a component rating for the administrator practice component. A holistic approach acknowledges that a summative evaluator uses professional judgment when combining evidence from multiple measures into a single rating.

XIII. Component Two: School Performance

C. Component Overview

Positive School Performance data is an important indicator of an effective administrator. A great administrator continually assesses student and teacher achievement and school climate metrics against standards and uses results to modify his/her practice and to intervene when students and teachers struggle.

The Model uses School Performance Goals to measure success in this component.

D. School Performance Goals

School Performance Goals consist of three key parts:

The Goal: a description of the change the administrator wishes to see by the end of the school year;

The Assessment(s): measurement used to determine achievement of the goal;

The Targets: the expected outcome on the assessment(s) by the end of the school year.

Determining Goals

School Performance Goals should be SMART goals that are aligned to the school's workplan goals and/or agreements in the charter. These should include at least one academic achievement goal and at least one school climate goal. Examples of academic achievement goals include: performance on state assessments, performance on local assessments, and proportion of teachers meeting their SLO goals. Examples of school climate goals include: attendance rate, suspension rate, and scores on specific items of the stakeholder input survey.

Attachment 7-9

Determining Assessments

Administrators should choose valid and reliable assessments that are designed for assessing progress towards the School Performance Goals. Examples of assessments include state-mandated assessments, locally developed assessments, attendance data, discipline data, the stakeholder input survey, and SLO documents created by teachers and approved by the administrator.

Setting Targets

In order to determine the expected outcomes based on the identified assessments, it is first necessary to consider the current state of each outcome from baseline data. Data from prior iterations of any of the assessments described above would serve as an appropriate source of baseline data. Baseline data needs to be available for any subpopulation that is the target of a particular goal.

E. Reviewing School Performance Goals

School Performance Goals will be reviewed by a summative evaluator prior to the Initial Conference and collaborative revised, if necessary, between the summative evaluator and the administrator. Progress on the School Performance Goals will be discussed at the Mid-Year Conference.

The Mid-Year Conference is an opportunity for the administrator to submit evidence of current School Performance to the evaluator. This evidence will typically focus on the formative data the administrator has collected to monitor progress towards the goals. Prior to the conference, the evaluator should review the approved Goals and any notes made from the approval process and any submitted student baseline data that was used at the beginning of the year conference.

The purpose of the Mid-Year Conference is to add context to the administrator's observed performance and to enhance discussion of strengths and areas for improvement as they pertain to School Performance. The Mid-Year Conference also allows the supervisor/evaluator to get to know the administrator's methods of monitoring and assessing student progress and will help to support the administrator in efforts to promote school achievement.

Finally, the Mid-Year Conference allows the administrator to show evidence that growth targets need to be adjusted or revised. The will make every effort to support the administrator in these conversations. The evidence and data brought forward should be discussed until mutual understanding is reached.

F. Evaluating SLOs

Prior to the summative evaluation, an administrator will gather final data on outcomes for School Performance Goal targets. Using this data, a summative evaluator will use the following table to determine a final score for the School Performance component of the Model.

Does Not Meet (0)	Partially Meets (1)	Meets (2)	Exceeds (3)
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Based on benchmark data, school performance on the goal was worse than expected.	Based on benchmark data, school performance on the goal was partially as expected.	Based on benchmark data, school performance on the goal was as expected.	Based on benchmark data, school performance on the goal was better than expected.
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XIV. Component Three: Stakeholder Input

F. Component Overview

A key feature of an effective administrator is their positive relationships with teachers, staff, students, and families. Stakeholder input will be evaluated through student, parent, and teacher/staff surveys and through administrator response to survey data.

G. Stakeholder Surveys

Surveys will be distributed to students, parents, and teachers/staff. Student surveys will consist of questions regarding student-administrator relationships, school culture, and student perception of elements of administrator disposition, such as caring. Surveys will be written in a developmentally appropriate manner and will be of an appropriate length. Parent surveys will include questions regarding the parent-administrator relationship and communication efforts. Sample Likert-scale questions are below.

- Student Survey:
 - “My principal cares about me”
 - “I feel like I know my principal well”
 - “When I am at school, I feel safe”
- Parent Survey:
 - “My student feels safe and welcome in the school”
 - “I feel as though the administrator is approachable”
 - “The administrator effectively engages with the community”
- Teacher/Staff Survey:

- “I feel well-supported in my job”
- “The administrator creates a pleasant work environment”
- “I feel as though the administrator is approachable”

H. Administrator Response to Surveys

An administrator is expected to analyze responses to stakeholder input surveys and develop and implement a plan to address any concerns and improve student, parent, and teacher/staff experience.

I. Determining the Component Rating for Student Engagement

The following rubric will be used by the summative evaluator to determine a holistic score on the Stakeholder Input portion of the summative evaluation.

Not Effective (0)	Minimally/Emerging Effective (1)	Effective (2)	Highly Effective (3)
Results from stakeholder input indicates common patterns of concern and consistently negative feedback	Results from stakeholder input indicates some areas of concern and limited positive feedback	Feedback from stakeholder survey are mostly positive	Feedback from stakeholder survey show consistent and above-average positive responses
Administrator does not provide evidence of response to concerns outlined in the stakeholder survey	Administrator provides superficial response to concerns outlined in the stakeholder survey, but little evidence of change in behavior	Administrator effectively analyzes feedback and develops and follows through on a reasonable plan of improvement	Administrator effectively analyzes feedback, develops and follows through on an appropriate plan of improvement, and seeks additional feedback on the plan’s effectiveness

XV. Annual Timeline of Activities

In the Model, each administrator engages in an annual cycle of professional development and improvement. Each year, administrators and summative evaluators follow an ongoing series of annual activities as follows.

Start of Annual Cycle (Target—August-September)

Role	Activity
Administrators	<ul style="list-style-type: none"> • Engage in Self-Assessment • Develop Professional Growth Plan • Develop School Performance Goals
Summative Evaluators	<ul style="list-style-type: none"> • Review and approve administrators’ Professional Growth Plans • Review and approve administrators’ School Performance Goals • Review administrators’ Self-Assessments

First Semester (Target—September-January)

Role	Activity
Administrators	<ul style="list-style-type: none"> • Implement Professional Growth Plans and gather evidence of implementation and outcomes. • Collect and review interim data for School Performance Goals. • Collect additional evidence of administrator practice and student impact.
Summative Evaluators	<ul style="list-style-type: none"> • Conduct, document and debrief one summative evaluation • Conduct and document formative and informal observations

Mid-Year (Target – January)

Role	Activity
Administrators	<ul style="list-style-type: none"> • Collect Mid-year data on School Performance Goals
Summative Evaluator	<ul style="list-style-type: none"> • Conduct Mid-year conference to review progress on School Performance Goals, PGP, and evidence of Professional Performance. Give formative rating on Component I.

Second Semester (Target—February-May)

Role	Activity
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Administrators	<ul style="list-style-type: none"> • Implement Professional Growth Plans and gather evidence of implementation and outcomes. • Collect and review interim data for School Performance Goals. • Collect additional evidence of administrator practice and student impact.
Summative Evaluators	<ul style="list-style-type: none"> • Conduct, document and debrief one summative evaluation • Conduct and document formative and informal observations

End of Annual Cycle (Target—April-May)

Role	Activity
Administrators	<ul style="list-style-type: none"> • Collect and review final data for School Performance Goals. • Review and react to stakeholder input survey data • Gather evidence of progress in Professional Growth Plan • Conduct a self-assessment • Gather and submit additional materials for Component I, if necessary
Summative Evaluators	<ul style="list-style-type: none"> • Review end-of-year results of administrators’ School Performance Goals • Review stakeholder input survey data • Review administrators’ self-assessments • Gather and review evidence, determine component ratings, and calculate summative scores and summative performance rating. Meet with administrators and complete documentation.

XVI. Determining the Final Performance Rating for the Summative Evaluation

For the summative evaluation, the assigned summative evaluator first determines a component rating for each of the three components of the Model—Professional Practice, School Performance, and Stakeholder Input. These three component ratings are then used to numerically calculate a summative score and final

summative performance rating for an administrator. The three ratings are quantified, weighted, and added in order to generate a summative score. Ranges of summative scores then determine the summative performance rating for an administrator. Evaluators use the following process:

5. Assign a numerical value to the component ratings for each of the three model components as noted above.
6. Multiply the numerical value for each component rating by the weight assigned to that component.
 - d. Professional Performance – 70%
 - e. School Performance – 20%
 - f. Stakeholder Input – 10%
7. Add the three resulting products together to determine the summative score.
8. Determine the final performance rating by applying the ranges for summative scores below.

2.50-3.00	Highly Effective
1.50-2.49	Effective
0.50-1.49	Minimally Effective
0.00-0.49	Not Effective

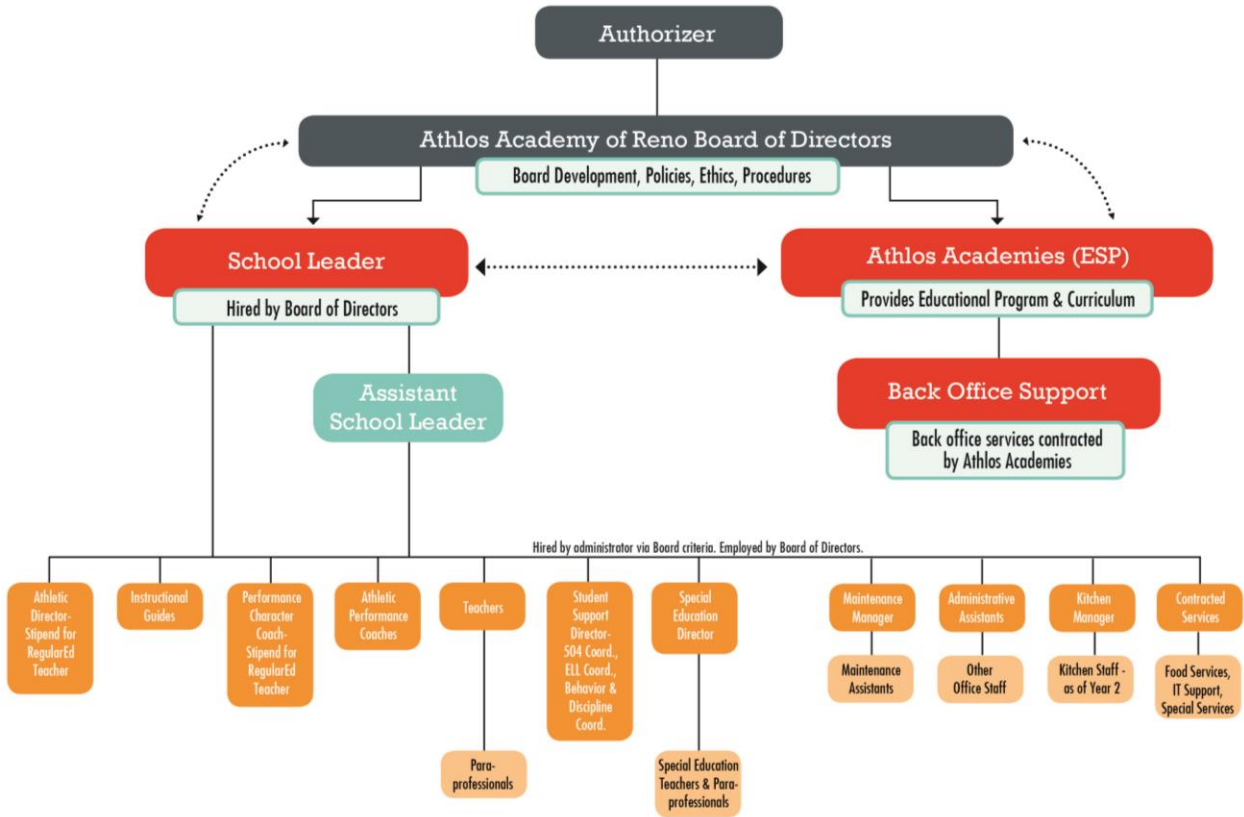
XVII. Professional Growth Plan

Administrators with final performance ratings of Highly Effective, Effective, and Emerging Effective should use the feedback from the summative evaluation to inform the next year's Professional Growth Plan. Administrator with a final performance rating of Minimally Effective shall work with the summative evaluator to determine specific, measurable, actionable deficiencies; available resources provided for improvement; and recommended course of action that will improve performance. Minimally Effective administrators may engage in the Administrator Improvement Process the following year. Administrators rated Not Effective must be given specific, measurable, actionable deficiencies; available resources provided for improvement; and recommended course of action that will improve performance. They also must engage in the Administrator Improvement Process the following year, if they are not dismissed.

Attachment 8: EMO/Network/School Organizational Charts

Athlos Academy of Reno Organizational chart

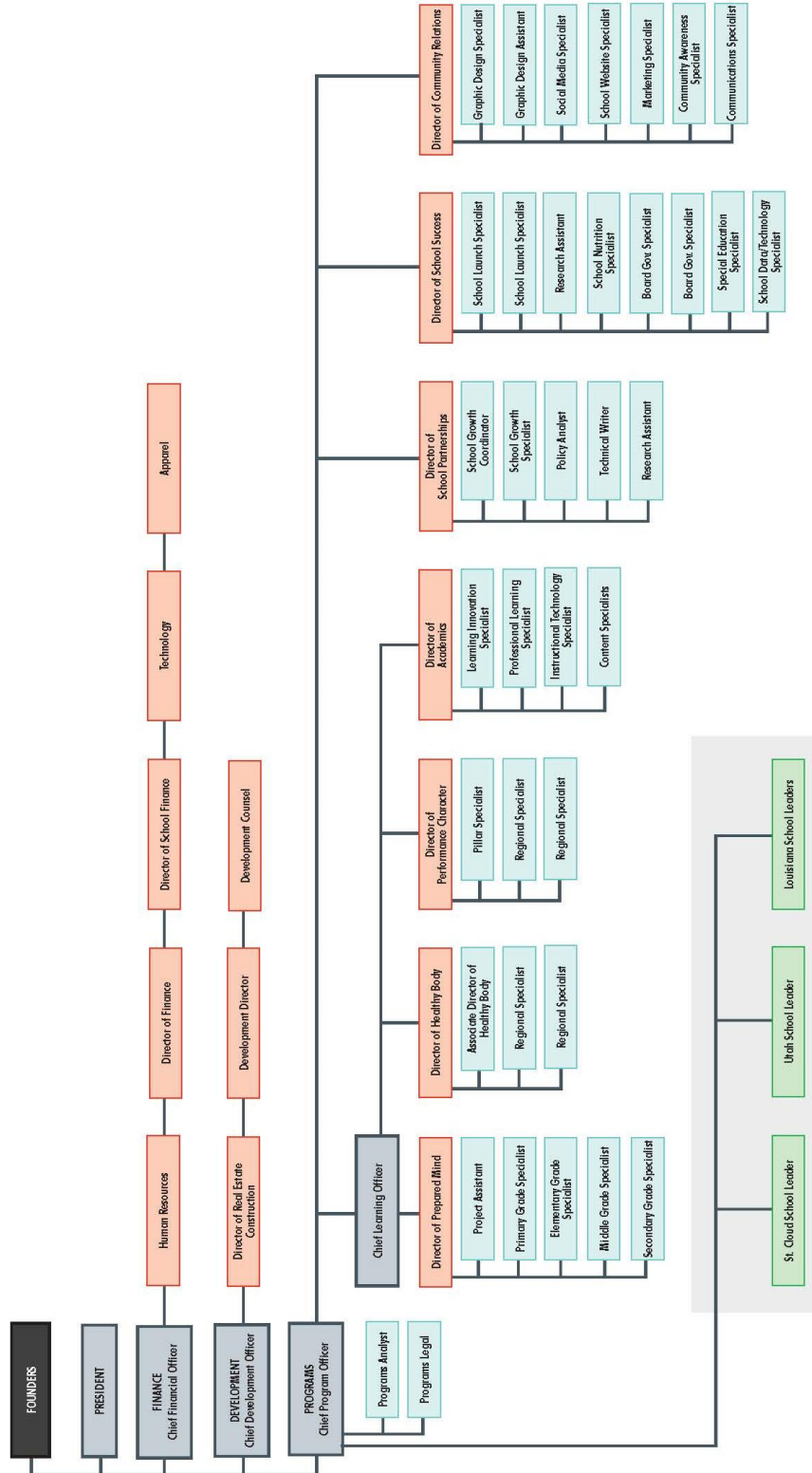
The following organizational chart will apply to Athlos Academy of Reno in its first year and all subsequent years.



Because there is no regional network for Athlos Academies currently, there is no organizational chart.

EMO Organizational Chart (see next page)

Athlos Academies EMO Anticipated Organizational Chart 2017-2018



Attachment 9: Board Member Template

See Excel Document

Attachment 10: Board Member Information Sheets

See PDF

Attachment 10-1

Attachment 11: Board Bylaws, Code of Ethics and Conflict of Interest Policies

The Board of Directors of Athlos Academy of Reno has not yet ratified its bylaws, code of ethics and conflict of interest policies. The policies it adopts will likely be similar to these policies drafted by Athlos Academies.

DRAFT Bylaws of Athlos Academy of Reno

A Nevada Nonprofit Corporation

Board Policy [Insert Policy #]

Approved: [Insert Date]

Revised: _____

I. ORGANIZATION

- A. Anchor Location: The physical location from which an electronic meeting originates or the participants are connected.
- B. Principal Office: The principal office of Athlos Academy of Reno, a Nevada Nonprofit Corporation ("Corporation"), is [insert future address]. The Corporation may have other offices as the Board of Directors may designate or as the business of the Corporation may require.
- C. Powers: The Corporation shall have such powers as are now or may hereafter be granted by the Nevada Nonprofit Corporation Law, or any successor legislation; except that such powers may be exercised only in furtherance of the purposes of the Corporation as stated in its Articles of Incorporation and consistent with its status as a corporation described in Section 501(c)(3) of the Internal Revenue Code.
- D. Registered Office: The registered office of the Corporation required by the law, to be maintained in the State of Nevada, is [insert future address here], and may be changed from time to time by the Board of Directors, or as otherwise provided by the law.
- E. Seal: The organization shall not have a seal, but may design a logo.
- F. Name Change: The organization may, by a two-thirds (2/3) vote of the Board of Directors, change its name.

G. Purpose: The purposes of the Corporation are set forth in the Articles of Incorporation.

II. BOARD OF DIRECTORS

A. General Powers and Standard of Care: The Board of Directors has authority to exercise all corporate powers and manage the business and affairs of the Corporation, except as otherwise provided in Nevada Statute or the Articles.

A Director shall perform his or her duties as a Director, including as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his or her duties, a Director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

1. Officers or employees of the Corporation the Director reasonably believes to be reliable and competent in the matters presented;
2. Legal counsel, public accountants or other persons as to matters that the Director reasonably believes to be within such person's professional or expert competence; or
3. A committee of the Board upon which the Director does not serve as to matters within the committee's designated authority, which committee the Director reasonably believes to merit confidence;

but a Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted. A person who performs these duties of a Director shall have no liability to the Corporation by reason of being or having been a Director of the Corporation.

B. Presumption of Assent: A Director of the Corporation who is present at a meeting of the Board of Directors at which any action on any corporate matter is taken is presumed to have assented to the action unless the Director's dissent is entered in the minutes of the meeting or unless the Director files his or her written dissent to the action with the Secretary of the meeting before adjournment of the meeting or forwards the dissent by certified or registered mail to the Secretary of the Corporation within three (3) days after the adjournment of the meeting. The right to dissent shall not apply to a Director who voted in favor of the action.

- C. Number, Election, and Qualification of Directors: The Board of Directors shall consist of no fewer than seven (7) members, with the exact number fixed pursuant to resolutions adopted by the Board of Directors. Each Director shall serve a term of three years. The names and addresses of the members of the first Board of Directors have been stated in the Articles. The initial Directors shall hold office until the third annual meeting of the Board of Directors and until their successors are elected and qualified. At the third annual meeting of the Board of Directors, the existing Directors shall elect Directors to hold office for a three-year term ending on the third annual meeting of the Board of Directors after each new Director is elected, and the Board of Directors shall be elected in a like manner every third year thereafter. Each Director will hold office for the term for which he or she is elected and until his or her successor is elected and qualified. Directors need not be residents of the State of Nevada.
- D. Vacancies: Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Directors. A Director elected to fill a vacancy is elected for the unexpired term of the Director's predecessor in office. Any directorship to be filled by reason of an increase in the number of Directors may be filled by the Board of Directors for a term of office continuing only until the next regular election of Directors.
- E. Removal of Directors: At a meeting of the Board of Directors called expressly for that purpose, any director may be removed with cause by a vote of a majority of the Directors then in office. Any Director may be removed at such a meeting without cause by a vote of two-thirds of the Directors then in office.
- F. Committees of the Board of Directors:
1. Membership: The Board of Directors, by resolution adopted by the Directors then in office, may designate and appoint one or more Director committees, each of which shall consist of two or more Directors.
 2. Authority: Director committees, to the extent provided in the resolution establishing the committee, will have and exercise the authority of the Board of Directors in the management of the Corporation; provided, however, that no Director committee may have the authority of the Board of Directors in reference to (i) authorize distributions, (ii) approve dissolution, merger or the sale, pledge or transfer of all or substantially all of the Corporation's assets, (iii) elect, appoint or remove directors or fill vacancies on the Board of Directors or on any of its committees, or (iv)

adopt, amend or repeal the Articles or these Bylaws. The designation and appointment of any committee and the delegation of authority to a committee does not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on the Board of Directors, or any individual Director.

3. Tenure: Each member of a committee will continue as such until the next annual meeting of the Board of Directors of the Corporation and until a successor is appointed unless (i) the committee is sooner terminated, (ii) the member is removed from the committee, or (iii) the member ceases to qualify as a member of the committee.
 4. Chairperson: The Board of Directors will appoint one member of each committee as chairperson.
 5. Vacancies: Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.
 6. Resignation: Any committee member may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Corporation. Unless otherwise specified in the notice of resignation, the resignation takes effect upon receipt. Acceptance of the resignation is not necessary to make the resignation effective.
 7. Removal: The Board of Directors may remove a member with or without cause.
- G. Compensation: No Director or committee member may receive a salary or compensation for services in that capacity. Directors or committee members may be reimbursed for actual expenses incurred in the performance of services as a Director or committee member. This provision does not preclude any Director from serving the Corporation in any other capacity and receiving compensation for services rendered in that capacity.
- H. Director Conflicts of Interest: The Board of Directors shall adopt a Conflicts of Interest Policy. In addition to that policy, any Director who has an interest in a contract or other transaction presented to the Board or a committee for authorization, approval, or ratification must promptly and fully disclose his or her interest to the Board or committee prior to its acting on the contract or transaction. The disclosure shall include any relevant and material facts known to the Director about the contract or transaction that might reasonably be construed to be adverse to the Corporation's interest.

No Director may cast a vote on any matter that has a direct bearing on services to be provided by that Director, or any organization that he or she represents or that he or she has an ownership interest in

Attachment 11-4

or is otherwise interested in or affiliated with, which will directly or indirectly financially benefit the Director.

- I. Loans to Directors: The Corporation shall not lend money to or use its credit to assist its Directors or Officers.
- J. Liability of Directors for Wrongful Distribution of Assets: In addition to any other liabilities imposed by law upon the Directors of the Corporation, the Directors who vote for or assent to any distribution of assets, other than in payment of its debts, when the Corporation is insolvent or when the distribution will render the Corporation insolvent, or during the liquidation of the Corporation without the payment and discharge of or making adequate provisions for all known debts, obligations and liabilities of the Corporation, shall be jointly and severally liable to the Corporation for the value of the assets that are distributed, to the extent that debts, obligations and liabilities of the Corporation are not paid and discharged.

A Director is not liable under this section if, in the exercise of ordinary care, the Director relied and acted in good faith upon written financial statements of the Corporation represented to Director to be correct by an officer of the Corporation having charge of its books of account, or certified by an independent licensed or certified public accountant or firm of accountants to reflect fairly the financial condition of the Corporation, nor shall the Director be liable if, in the exercise of ordinary care and good faith, in determining the amount available for a distribution, the Director considered the assets to be equal to their book value.

A Director is not liable under this section, if, in the exercise of ordinary care, the Director acted in good faith and in reliance upon the written opinion of an attorney for the Corporation.

A Director against whom a claim is asserted under this section and who is held liable is entitled to contribution from the persons who accepted or received the distribution knowing the distribution was made in violation of this section, in proportion to the amounts received by them respectively.

III. BOARD MEETINGS

- A. Directors' and Committee Meetings: Meetings of the Board of Directors, regular, emergency or closed, or meetings of any committee, may be held in or out of the State of Nevada in accordance with [insert statute]. Unless otherwise specified in this section or in the notice for the meeting, all meetings will be held at the anchor location.

- B. Notice of Regular Meetings: Public bodies must be given written notice of the dates, times, and locations of all regularly scheduled meetings at the beginning of each calendar year [insert statute]. Except as otherwise provided in this section, regular meetings of the Board of Directors or any committee may be called by or at the request of the President, any Director or the chair of a committee, as the case may be, upon notice given to all other Directors or committee members, as the case may be, at least three business days before the meeting. Public notice must be posted not less than 24 hours before the meeting, noting the agenda, location, date, and time on the [insert location for posting as per Board's decision], at the anchor location, and after providing notice to a newspaper or local media correspondent [insert statute]. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than the resolution.

The attendance at or participation of a Director or committee member in any meeting constitutes a waiver of notice of the meeting, except where a Director or committee member attends or participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Neither the business to be transacted at, nor the purpose of, any regular meeting of the Board of Directors or any committee need be specified in the notice for the meeting.

- C. Notice of Emergency Meetings: Emergency meetings of the Board of Directors or any committee may be called by or at the request of the President, any Director or the chair of a committee, as the case may be, upon notice given to all other Directors, committee members, as the case may be, and the public not less than 24 hours before the meeting, noting the agenda, date, time, and location.
- D. Quorum and Voting Requirements: A simple majority of the number of Directors constitutes a quorum for the transaction of business at Board of Directors meetings. The act of the majority of the Directors present at a meeting at which a quorum exists is the act of the Board of Directors. A majority of the number of committee members fixed and appointed by the Board of Directors or the President, as the case may be, constitutes a quorum for the transaction of business at a meeting of the committee. The act of the majority of the committee members present at a meeting at which a quorum exists is the act of the committee.
- E. Action Without Meeting: Any action required by the State of Nevada to be taken at a meeting of the Board of Directors, or any action that may be taken at a meeting of the Directors or of a committee,

may be taken without a meeting if a consent in writing, setting forth the actions so taken, is signed by all of the Directors, or all of the members of the committee, as the case may be. The consent has the same effect as a unanimous vote. Action may only be taken on items listed in the published agenda.

- F. Telephone and Electronic Meetings: Directors may participate in a meeting through use of conference telephone, electronic video communication, or other electronic transmission so long as all of the following apply:
1. Public notice of the electronic meeting has been given stating the location of the anchor location.
 2. Public participation shall be maintained by one Director present at the anchor location.
 3. Each director participating in the meeting can communicate with all of the other directors concurrently, and
 4. Each director is provided with the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.
- G. Advisory Council: The Board of Directors, from time to time and in its discretion, may invite or appoint interested persons to a volunteer advisory council of the Board of Directors. Volunteer members of the advisory council will serve at the pleasure of the Board and will not vote, or have a vote, on any Board action. Advisory council members will be chosen or invited based on their interest in the Corporation's purposes and their expertise or ability to advise the Board of Directors on matters related to the Corporation's purpose.

IV. OFFICERS

- A. Number: The officers of the Corporation will consist of a President, Vice President, Secretary, and Treasurer. The Board of Directors will elect the officers. The Board of Directors may elect or appoint other officers or assistant officers in the Board's discretion. Any two (2) or more offices may be held by the same person except the offices of President and Secretary.
- B. Election and Term of Office: The Board of Directors will elect the officers of the Corporation annually at the annual meeting of the Board of Directors. If the election of officers is not held at the annual meeting, the Board of Directors shall hold the election shall as soon as practicable after the annual

meeting. Each officer will hold office until a successor is duly elected and qualified, until the officer's death, or until the officer resigns or is removed.

- C. Removal: The Board of Directors may remove any officer or agent whenever, in its judgment, the best interests of the Corporation will be served by removal. Any such removal shall not prejudice the contract rights, if any, of the officer or agent removed. Election or appointment of an officer or agent does not of itself create contract rights.
- D. Vacancies: The Board of Directors may fill a vacancy in any office because of death, resignation, removal, disqualification or otherwise for the unexpired portion of the term.
- E. President: The President is the principal executive officer of the Corporation and, subject to the control of the Board of Directors, will in general supervise and control all of the business and affairs of the Corporation. The President presides at all meetings of the members of the Board of Directors. The President may sign, with the Secretary or any other officer authorized by the Board of Directors, any promissory notes, deeds, mortgages, leases, contracts, or other instruments that the Board of Directors has authorized for execution, except in the cases where the signing and execution is expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or is required by law to be otherwise signed or executed. The President will co-sign all checks or other deposit account withdrawals in excess of five thousand dollars (\$5,000.00) and, in general, will perform all duties incident to the office of President and any other duties as the Board of Directors may prescribe from time to time.
- F. Vice President: In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice President will perform the duties of the President. When so acting, the Vice President has all the powers of and is subject to all the restrictions on the President. The Vice President will perform other duties as the President or the Board of Directors may assign.
- G. Secretary: The Secretary will attend all meetings of the Board of Directors and will prepare and maintain minutes of those meetings. The Secretary has custody of and shall protect all executed deeds, leases, agreements and other legal documents and records to which the Corporation is a party or by

which it is legally affected. The Secretary will, in general, perform all duties incident to the office of Secretary and any other duties assigned to the Secretary by the President or the Board of Directors.

- H. Treasurer: The Treasurer is the principal financial officer of the Corporation and has charge and custody of and is responsible for all funds of the Corporation. The Treasurer will sign all checks and promissory notes of the Corporation and will receive and give receipts for moneys due and payable to the Corporation from any source and deposit all moneys in the name of the Corporation in banks, trust companies or other depositories as selected by the Board of Directors. The Treasurer will keep or cause to be kept, adequate and correct accounts of the Corporation, including accounts of its assets, liabilities, receipts and disbursements. The Treasurer will submit to the Board of Directors and the President, when required, statements of the financial affairs of the Corporation. The Treasurer will, in general, perform all financial duties incident to the office of Treasurer and any other duties assigned to the Treasurer by the President or the Board of Directors.
- I. Officer Conflict of Interest: Any officer who has an interest in a contract or other transaction presented to the Board or a committee for authorization, approval, or ratification shall make a prompt and full disclosure of his or her interest to the Board or committee prior to its acting on the contract or transaction. The disclosure must include any relevant and material facts known to the officer about the contract or transaction that might reasonably be construed to be adverse to the Corporation's interest.

V. STAFF

- A. Employment: The Board of Directors has authority to employ an Executive Director and any other staff as the Corporation may reasonably require from time to time.
- B. Terms of Employment: The Board of Directors must approve all compensation paid to a staff person. Compensation for staff personnel must be reasonable and will be based on the following factors:
 1. The amount and type of compensation received by others in similar positions;
 2. The compensation levels paid in our particular geographic community;
 3. The amount of time the individual spends carrying out the duties of his or her position;
 4. The expertise and other pertinent background of the individual;
 5. The size and complexity of the organization; and

6. The need of the organization for the services of the particular individual.

The terms and conditions of employment of the staff may be set forth in a written contract approved by the Board of Directors and signed by the Corporation and the staff person.

- C. Staff Conflict of Interest: Any staff person who has an interest in a contract or other transaction presented to the Board or a committee for authorization, approval, or ratification shall make a prompt and full disclosure of his or her interest to the Board or committee prior to its acting on the contract or transaction. This disclosure must include any relevant and material facts known to the person about the contract or transaction that might reasonably be construed to be adverse to the Corporation's interest.

VI. MISCELLANEOUS

- A. Indemnification of Officers, Directors, Employees, and Agents: The Corporation may indemnify Directors, officers, employees, and agents of the Corporation to the extent permitted by, and in accordance with the law. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation against any liability asserted against the person or incurred by the person in any such capacity or arising out of the person's status as a Director, officer, employee or agent.
- B. Books and Records: The Corporation shall keep and maintain, at its registered office or principal place of business:
1. Correct and complete books and records of account;
 2. Minutes of the proceedings of its Board of Directors and committees; and
 3. A record of the names and addresses of all members of the Board of Directors.

Any books, records and minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

- C. Loans: No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

- D. Contracts: The Board of Directors may authorize any officer or officer's agent or agents of the Corporation, in addition to the officers authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.
- E. Checks, Drafts, etc.: All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by the officer or officer's agent or agents of the Corporation as provided for in these Bylaws or in the manner determined by the Board of Director.
- F. Deposits: All funds of the Corporation not otherwise employed shall be deposited to the credit of the Corporation in the banks, trust companies, or other depositories selected by the Board of Directors.
- G. Gifts: The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes of or for any special purpose of the Corporation.
- H. Annual Financial Statements: The officers of the Corporation shall cause a balance sheet as of the closing date of the last fiscal year, together with a statement of income and expenditures for the year ending on that date, to be prepared and presented to the Directors at each annual meeting of the Board of Directors of the Corporation.
- I. Fiscal Year: The fiscal year of the Corporation begins on the first day of July and ends on the last day of June each year, except that the first fiscal year will begin on the date of incorporation.
- J. Regulation of Internal Affairs: The internal affairs of the Corporation are regulated as set forth in these Bylaws to the extent that these Bylaws are lawful.
- K. Electronic Transmissions: Subject to any guidelines and procedures that the Board of Directors may adopt from time to time, the terms "written" and "in writing" as used in these Bylaws include any form of recorded message capable of comprehension by ordinary visual means, that is suitable for the receipt, retention, retrieval, and reproduction of information by the recipient, whether by facsimile, texting, email, or other electronic transmissions.

L. Amendments: These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors of the Corporation at any regular or special meeting. In all cases, these Bylaws shall be compliant with Nevada and federal statutes and rules governing charter schools. In cases of any current or future conflict, the statute or rule shall govern.

The undersigned, being the Acting Secretary of the Corporation, does hereby certify that the foregoing Bylaws were duly adopted as the official Bylaws of the Corporation by unanimous consent of the Directors of the Corporation on _____.

Name



I. PURPOSE

The purpose of this policy is to assist Athlos Academy’s school board (“Governing Board) members in understanding the role of individual board members and the contribution that each member must make to develop an effective, ethical, and responsible Governing Board.

II. POLICY

A. AS A MEMBER OF THE GOVERNING BOARD I WILL:

1. Attend Governing Board meetings prepared for discussion of the agenda items.
2. Listen to the opinions of others.
3. Appreciate the merit of their work.
4. Vote my conscience after informed discussion, unless I abstain because a conflict of interest exists.
5. Be motivated only by a desire to serve the students of my school.
6. Attempt to inform myself on the proper duties and functions of a Governing Board member.

B. IN PERFORMING THE PROPER FUNCTIONS OF A GOVERNING BOARD MEMBER I WILL:

1. Spend adequate time in Governing Board meetings on educational policies.
2. Remember the legal responsibility that is mine is to establish policy—not to implement policy.
3. Consider myself a trustee of public education and do my best to protect, conserve, and advance its progress.
4. Work through the administration employees of the Governing Board—not over or around them.
5. Recognize that it is my responsibility, together with other Governing Board members, to see that the school is properly run, not to run it myself.

C. TO MAINTAIN RELATIONS WITH OTHER MEMBERS OF THE GOVERNING BOARD I WILL:

1. Respect the right of others to have and express opinions.
2. Recognize that authority rests with the Governing Board in legal session—not with the individual

members of the Governing Board except as authorized by law.

3. Make no disparaging remarks, in or out of Governing Board meetings, about other members of the Governing Board or their opinions.
4. Recognize that to promise in advance of a meeting how I will vote on any proposition is to close my mind and agree not to think through other points of view which may be presented to the meeting.
5. Make decisions in Governing Board meetings only after all sides of debatable questions have been presented.
6. Insist that special committees be appointed to serve only in an advisory capacity to the Governing Board.

D. IN MEETING MY RESPONSIBILITIES TO MY COMMUNITY I WILL:

1. Attempt to appraise both the present and future educational needs of the school.
2. Attempt to obtain adequate financial support for the school program.
3. Interpret the needs and attitudes of the community and do my best to translate them into the educational program of the school.
4. Insist that business transactions of the school be on an ethical, open, and above board basis.
5. Avoid conflicts of interest and refrain from using my Governing Board position for personal gain.

E. IN WORKING WITH THE LEAD SCHOOL ADMINISTRATOR AND SCHOOL STAFF I WILL:

1. Hold the Lead School Administrator responsible for the administration of the school.
2. Give the Lead School Administrator authority commensurate with the responsibility.
3. Assure that the school will be administered by the best professional personnel available.
4. Participate in Governing Board action after considering the recommendation of the Lead School Administrator and only after the Lead School Administrator has furnished adequate information supporting the recommendation.
5. Insist the Lead School Administrator keep the Governing Board adequately informed.
6. Delegate details of Governing Board action to the Lead School Administrator.
7. Give the Lead School Administrator counsel and advice.
8. Recognize the status of the Lead School Administrator as an ex officio member of the Governing

Board.

9. Refer all complaints to the proper administrative officer or insist that they be presented in writing to the whole Governing Board for proper referral.
10. Present any personal criticisms of employees to the Lead School Administrator.
11. Provide support for the Lead School Administrator and employees of the school so they may perform their proper functions on a professional level.

F. IN FULFILLING MY LEGAL OBLIGATIONS AS A GOVERNING BOARD MEMBER I WILL:

1. Comply with all federal, state and local laws relating to my role as a Governing Board member.
2. Comply with all school policies as adopted by the Governing Board.
3. Abide by all rules and regulations as promulgated by the State of Nevada and the Nevada State Charter School Authority and other federal and state agencies with jurisdiction over schools.
4. Take no private action that will compromise the Governing Board or school administration.
5. Recognize that school business may be legally transacted only in an open meeting of the Governing Board.

Section II: CODE OF ETHICS POLICY AGREEMENT

I, _____, understand that as a member of the Athlos Academy Governing Board, I have a legal and moral responsibility to ensure that the organization does the best work possible in pursuit of its goals. I believe in the purpose and the mission of the school, and I will act responsibly and prudently as its steward. I will avoid being placed in a position of conflict of interest and will refrain from using my board position for personal gain. I pledge to take no private action that will compromise the Governing Board or school and I will respect the confidentiality of information that is privileged under applicable laws. I have read, understand, and am willing to comply with the roles and responsibilities of Governing Board members.

Signed

Dated

Conflict of Interest Policy

For Officers and Board Members of a Committee with Board Authority

Article I – Purpose

1. The purpose of this Board conflict of interest policy is to protect the interests of the Nevada Nonprofit when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or member, or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II – Definitions

1. Interested person – any principal officer or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. Financial interest – A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the Nevada Nonprofit has a transaction or arrangement,
 - b. A compensation arrangement with any entity or individual with which the Nevada nonprofit has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity of individual with which the Nevada Nonprofit is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

Article III – Procedures

1. Duty to Disclose – In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board or Executive Committee.
2. Recusal of Self – Any member may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

3. Determining Whether a Conflict of Interest Exists – After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.
4. Procedures for Addressing the Conflict of Interest
 - a. An interested person may make a presentation at the Board or Executive Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The Chairperson of the Board or Executive Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board or Executive Committee shall determine whether the nonprofit can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Executive Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the nonprofit's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
5. Violations of the Conflicts of Interest Policy
 - a. If the Board or Executive Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or Executive Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV – Records of Proceedings

The minutes of the Board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or Executive Committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the

proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V – Compensation

- a. A voting member of the Board who receives compensation, directly or indirectly, from the nonprofit for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the nonprofit for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the nonprofit, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI – Periodic Reviews

To ensure the nonprofit operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.
- b. Whether partnership, joint, ventures, and arrangements with management organizations, if any, conform to the nonprofit's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

Article VII – Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the nonprofit may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Attachment 12: Incubation Year Planning Table

<i>2016-2017 Planning Year Milestones (SMART Goals) by Work Stream</i>	Activity	Key Personnel	Milestone Date(s)
<i>INSTRUCTION</i>	Review Curriculum, School Structures, Beliefs and Strategies and Extracurriculars	Academic Success Committee	February
	Assessment Plan Development	Academic Success Committee	March
	Review Teacher Professional Development Calendar	Academic Success Committee	March
	Review Report Card Structures	Academic Success Committee	April
<i>TALENT</i>	Approve School Leader Management policy, School Leader Job Description, School Leader Evaluation Process, Student handbook, Uniform Policy	Board	November
	Approve Employee Handbook	Board	January
	Interview School Leader	Board	January
	Endorse School Leader – Appoint to all committees	Board/School Leader	February
	Teacher Hire Approval	Board/School Leader	April-June
	<i>OPERATIONS</i>	Determine Facilities Committee and Chair	Board
Review Floor Plan		Facilities Committee	August
Meet Athlos Academy Construction Manager		Facilities Committee, Athlos Academies	September
Final Furniture and Color Palette Choices		Facilities Committee	October

	Update with Athlos Construction Manager, Final Signage Choices	Facilities Committee	November
	Review Security Features	Facilities Committee	March
	Meet with Nutrition Specialist to Discuss Food Service Operations	Academic Success Committee	March
	Keying Schedule	Facilities Committee	May
<i>TECHNOLOGY</i>	Develop High-Level Technology Infrastructure Plan	Facilities Committee	September
	Review Technology selections and school's 5-year technology plan	Facilities Committee	January
	Review Volunteer Tracking System	Facilities Committee	March
<i>FINANCE</i>	Review Directors and Officers Insurance Quote	Board	Prior to SPCSA approval
	Determine Finance committee members and chairs	Board	Prior to SPCSA approval
	Create school bank account	Board	September
	Meet Athlos Academies Director of Finance	Board/Finance Committee	September
	Review grant opportunities	Board/Finance Committee	September
	Review staffing plan and employee benefits package	Board/Finance Committee	November
	Review short-term lease of space	Board	January
	Review staff and teacher offer letter	Board	January
	Review and approve workers' compensation quote	Finance Committee	January

*PARENT & COMMUNITY
ENGAGEMENT*

Choose internet access provider	Board & Athlos Academies	January
Purchasing, Hiring, and Existing Budget Review	Board	February
School Leader On-Boarded (Including Technology Ordered)	Board	February
Annual budget revision	Finance committee	March
Prepare to hire registrar	Finance committee/Board	March
Final Review of Annual Budget – Prepare to Recommend to Full Board	Finance committee	April
Determine Recruitment and Academic Success Committee members	Board	Prior to approval
Deliver Recruitment Kit	Athlos Academies	August
Meet Athlos Director of Community Relations	Board/Athlos Academies	September
Develop a Community Relations Plan	Recruitment Committee	September
Host a Parent Meeting	Recruitment Committee	September, October, November, January & February
Begin “Chalk Talks,” office hours and parent update meetings	Recruitment Committee	March
Review Next Wave of Marketing Plans	Recruitment Committee	April
Begin Introductions of the School “Team”	Recruitment Committee	April
Begin Promoting Decisions as Board Makes Them (ex. Schedules, Curriculum, etc.)	Recruitment Committee	April

SCHOOL SYSTEMS & CULTURE

Host Parent/Marketing events	Recruitment Committee	April, May and June
Host a Registration Event	Recruitment Committee	June
Approve School Bylaws, Articles of Incorporation, MSA, Enrollment Policy, 1023 submission Conflict of Interest Policy Reaffirm Officers, Committees, and Terms	Board	August
Review School website	Board	August
Approve Line of Credit, Identify Signatories, Approve Grant Submissions, Enrollment/Lottery Plan and Startup Budget	Board	September
Approve Succession Plan	Board	October
Approve Grant Writing/Fundraising Policy, Facilities Use Policy, Internet Access, Review Staff and Teacher Offer Letter	Board	February
Approve School Year Calendar and Daily Schedule	Board	March
Approve Extracurricular Sports Plan, After Care Plan	Board	April
Approve Annual Budget, PTO Policy, Transportation Plans/ Contracts (if needed), Breakfast and Lunch Program	Board	May
Approve Crisis Management Plan, Student Recognition Plan, Approve Workplan	Board	June
<i>OTHER</i> 1023 Form Review with Independent Counsel	Board	August

Board Succession Training	Board, Athlos Academies	September, October
New Board Member Orientation	Board, Athlos Academies	October
Conduct Mid-Year Board Self-Assessment Survey	Board	November
Board Strategic Planning Overview	Board	February
Board Governance vs. Management Training	Board, Athlos Academies	May
Grand Opening	ALL	August

Attachment 13: EMO Agreement Documentation

Draft Terms Sheet

Duties of the Provider

a) **PRE-CHARTER APPROVAL**

- i) Charter School Application. Assistance with the preparation, review and submission of a charter application to authorizer and process approval;
- ii) Program Materials. Provide marketing materials, including brochures, presentation materials, and information packages regarding the Athlos Program;
- iii) Board of Director Training. Provide Board of Director training including
 - (1) Board governance matters
 - (2) Board preparation for the charter application interviews;
 - (3) Development of Board policies and procedures;
- iv) Entity Formation. Assist with entity formation and licensing;
- v) Facility Solution. Site Selection and Pre-development work.

b) **POST-CHARTER APPROVAL.**

- i) Facility Construction. Manage the site pre-development and Construction work.
- ii) Initial Enrollment. Community outreach and marketing support for various marketing campaigns for the purpose of student enrollment at each School; these services, which will be provided and/ or funded by Provider, may include the following:
 - (1) Temporary marketing signs at the construction site;
 - (2) Marketing through neighborhood meetings, newspaper and digital advertising, billboards, radio spots, and community outreach for the purpose of student enrollment;
 - (3) Assistance with enrollment processing;
 - (4) Financial Services and Reporting. Provide back-office and accounting services, including payroll, accounts receivable, accounts payable, and other necessary accounting functions; provided, however, Provider shall provide full disclosure and access to such records as Organization may reasonably require.
- iii) Branding.
 - (1) Provide brand guide and logos;
 - (2) Provide internal school signs and gym logos;
- iv) Traffic Management. Provide training related to traffic management software, and managing student drop-off and pick-up;

- v) School Policies. Provide initial drafts of written policies relating to curriculum and other educational matters, compliance, employment, operations, and relations between the School and students/parents;
- vi) Personnel and Training:
 - (1) School Personnel Recruitment. Assistance with the recruitment of candidates for the school through various activities. However, the Board shall retain ultimate authority with respect to any personnel decisions, including, without limitation, the authority to determine criteria for hiring, compensation, discipline and dismissal.
 - (2) Instructional Leaders. Assistance with the recruitment of candidates for instructional leaders/coaches through various activities. However, the Board shall retain ultimate authority with respect to any personnel decisions, including, without limitation, the authority to determine criteria for hiring, compensation, discipline and dismissal.
 - (3) Employment of School Leaders. Provider shall be responsible for recruiting and employing the school Education Leader and the school Operation Leader (“School Leaders”). Provider shall be reimbursed for the costs of these employees.
 - (4) Healthy Body Program. Assistance with the recruitment of candidates for the Sports Performance Program; however, the Board shall retain final authority with respect to any personnel decisions, including, without limitation, the authority to determine criteria for hiring, compensation, discipline and dismissal.
- vii) Technology.
 - (1) Website. Provide Organization with the School’s website platform.
 - (2) Email. Assist Organization with acquiring a domain for its email addresses.
 - (3) Social Media. Assist Organization in developing the School’s social media accounts.
 - (4) Student Information System: Set up the School and provide access to the Student Information System that Provider uses. Provider shall be reimbursed for the costs of the Student Information System.
 - (5) Learning Management System: Set up the School and provide access to the Learning Management System that Provider uses. Provider shall be reimbursed for the costs of the Learning Management System.
- viii) School Opening. Assistance with the following:
 - (1) Groundbreaking Ceremony. Assist with planning a community groundbreaking event on school site.
 - (2) Open House. Assist with initial open house and ribbon cutting;
 - (3) Parent’s Night. Assist with training and assistance with Parent’s Night

c) **ON-GOING EDUCATION SERVICES.**

- i) Facility Expansion. Assistance with preparation for any future school expansion to accommodate school growth, pursuant to terms and conditions acceptable to Organization and Provider;
- ii) Ongoing Enrollment. Consultation and assistance with the creation and review of marketing materials, as well the recruitment plan and support, for the purpose of ongoing student enrollment and retention;
- iii) Athlos Program. Provide a Health Body, Prepared Mind, and Performance Character curriculum (collectively, “**Athlos Program**”);
 - (1) Provide onsite Athlos Program training and consulting;
 - (2) Ensure alignment with State standards;
 - (3) Athletic Curriculum.
 - (a) Athletic Performance Coach Training;
 - (b) Ongoing Athletic Performance Coach training;
- iv) Athlos Employees. Provider will employ the following School Leaders to provide continual education and administrative support. Provider shall be reimbursed for the costs of these employees.
 - (1) Education School Leader
 - (2) Operations School Leader
- v) Athlos Tools. Access to Athlos Tools, which provides a platform for student assessment, data collection, and curricular resources.
- vi) Website. Annual website renewal and assistance with website content.
- vii) Social Media. Social Media content training.
 - i. Student Information System: Provide access and ongoing training to the Student Information System that Provider uses. Provider shall be reimbursed for the costs of the Student Information System.
- viii) Learning Management System: Provide access and ongoing training to the Learning Management System that Provider uses. Provider shall be reimbursed for the costs of the Learning Management System.
- ix) Traffic Management. Ongoing assistance with traffic management.
- x) Training. Ongoing support including and related to:
 - (1) Coordinate professional development training of the School, including initial and ongoing training for the Athlos Curriculum for use by school personnel;
 - (2) Provide professional development tools and materials for the Athlos Curriculum;
 - (3) Assist with professional learning community implementation;
 - (4) Assist with teacher and school leader support and development;
 - (5) Host leadership workshops for school leaders and board members to attend (Athlos Institutes);
 - (6) Assist with community/parent events and engagement.

- xi) Board of Director Reporting. Create and provide on a monthly basis reports on implementation progress, key deliverable dates, timelines, and assess performance of both Parties.
- xii) Educational Material. Assist with the textbooks, educational material and curriculum selection;
- xiii) After-School Programs. Assist Organization with the set up and launch of the initial after-school programs (if adopted by the School) and providing guidance as requested by Organization;
- xiv) Performance Assessment Plan. Assist Organization with developing and implementing a student performance assessment plan;
- xv) School Support Forms. Assist in the development and refinement of school support forms relating to school operations (such as enrollment forms, parent surveys, staff evaluation forms, and other office forms);
- xvi) School Uniforms.
 - (1) Provide approved Athlos school uniforms for the sale/distribution to students;
 - (2) Provide approved Athlos gym wear for the sale/distribution to students;
- xvii) Preferred Purchasing. Provide business contacts that may permit the Organization preferred access to sports products, apparel and equipment with industry leading brands;
- xviii) Financial Services and Reporting. Provide back-office and accounting services, including payroll, accounts receivable, accounts payable, and other necessary accounting functions; provided, however, Provider shall provide full disclosure and access to such records as Organization may reasonably require.

Duties of the Organization

Organization shall be responsible for the following:

- a) Conduct and attend monthly Board of Director's meeting;
- b) Adopt and review school policies
- c) Allow Provider access to school assessment and data records that enable Provider to assess performance of the school and program performance, in accordance with Applicable Law.

Draft Master Service Agreement between Athlos Academies and Athlos Academy of Reno

MASTER SCHOOL SERVICES AGREEMENT

THIS MASTER SCHOOL SERVICES AGREEMENT (this “**Agreement**”) is made as of this ____ day of _____, 2016, by and between School Model Support LLC, an Idaho limited liability organization, dba Athlos Academies, (“**Provider**”), and _____, a Nevada non-profit corporation, dba Athlos Academy of _____ (“**Organization**”).

WITNESSETH:

WHEREAS, upon the approval of Organization’s charter school application, this Agreement shall be effective between Organization and Provider to operate an open-enrollment charter school at each of the school locations (each a “**School**”) authorized by the Nevada Board of Elementary and Secondary Education (each, a “**Charter**”);

WHEREAS, Provider developed and owns an educational concept and program called "Athlos Academy" and provides, among other things, the Prepared Mind, Performance Character, and Healthy Body (the “**Program**”), and school opening and ongoing management services to charter schools across the United States. As part of this educational concept, Provider has entered into agreements with various outside parties to provide content, services and value to the Organization (the “**Outside Vendors**”) to provide, among other things, educational services, physical education programs, sport-related products and management services;

WHEREAS, Organization desires to obtain Provider’s services to develop educational excellence based on Athlos’ school and Program design, and management principles pursuant to the terms hereof, and Provider is able and willing to provide the services as hereinafter set forth;

WHEREAS, Organization and The Charter School Fund LLC (an affiliate of Organization) intend to enter into an exclusive development agreement to provide permanent facilities for Organization’s schools and such schools shall utilize the Athlos Academy educational concept;

WHEREAS, concurrently herewith Provider and Organization shall enter into a “Trademark License Agreement” which provides the schools the right to use Provider’s name and logo. Provider and Organization shall enter into a Restriction Agreement regarding the Athlos Program;

Attachment 13-5

WHEREAS, the Organization and Provider acknowledge and agree that, in accordance with Applicable Law (as defined below), the Governing Board of the Organization (the "**Governing Board**") has the primary responsibility and ultimate authority for the operations of the School, is the governing authority of the School, and may carry out any act and ensure the performance of any function that is in compliance with the Charter, any policy statements and guidance issued by the Nevada Board of Elementary and Secondary Education; Nevada Department of Education; the Nevada Constitution; the Individuals with Disabilities in Education Act; the Family Educational Rights and Privacy Act; and other applicable federal, state or local statutes, ordinances, and regulations; implementing regulations

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of such laws; executive orders; common law; and other guidelines, policy statements, and rulings applicable to Nevada public charter schools (collectively, "**Applicable Law**"); and

WHEREAS, it is Provider's duty to implement the direction of the Governing Board, ensuring the discretion and autonomy of the Governing Board, and it is the Governing Board's duty to make all decisions and direct Provider to act accordingly on the Governing Board's behalf.

WHEREAS, Organization's Governing Board desires to engage Provider to perform services related to Provider's educational program, operations and support services, described herein as permitted by the Charter and Applicable Law.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other good and valuable consideration the sufficiency of which is hereby acknowledged, Organization and Provider (together, the "**Parties**" and each a "**party**"), do hereby agree as follows:

- 2) **ENGAGEMENT**. Organization hereby engages Provider on the terms and conditions hereinafter set forth to provide the Services (as defined below) and Provider hereby agrees to provide the Services to Organization pursuant to the terms hereof.
- 3) **SCHOOL SITE IDENTIFICATION**. Organization's identification of a new school site (the "**School**") location will be as follows: The School will be located at: _____, _____, NV _____ ("**Athlos Academy of _____**").
- 4) **TERM**. Organization agrees to engage Provider for an initial five-year term (in addition to the pre-operational year), commencing on the date the Organization's charter application is approved by the _____ (the "Term Commencement Date") and shall terminate on the second (2nd) anniversary of the Term Commencement Date. The Trademark License shall also terminate on the second (2nd) anniversary of the Term Commencement Date. The Provider and Organization may mutually agree in writing to extend the term of this Agreement and the Trademark License Agreement to any date; provided that the term of such agreements may not, at any time, exceed five (5) years, in accordance with the safe harbor limitations set forth in Revenue Procedure 97-13, as supplemented and modified by Notice 2014-67.

5) DUTIES OF PROVIDER. At Organization's request, and to the extent permitted by Nevada Revised Statute 386.562, Provider shall provide the following services (collectively, the "Services"):

a) PRE-CHARTER APPROVAL

- i) Charter School Application. Assistance with the preparation, review and submission of a charter application to authorizer and process approval;
- ii) Program Materials. Provide marketing materials, including brochures, presentation materials, and information packages regarding the Athlos Program;
- iii) Governing Board of Director Training. Provide Governing Board of Director training including
 - (1) Governing Board governance matters
 - (2) Governing Board preparation for the charter application interviews;
 - (3) Development of Governing Board policies and procedures;
- iv) Entity Formation. Assist with entity formation and licensing;
- v) Facility Solution. Site Selection and Pre-development work.

b) POST-CHARTER APPROVAL.

- i) Facility Construction. Manage the site pre-development and Construction work.
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 - (3) Assistance with enrollment processing;
 - (4) Financial Services and Reporting. Provide back-office and accounting services, including payroll, accounts receivable, accounts payable, and other necessary accounting functions; provided, however, Provider shall provide full disclosure and access to such records as Organization may reasonably require.
- iii) Branding.
 - (1) Provide brand guide and logos;
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c) **ON-GOING EDUCATION SERVICES.**

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 - (1) Education School Leader
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 - (2) Provide professional development tools and materials for the Athlos Curriculum;
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 - (4) Assist with teacher and school leader support and development;
 - (5) Host leadership workshops for school leaders and board members to attend (Athlos Institutes);
 - (6) Assist with community/parent events and engagement.

- xi) Governing Board Reporting. Create and provide on a monthly basis reports on implementation progress, key deliverable dates, timelines, and assess performance of both Parties.
- xii) Educational Material. Assist with the textbooks, educational material and curriculum selection;
- xiii) After-School Programs. Assist Organization with the set up and launch of the initial after-school programs (if adopted by the School) and providing guidance as requested by Organization;
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- xvi) School Uniforms.
 - (1) Provide approved Athlos school uniforms for the sale/distribution to students;
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- xvii) Preferred Purchasing. Provide business contacts that may permit the Organization preferred access to sports products, apparel and equipment with industry leading brands;
- xviii) Financial Services and Reporting. Provide back-office and accounting services, including payroll, accounts receivable, accounts payable, and other necessary accounting functions; provided, however, Provider shall provide full disclosure and access to such records as Organization may reasonably require.

6) DUTIES OF THE ORGANIZATION. Organization shall be responsible for the following:

- a) Conduct and attend monthly Governing Board of Director's meeting;
- b) Adopt and review school policies;
- c) Carry out the provisions of Nevada Revised Statute 386.490 to 386.610;
- d) Allow Provider access to school assessment and data records that enable Provider to assess performance of the school and program performance, in accordance with Applicable Law.

7) DUTIES OF THE GOVERNING BOARD. The Governing Board shall be responsible for the following:

- a) Familiarize and follow the law and regulations governing the school;
- b) Avoid conflicts of interest;
- c) Assign students' interests and academic achievement as the top priority of the school;
- d) Maintain accountability and transparency in all operations;

8) MAINTENANCE OF FINANCIAL, EMPLOYMENT AND STUDENT RECORDS.

The school records shall be maintained as follows:

- a) Financial Records. Provider will maintain accurate financial records pertaining to the operation of the school and retain these records as required by the applicable laws and regulations. All the financial records retained by Provider pertaining to Organization will be available to Organization, and to all other appropriate regulatory authorities for inspection and copying at the Organization's facilities upon request, it being understood that in most cases such copies will be made as reasonably as possible, not to exceed thirty (30) business days. Provider shall notify Organization about any requests from regulatory authorities. Provider, and its respective officers, directors, employees and designated agents are hereby authorized to serve as agents of the Organization, and agree to maintain the proper confidentiality of such records as required by law and the Charter.
- b) Student Records. Organization and Provider will maintain accurate student records pertaining to students enrolled in the School as is required and in the manner provided by the Charter, applicable laws and regulations. Organization and Provider will have access to the student's physical and electronic records, in accordance with Applicable Law. During the term of this Agreement, Organization may disclose confidential information and data to Provider, its employees, officers and designated agents to the extent provided by law and the Charter. Organization and Provider will maintain the proper confidentiality of such records and information as required by law or the Charter Agreement, including provisions of the Family Educational Rights and Privacy Act ("FERPA"). Provider, and its respective officers, directors, employees and designated agents are hereby authorized to serve as agents of the Organization, having a legitimate educational interest in the program's success and its students for purposes of the FERPA such that they are jointly and severally entitled to access the educational records of the program for all purposes related to FERPA.
- c) Employment Records. Organization and Provider will maintain accurate employment records pertaining to the School as is required and in the manner provided by the Charter Agreement, and applicable laws and regulations. Organization and Provider will maintain proper confidentiality of such records as required by the Charter Agreement and applicable law. The employee records will be available at the Organization's physical facility. Provider, and its respective officers, directors, employees, and designated agents are hereby authorized to serve as agents of the Organization, and agree to maintain the proper confidentiality of such records as required by applicable laws and the Charter.
- d) Access to Records. The Governing Board shall be entitled at any time with reasonable notice to inspect the financial, employee, student records and other business records pertaining to Organization.

9) TERMINATION.

- a) Termination by Organization. Organization may terminate this Agreement with cause in the event that Provider fails to remedy a material breach within sixty (60) days after notice from Organization, or such longer period as may be necessary to cure the breach or default. A material breach includes, but is not limited to, a breach or default by Provider to provide the Services in a manner sufficient for Organization to operate the School in compliance with the terms and conditions of this Agreement, failure to account for its expenditures or pay operating costs, or a violation of Applicable Law.
- b) Termination by Provider. Provider may terminate this Agreement with cause in the event that Organization fails to remedy a material breach within sixty (60) days after notice from Provider, or such longer period as may be necessary to cure the breach or default. A material breach includes, but is not limited to, failure by Organization to pay amounts due under this Agreement, unreasonable failure to meet performance standards, or Organization has not otherwise complied with its obligations under this Agreement.
 - i) In order to effectively implement the Athlos Program, Provider will supply training to School Leaders, as well as all other School administrators and employees, and make periodic visits to assist the School with the implementation of the program. As a part of such training, Provider will make periodic written summaries relating to suggestions of improvement. Provider understands and acknowledges that the Governing Board has final authority over the delivery of any curriculum utilized in a School. However, if Provider's assessments reveal (in Provider's discretion) that the Athlos Curriculum is being delivered in a way that is causing detriment to, and/or the dilution of, Provider's brand and reputation, Provider may terminate this Agreement with a ninety (90) day notice to Organization. The notice shall trigger provisions of Section f) below for that particular School.
- c) Termination upon Loss of Charter. If the State (i) revokes, does not renew, or materially changes a Charter, or (ii) Organization has been informed in writing that a Charter will be revoked or will not be renewed; or (iii) Organization is no longer funded by the State of Nevada or the funding from the State of Nevada has been reduced to an amount whereby Organization is unable to meet its obligations under this Agreement, then either Party may, upon thirty (30) days written notice terminate this Agreement as to the affected terminated School(s) without penalty, further obligation or liability of any kind to either Party. The event shall trigger provisions of Section (f) below for that particular School.
- d) Termination by Mutual Consent. This Agreement may be terminated by the mutual written consent of both Parties without penalty. Such termination shall be effective at such time, and upon such other terms as set forth in the written consent. Except as otherwise agreed by the Parties in writing, termination does not relieve Organization of any obligations for payments outstanding to Provider as of the date of termination. Other obligations of either Party may specifically continue and survive termination as provided in this Agreement.

- e) Termination of Trademark and Intellectual Property. Any termination for Services at a School shall result in a termination of the Trademark License Agreement and related intellectual property for such School.
- f) Removal of Program. Upon a termination as provided herein, or where the term expires and is not subsequently extended by Organization, Organization shall:
 - i) Remove Provider's trademark and usage of the name Athlos Academy (or approved variation) from the School, its trade dress and materials; remove any reference to the Outside Vendors; and eliminate all Outside Vendor program(s) (if implemented);
 - ii) Cease using the Athlos Curriculum and related professional development tools/materials, or any similar form thereof, and return all marketing-related materials to Provider;
 - iii) Terminate the use of Athlos school uniforms and gym uniforms;
 - iv) Forfeit use of Athlos-related website and social media accounts; the use of Athlos-related domain name; forfeit use of all Athlos-related electronic/internet functions and/or services; and forfeit access to business partnership discounts;
 - v) Forfeit the use of proprietary policies, processes, guides and handbooks.
 - vi) Organization shall comply with the terms of this Section (f) no later than ninety (90) days after Provider's receipt of such notice of termination, and shall submit compliance verification audit ninety (90) days following termination.

10) SERVICES FEE. In consideration for the Services, Provider shall receive a "Services Fee" equal to _____ (_____%), of local, state and federal gross revenues of Organization (excluding revenues from reimbursement programs such as free and reduced meals) for such month, payable in monthly installments. Payment shall be determined in accordance with United States generally accepted accounting principles which are consistently applied.

- a) Services Fee Commencement. The Services Fee shall commence on the date Organization begins receiving payment from the State of Nevada, which will be July, 2017, with the first payment due on August 31, 2017, or 30 days after Organization receives the first payment from the State. ("Commencement Date").
- b) Monthly Installments. The Services Fee shall be paid in 12 monthly installments. The Monthly Installments shall be payable monthly in arrears on the last day of the following calendar month. For example, payment for the month of July shall be due no later than August 31st.
 - i) Late Payment Fee. Organization agrees that any payments received after the due date shall include a one percent (1%) monthly late fee assessment.
- c) Reasonableness. The Parties hereto acknowledge and agree that as of the date of this Agreement, the Services Fee payable to Provider is reasonable, necessary and fair market value compensation for services rendered; and upon payment of the fee to Provider, those

revenues become the sole property of Provider and are no longer the State of Nevada public funds.

- d) Other. The Services Fee is the only compensation or other payments, independent of any Line of Credit as previously discussed, to which Provider will be entitled hereunder. Provider shall be responsible for all of its own costs and expenses necessary to fulfill its obligations under this Agreement, including, but not limited to, compensation, travel expenses, and other benefits payable to any Provider employees.

11) NOTICES. All notices given pursuant to this Agreement shall be in writing and shall be given by personal service, by facsimile, by United States Mail or by United States Express Mail or other established express delivery service (such as Federal Express) or by certified mail, postage or delivery charge prepaid, return receipt requested, addressed to the appropriate Party at the address set forth below:

- a) If to Provider: School Model Support LLC
418 S. 9th Street, Suite 201
Boise, Idaho 83702-7153
ATTN: Legal Department
Phone: (208) 908-5622
Fax: (208) 376-8523

- b) If to Organization:

ATTN:
Phone:
Fax:

- c) The person and address to which notices are to be given may be changed at any time by any Party upon written notice to the other Party. All notices given shall be deemed given upon receipt; and
- d) For the purpose of this Agreement, the term “receipt” shall mean the earlier of any of the following: (i) the date of delivery of the notice or other document to the address specified above as shown on the return receipt and/or facsimile confirmation, (ii) the date of actual receipt of the notice or other document by the person or entity specified above, or (iii) in the case of refusal to accept delivery or inability to deliver the notice or other document, the earlier of (A) the date of the attempted delivery or refusal to accept delivery, (B) the date of the postmark on the return receipt, or (C) the date of receipt of notice of refusal or notice of non-delivery by the sending Party.

12) NON-DISCLOSURE/NON-COMPETITION. Organization agrees to treat this Agreement confidentially and shall not disclose the terms contained herein except as required law. In the event of a breach, Organization understands that such breach may result in immediate, great, irreparable and continuing harm and damage to Provider for which there is no adequate remedy at law. Organization further agrees that for a period of five years following the termination of a School from this Agreement, Organization shall not open a new program in that School, or open a new school facility within a radius of ten (10) miles of the School, which incorporates or attempts to incorporate any program which is similar or deceptively similar to Athlos Academies, and its educational programs centered around performance character, fitness and wellness, including programs provided by Outside Vendors. In the event Organization breaches this Agreement, Provider shall be entitled to obtain, from any court of competent jurisdiction, a temporary restraining order and preliminary and permanent injunctive relief, without the necessity of posting bond, to enforce the terms of this paragraph, in addition to any and all monetary damages allowed by law.

13) INSURANCE.

- a) General Liability Insurance. Each Party shall, in conformance with NAC 386.215, at its own expense, maintain general liability insurance, including, without limitation, bodily injury and property damage insuring itself with a minimum of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate limit of liability coverage. Each Party shall provide the other Party with a certificate evidencing such insurance and showing the other Party as an additional insured.
- b) Worker's Compensation Insurance. Each Party shall, at its own expense, maintain workers' compensation insurance as required by law to cover their respective employees (if any) and at the other Party's request, shall provide the other Party with a certificate or certificates of insurance.
- c) Automobile Insurance. If a Party owns or operates any automobile within the State, such Party shall, at its own expense, maintain comprehensive automobile insurance, insuring itself with a minimum of \$1,000,000.00 combined single limit. Each such Party shall provide the other Party, at the other Party's request, with a certificate evidencing such insurance.

14) MISCELLANEOUS.

- a) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Idaho.
- b) Mediation. The Parties agree to negotiate in good faith in an effort to resolve any dispute related to this Agreement that may arise within forty-five (45) days of the other party's receipt of such notice of dispute. If the dispute cannot be resolved by negotiation, then the Parties will submit the dispute to mediation before resorting to binding arbitration or litigation and will equally share the costs of a mutually acceptable third party mediator. This paragraph survives termination of this Agreement. This paragraph does not preclude

a party from seeking equitable relief from a court of competent jurisdiction. In the event a dispute is submitted to litigation, that litigation shall be determined by a judge, and each party waives its right to a jury trial.

- c) Indemnification. Each Party shall indemnify, defend, and hold harmless the other Party, as well as Governing Board members, directors, officers, employees, agents and other representatives, from any and all manner of loss, cost, expense (including attorneys' fees and other costs and expenses of litigation, defense and appeal), damage, injury, liability, claims, actions and causes of action whatsoever arising from or in any way related to the Party's: (i) own negligent or willful acts or omissions; (ii) breach of this Agreement; or (iii) operation of its own responsibilities under this Agreement.
- d) Counsel Sought. Each Party acknowledges that (i) the Party was advised or represented by counsel in connection with the negotiation, preparation, revision and execution of this Agreement; (ii) before executing this Agreement, the Party discussed the Agreement with the Party's counsel and became fully informed of the terms, contents, conditions and effect of this Agreement; (iii) the Party is legally competent, as well as fully qualified and authorized to execute this Agreement; (iv) in executing this Agreement, the Party is not relying on any warranty, statement, promise or representation of any kind that has been made to the Party by any other Party, or by legal counsel for any other Party or anyone acting for another Party in any capacity, except as expressly stated in this Agreement; (v) each Party expressly disclaims reliance upon any facts, promises, warranties, undertakings, or representations, whether express or implied, by any other Party, or its agents or legal counsel as consideration for this Agreement, except for the explicit provisions of this Agreement; (vi) the Party has relied solely on the Party's own judgment and/or the advice of the Party's counsel in executing this Agreement; (vii) the Party understands the terms, contents, conditions, and effect of this Agreement, and voluntarily accepts the Agreement in its entirety; and (viii) each Party has executed this Agreement of its own free will as a free and voluntary act, without any duress, coercion or undue influence exerted by or on behalf of any person or entity.
- e) Severability. Any provision of this Agreement which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provision shall remain in full force and effect.
- f) Waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision. Nor shall such waiver constitute a continuing waiver unless otherwise expressly stated.
- g) Authority. To the extent that this Agreement is executed by a Party or Parties on behalf of an individual, corporation, governmental entity, trust, estate or other legal entity, such Party or Parties executing this Agreement represent that they have authority to act on behalf of the entities or individuals for which they purport to act and to bind those entities or individuals to the terms and conditions of this Agreement. Furthermore, as each Party is a legal entity, each Party acknowledges, represents, warrants and confirms that it has full and complete authorization and power to execute this Agreement in the capacity herein stated,

and this Agreement is a valid, binding and enforceable obligation and does not violate any law, rule, regulation, contract or agreement enforceable against it.

- h) Entire Agreement. This Agreement contains the entire agreement between the Parties, but only as concerns the specific matters addressed herein. Furthermore, this Agreement supersedes any and all prior or contemporaneous agreements and any and all prior or contemporaneous negotiations, warranties, discussions or representations, whether oral or written, and this Agreement is subject to modification, waiver, or addition only by means of a writing signed by the Party to be charged.
- i) Successors and Assigns. This Agreement is binding upon and inures to the benefit of the Parties and their respective successors, beneficiaries, administrators, and permitted assigns.
- j) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument. This Agreement may be transmitted to the Parties by facsimile or other electronic means, the Parties may sign and return their respective signatures by facsimile or other electronic means, and such signatures transmitted by facsimile or electronically will be presumed valid, binding, and of the same force and effect as an original signature to this Agreement.
- k) Time is of the Essence. Time is of the essence for any and all conditions, obligations and other requirements of this Agreement.
- l) Contractors. Pursuant to NAC 386.400, any contractor performing work for the Organization must inform each person whom the contractor employs or hires or has anyone perform a direct service for the Organization that:
 - i) The person is not employed by the governing body of the charter school; and
 - ii) The provision of NRS 386.595 do not apply to an employee of the contractor or any person hired by the contractor to perform a service to the charter school, including, without limitation, the provisions governing the status of employees of a charter school and their collective bargaining rights and benefits.

(Signatures on Following Page)

IN WITNESS WHEREOF, Organization and Provider have caused this Agreement to be executed as of the day and year first above written.

PROVIDER:	ORGANIZATION:
School Model Support LLC, an Idaho limited liability organization By:	Athlos Academy of _____, a Nevada non-profit corporation Name:
Name: Title:	Name: Title:

DRAFT

EMO's Nevada Business Status



BARBARA K. CEGAVSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 684-5708
 Website: www.nvsos.gov



050303

**Application for
 Registration of Foreign
 Limited-Liability Company**
 (PURSUANT TO NRS 86.544)

Filed in the office of <i>Barbara K. Cegavske</i> Barbara K. Cegavske Secretary of State State of Nevada	Document Number 20160313661-79
	Filing Date and Time 07/14/2016 1:24 PM
	Entity Number E0313602016-2

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Foreign Limited-Liability Company:	School Model Support LLC	Check box if a Series Limited-Liability Company <input type="checkbox"/>
2. Name Being Registered with Nevada: (see instructions)	The name under which this foreign limited-liability company proposes to register and transact business in Nevada is: School Model Support LLC	
3. Entity Domicile: (date and state or country of formation)	May 29, 2012 Date Formed	Idaho State or Country where Authorized
4. Registered Agent for Service of Process: (check only one box)	<input checked="" type="checkbox"/> Commercial Registered Agent: The Corporation Trust Company of Nevada Name	
	<input type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below)	
	Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity	
	Street Address	City Nevada Zip Code
	Mailing Address (if different from street address)	City Nevada Zip Code
	<i>In the event the above-designated Agent for Service of Process resigns and is not replaced or the agent's authority has been revoked or the agent cannot be found or served with exercise of reasonable diligence, then the Secretary of State is hereby appointed as the Agent for Service of Process.</i>	
5. Records Office: (see instructions)	855 Broad Street, Suite 300 Street Address	Boise ID 83702 City State Zip Code
6. Street Address of Principal Office: (or office required to be maintained in the domicile state by the laws of that state)	855 Broad Street, Suite 300 Street Address	Boise ID 83702 City State Zip Code
7. Name and Address of each Manager or Member: (attach additional page if more than 1)	Ryan Van Alfen and Jason Kotter Name	
	855 Broad Street, Suite 300 Street Address	Boise ID 83702 City State Zip Code
8. Name and Signature of Manager or Member:	I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.	
	<i>Ryan Van Alfen</i> Name	<input checked="" type="checkbox"/> Authorized Signature
9. Certificate of Acceptance of Appointment of Registered Agent:	I hereby accept appointment as Registered Agent for the above named Entity.	
	<input checked="" type="checkbox"/> <i>Linda Stauffer</i> Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity	Linda Stauffer, Assitant Secretary 07/14/2016 Date

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 86.544 FLLC Articles
 Revised: 1-5-15

SECRETARY OF STATE



**CERTIFICATE OF REGISTRATION
OF
FOREIGN LIMITED LIABILITY COMPANY**

I, BARBARA K. CEGAVSKE, the duly elected and qualified Nevada Secretary of State, do hereby certify that I am the legal custodian of the records pertaining to Limited Liability Companies, and that I am the proper officer to execute this certificate.

I further certify upon said records that **SCHOOL MODEL SUPPORT LLC**, a Limited Liability Company organized under the laws of the State of Idaho did, on July 14, 2016 qualify pursuant to the provisions of the Nevada Revised Statutes and is currently registered to transact business in this State as a Limited Liability Company.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on July 14, 2016.

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Secretary of State

Certified By: Stephen Loff
Certificate Number: C20160714-1602
You may verify this certificate
online at <http://www.nvsos.gov/>

Attachment 14: not applicable

Attachment 14-1

Attachment 15: Operational Execution Plan

(a) Transportation: Describe your plans for providing student transportation. If the school will not provide transportation, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance.

Athlos Academy of Reno will not provide transportation for students, as the financial workbook indicates. However, the conditions of schools and housing growth in South Reno means this likely will not be a barrier to enrollment or attendance. Issues of overcrowding in South Reno have inspired parents to find other schools for their children, inside and outside the Washoe County School District, which requires those parents to find their own transportation options to get to those other schools. Given the systemic overcrowding in the district, we anticipate this to be the case for Athlos Academy of Reno, as well.

Athlos Academy of Reno would like to provide student transportation and understands the potential negative implications of not offering this service. We hope to receive grant funding or complete fundraising that will allow us to offer student transportation in subsequent years.

(b) Food Service: Outline your plans for providing food service at the school, including whether and how you will be your own school food authority or will contract with another provider. If the school will not provide food service, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance.

As outlined in the budget, Athlos Academy of Reno will be providing breakfast and lunch to its students. Federal funding for breakfast and lunch will be partially funded by Federal Breakfast Program and Federal Lunch Program. Those federal programs will cover which will be funded in part by the Federal Breakfast and Lunch programs. Those programs are anticipated to cover \$169,275 of the total \$204,631 cost, as budgeted.

Prior to opening, Athlos Academy of Reno will determine whether to operate its food service program or contract to another provider. Our goal is to provide the most cost-effective and nutritional option for food service. If needed, the school will partner with Athlos Academies, which has assisted other charter schools in selecting a food service provider.

The daily schedule at Athlos includes time for lunch and the facility plan includes a lunch room for students.

(c) Facilities maintenance (including janitorial and landscape maintenance)

Custodial services are listed in the budget, at a cost of \$39,600 per year. Facilities maintenance is budgeted at a cost of approximately \$45,000 per year. This amount is included in the \$75,000 budget for general office supplies.

Prior to opening, Athlos Academy of Reno will determine the most cost-effective hiring solution for facilities maintenance, including hiring employees to maintain the facility or contracting with a cleaning and management company.

(d) School health and nursing services

Athlos Academy of Reno is not budgeted to hire nursing services in its initial years of operations. Instead, the school will train staff in first aid and other necessary health services. Additionally, Athlos Academy of Reno will look to partner with health care organizations that could offer clinics or other health services at the school facility. Hiring nursing staff is one of the highest non-budgeted priorities, and unanticipated revenues or fundraising could lead to adding part-time or full-time health staff.

(e) Purchasing processes

Athlos Academy of Reno will follow state purchasing and procurement laws. The procurement process will also be developed from existing Athlos Academies policies, listed below.

VII. PURPOSE

The purpose of this regulation is to establish the principles and responsibilities to be used in making purchases on behalf of Athlos Academy for goods and services.

VIII. POLICY

A. Purchasing Principles

1. The Lead School Administrator or designee may establish purchasing principles which shall be published. The principles shall be adopted based on the following values:
 - a. All school purchases shall seek the highest quality of goods or services available.
 - b. Purchases shall consider the level of customer service provided by the vendor, or the experience of the service provider.
 - c. All school purchases of goods shall consider the provision and quality of warranties.
 - d. All school purchases of goods shall consider the availability of rebate programs from the vendor.
 - e. All school purchases of goods or services shall consider the overall cost savings offered by a vendor. Placing a vendor on an authorized list does not guarantee that all items offered by the vendor are the lowest price, but that based on the school's total spend with such a vendor, the chosen vendor has the best possibility of saving money for the district.
 - f. All purchases of goods and services shall consider the advantage of improving the school's ability to do business with diverse vendors or providers, and the ability to

engage the local community in doing business with Athlos Academy. Diversity of subcontractors and suppliers shall be considered under this value as well.

- g. All purchasing decisions shall consider the sustainability of the purchasing choice.
 - h. All purchasing decisions shall determine whether a partnership program is available through the vendor or supplier.
2. All purchasing procedures shall conform to and abide by the city ordinances, state statutes, legal counsel of the school, and school affirmative action policies.
 3. Purchases that do not adhere to the school purchasing principles or made in contravention to school purchasing policies:
 - a. May not be approved;
 - b. May not be paid for by school funds; or
 - c. The school may seek reimbursement from the employee who made the purchase.

B. Purchasing Procedures

1. Athlos Academy shall establish and publish standard purchasing procedures.
2. The Lead School Administrator has authorized that some purchases may be allowed by using a school authorized purchase card program. School policy shall establish the rules for approved purchases for this program, and provide training to persons authorized to participate in the program.
3. Persons authorized to purchase goods and services shall use the school's established authorized vendors, if established, unless otherwise agreed to with the Lead School Administrator. Purchasers shall contact the Lead School Administrator prior to making purchases or entering requisitions to request a variance from the authorized vendor program if the purchaser wants to use another vendor.

C. Responsibility

1. All Athlos Academy employees charged with making purchases of goods and services on behalf of the school shall follow school procedures and all applicable law and school policies

for such purchases. Willful failure to do so may result in disciplinary action up to and including termination of employment.

2. The Lead School Administrator or designee shall provide necessary training on purchasing procedures, programs and district purchasing policies and regulations to employees.
3. All Athlos Academy employees charged with using the purchasing programs of the school shall participate in the minimum required training prior to being granted access to the purchasing programs

(f) Safety and security (include any plans for onsite security personnel)

Athlos Academy of Reno is not budgeting for any onsite security personnel. However, the school facility will be designed and operated in ways that enhance safety and security, including door controls, limited access points, and using check-in systems.

Attachment 16: Facility Commitment

Athlos Academy of Reno has not yet secured a facility, but the following is a description of our planned facility.



ATHLOS FACILITIES

QUICK FACTS

FEATURES

From our facilities, to our program, to our families, Athlos demonstrates commitment to whole-child development.

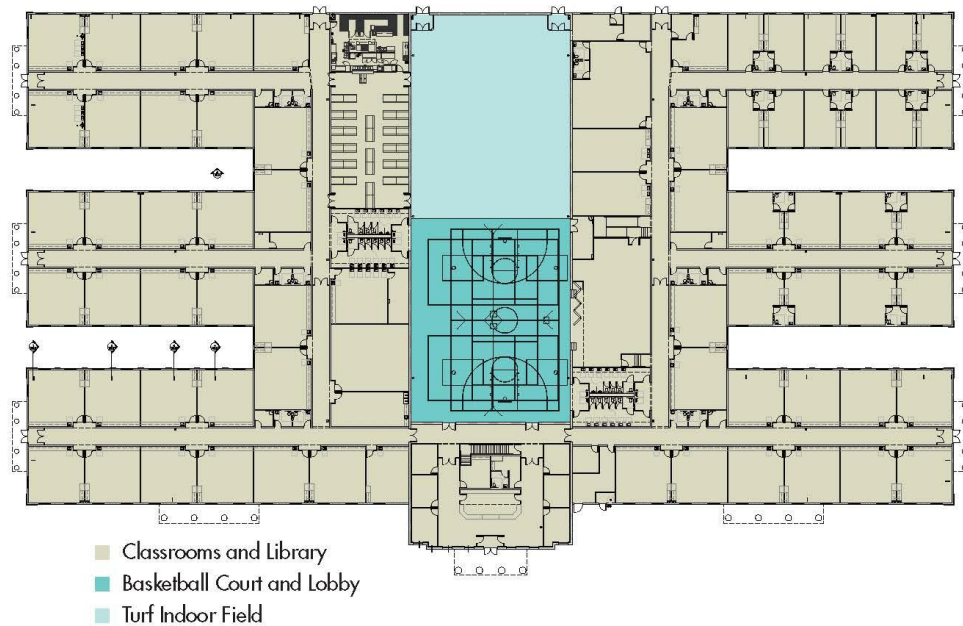
- More than 50 classrooms fully-equipped for learning
- 2 technology labs
- Art room
- Music room
- Library
- Kitchen
- Cafeteria
- Hardwood court gym floor
- Stage
- 30 yards of indoor turf
- Weight room
- Sporting fields
- Free play areas

A TYPICAL ATHLOS SCHOOL

- 14 acres
- 90,000 sq. ft.
- Grades K–8
- 1,200 students
- 75 full-time staff
- 25 part-time staff

Attachment 16-2

FLOOR PLAN



Through a partnership with Athlos, we are able to have the highest quality facilities for learning and own the facilities in less than two years. This provides a wonderful avenue for International Leadership of Texas to focus budgets on teaching and learning and not escalating long-term facility expenses. We are grateful for the partnership with Athlos Academies.

—Edward Conger, Superintendent, International Leadership of Texas



**ATHLOS
ACADEMIES**

www.AthlosAcademies.org

Phone: 855-729-1203 | Fax: 208-376-8523

Email: info@athlosacademies.org

Attachment 17: Insurance Coverage

Athlos Academy of Reno will secure insurance policies that meet or exceed Nevada state recommendations of:

- 👤 General liability insurance with a minimum coverage of \$1,000,000
- 👤 including coverage for molestation and sexual abuse
- 👤 Umbrella liability insurance with a minimum coverage of \$3,000,000.
- 👤 Educators' legal liability insurance with a minimum coverage of \$1,000,000.
- 👤 Employment practices liability insurance with a minimum coverage of \$1,000,000.
- 👤 Employment benefits liability insurance with a minimum coverage of \$1,000,000.
- 👤 Insurance covering errors and omissions of the sponsor and governing body of the charter school with a minimum coverage of \$1,000,000.
- 👤 Motor vehicle liability insurance with a minimum coverage of \$1,000,000.
- 👤 Liability insurance for sports and athletic participation with a minimum coverage of \$1,000,000.

The following entities or groups will be covered under this insurance policy:

- 👤 The sponsor of the charter school;
- 👤 All employees of the charter school, including, without limitation, former, present and future employees;
- 👤 Volunteers at the charter school; and
- 👤 Directors of the charter school, including, without limitation, executive directors.

Attachment 18: Budget Narrative

In addition to the topics requested in the application, there is also Comments on the Financial Plan Workbook included in this attachment.

Budget Narrative

(g) Per-Pupil Revenue: Use the figures provided in developing your budget assumptions.

Per Pupil Revenue is a conservative \$6,855 per pupil. The revenue is composed of state and federal revenues as outlined and calculated via the Charter workbook. The school does anticipate fundraising revenues of approximately \$30 per a student for each of the first six years noted in the charter. The conservative nature and estimates utilized by Athlos Academy of Reno will ensure that the school has an adequate amount of resources to provide an excellent education.

(h) Anticipated Funding Sources: Indicate the amount and sources of funds, property or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated, and include evidence of commitment for any funds on which the school's core operation depends.

Athlos Academy of Reno anticipates receiving a line of credit from Athos Academies as part of its year zero operations. The line of credit will go towards supporting the year zero operations and ensuring the school can open and be successful beginning day one. Year zero operations include an allocation for general operating expenses, including staff development, and marketing efforts associated with staff recruitment and student recruitment, Special Education Services, general office supplies and technology needs, in addition to lease space, and contracted services associated with annual audit and legal services.

(i) Anticipated Expenditures: Detail the personnel and operating costs assumptions that support the financial plan, including references to quotes received and the source of any data provided by existing charter school operators in Nevada or other states.

The budget presented by Athlos Academy of Reno is one that we feel is both conservative and complete so as to ensure the school can operate effectively. The school has allocated an appropriate amount of staff to ensure that the school not only provides excellence in instruction but also provides student services that will ensure our students are successful. Additionally, the school has allocated staff necessary to ensure the unique needs of the Athlos program are met.

Salaries for the staff of the organization have been compiled based on expectations of salaries offered within the Washoe County School District. The school will allocate no less than \$600 per employee per a month for medical benefits. In addition, the school will offer life insurance and unemployment insurance benefits. The school will participate in the Nevada state retirement

system and has allocated budget associated with the costs of providing that benefit to our employees.

The school is staffed with an Executive Director and Assistant Administrator, along with two instructional guides and one guidance counselor year one, growing to two in year two. The school will have office staff, including an office manager, registrar, two front line employees, and a kitchen manager. Additionally, Athlos Academy of Reno will have a staff member responsible for External Relations, who will work with the local districts, volunteers, and stakeholders to integrate the school into the Reno community.

The school will be staffed with an adequate amount of faculty to ensure that the school meets student to teacher ratio's as outlined and required in Nevada. Additionally, the School will have a Special Education Director, along with two teachers, starting year one, with a third coming on in year three. The school feels their instructional staff will ensure the school and its students obtain educational excellence while providing services to meet the needs of all the students it serves.

The school will also staff to meet the specific needs of the Athlos program. To that end, Athlos Academy of Reno will also have Sports Performance Coaches who will implement the Healthy Body pillar of the Athos program.

In addition to the schools staffing needs, Athlos Academy of Reno will spend approximately \$3.8 million in General Operating costs, Facilities, and Technology and Equipment. Much of the general operating costs are calculated based on Athlos Academies' past experience working with charter schools in other states. Curriculum and professional development costs, Special Education contracted services, office supplies, and food services are all based on past experience operating charter schools of similar size and enrollment throughout the country.

The lease rate associated with this school is based on educated estimates of a lease associated with the construction of an Athlos Academy school. The lease is designed as a triple net lease, so the school will be responsible for costs associated with utilities and building maintenance, all of which have been outlined conservatively within the school's charter application. Additionally, the school has budgeted to provide new end-user devices for students, staff, and faculty. The costs associated with this technology is based on estimates of costs incurred for other Athos Academies schools of similar size and enrollment. In addition to end-user technology, the school has also budgeted for internet and phone service, other computer hardware needs, in addition to having an IT contractor available to assist with the management and maintenance of the school's end user technology, infrastructure, and network.

(j) Discuss in detail the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated, including both the scenarios identified in subsections e and f.

See below.

(k) Year 1 cash flow contingency in the event that state and local revenue projections are not met in advance of opening.

The contingency budget at Athlos Academy of Reno protects key aspects of the mission and educational program, though at sometimes lower levels consistent with the financial realities presented by low enrollment numbers. The contingency plan makes the following changes under the assumption that enrollment comes in at less than anticipated:

- 👤 Local and state revenue fall in line with actual enrollment.
- 👤 Purchased professional and technical services fees associated with services provided by Athlos Academies adjust with enrollment. This allows the school to continue to meet its compliance and administrative requirements.
- 👤 The number of teachers is reduced to align with adjusted enrollment. Sections per grade are capped so that employment costs track with the number of students. During the enrollment period, new sections will be added only when the move can be financially justified.
- 👤 The number of paraprofessionals will be reduced, as will hours for hired paraprofessionals.
- 👤 Janitorial hours will decrease or will be contracted out.
- 👤 The employer contribution to health insurance premiums will be reduced to reflect the reduction in state funding received. Additionally, the school may look to hire more part-time personnel rather than full-time, thus reducing the school's employer contribution costs.
- 👤 More professional development will be the responsibility of the EMO and/or shall be conducted remotely, saving on travel costs, while allowing for training in research-based methodology.
- 👤 Food services expenses will be reduced in line with enrollment.
- 👤 Occupancy expenses stay largely the same. Adjustments can be made for occupancy costs that adjust with enrollment, such as supplies, water and utilities. However, fixed costs, such as property taxes and lease payments, cannot change.
- 👤 Supplies budgets will be reduced commensurate with enrollment, which is felt particularly in the first operational year, since many dollars were already spent in the planning year. With fewer students, the school will need to purchase less to complement what it already purchased with projected grant funds and the line of credit the school will receive.

These plans still protect the school's innovative program, and the ability to provide services that ensure the students receive an excellent education. Adjustments will be made commensurate with enrollment with the goal that student excellence is maintained as financing adjustments are made.






(l) Year 1 cash flow contingency in the event that outside philanthropic revenue projections are not met in advance of opening.

There are no major outside philanthropic revenue projections, so such a cash flow contingency has not been considered.

Comments on the Financial Plan Workbook


Attachments 18-3

School Inputs Tab

-  **Private Fundraising:** This assumes a \$100,000 Line of Credit provided by Athlos Academies. This is as much driven by the school's need for an LOC as much as the template's format. There is no space to put an LOC, so it is listed under private fundraising. It will not be a donation, but instead need to be paid back. However, there is not an option in the workbook to pay back the LOC, which makes it look more like a donation than usage of an LOC.
-  The workbook also includes legal costs and insurance costs in year zero in order to have them in later years. The costs are the same in year zero as later years of operation, which inflates year zero insurance needs; the school would only need D&O and some liability insurance.
-  **Medical Insurance – Single Coverage, Family Coverage, Unemployment Insurance, and even Life Insurance:** These numbers are much higher than we will actually be providing per an employee, because the workbook template has a limited number of places where you can put in position. Since Athlos Academy of Reno will be a larger school, this template really does not work for it. There is not enough space to add all of our employees (see faculty hiring comments below). These items specifically key off of FTE inputs, which are not accurately represented in the workbook because of its design. Athlos Academies' Director of Finance spoke with an official with the Nevada State Public Charter School Authority, who said they did not want to add lines or allow us to make adjustments. Athlos Academy of Reno plans on spending approximately \$550 per qualifying FTE for insurance, not what is presented. Due to the lower FTE in the template, the amount of insurance per FTE was increased to calculate gross expenses correctly.
-  **Employee Hiring:** Calculating expenses correctly in the workbook required some adjustments that make some FTE calculations look inaccurate. Because of our high staffing levels, many similar positions were combined into a single line. For example, under office staff, there is an amount of \$286,500 for office staff. This actually pays for approximately 5 office staff members. Unfortunately, there are not enough lines in the workbook for five office staff members. Special Education staffing has the same issue. Athlos Academy of Reno is planning to have two Special Education teachers in 2017, then add a third in 2019. Like with office staff, this would cause FTE issues and the calculation of the benefits discussed earlier. For the faculty positions, the number of faculty is listed by grade level for K-5. For grades 6-8, faculty positions are listed by subject matter, as is required. Sports Performance Coaches (SPC) are listed as General under the title of Grade Level Teacher, as there is no space in the workbook for our Sports Performance Coaches.
-  **General Operating Expenses:** *Textbooks* costs were problematic to calculate in the workbook, which assumes that textbooks are purchased one time, and then depreciated over a certain number of years. Athlos Academies' template assumes that there will be a fixed amount budgeted yearly for textbooks and curriculum after the initial large purchase, allowing the school to use that money to enhance programs after year one. However, the Nevada template does not allow that. When inputting textbooks into the budget you also


need to decide how many years those textbooks will be used for (and one year is not an option unfortunately). The Nevada State Public Charter School Authority instructed Athlos Academies' Director of Finance to allocate additional dollars annually to library books. This is an annual budget line item. Athlos Academy of Reno won't actually spend \$60 per student, or \$73,000 per year, on library books. That amount is money allocated for ongoing textbook needs on an annual basis.


Supplies for students includes classroom curriculum and instructional supplies allocated for students. Unfortunately, due to the FTE issues (noted above), it isn't possible to correctly allocate faculty curriculum by classroom. There are also some random notes next to *Parent and Staff meetings and Saturday school* that are built into the template and unfortunately can't be removed. They have no bearing on Athlos Academy of Reno.

 **Contracted Services:** Athlos Academies often has more contracted services. However, we allocated *legal and audit* here as specified. The minus, as noted under the LOC issue, is that the workbook automatically allocates legal to year zero at the annual amount the school will need when open, which is likely higher than will be required. This issue necessitates the need for the LOC.


There are also many dollar amounts associated with youth sports. These amounts are locked in the "no" option for if Athlos Academy of Reno will offer them. Currently, there are no plans for such youth sports teams. Fortunately, these amounts don't actually roll into the budget.

Technology and Equipment Inputs


 **General Liability Insurance:** To have liability insurance in the budget across the six-year period, a school must also choose to have it in year zero as well. Athlos Academy of Reno isn't expecting to spend \$22,500 in the planning year for insurance, but in this case because of the template we are required to.

 **New Laptops – Faculty:** The amount for a faculty laptop is close to \$800 or \$900. However, because of our FTE issues we need to adjust this per-FTE amount higher to encapsulate all of the costs we will have year 1. Additionally, much like textbooks, we have to assign a useful life to this product. To offset the useful lives and the cost allocation issues we allocated another dollar amount to Computer Hardware, that will be an ongoing costs and will allow us to replace technology inventory on an as-needed basis.

Budget summary

 The surplus for the school moves around, making the school's finances look less consistent across the six-year time period. That is wholly because of the template. The template allocates costs in a manner that causes financial statement fluctuations. Athlos Academy of Reno assumes more of a consistent \$100,000 to \$150,000 beginning year three, increase in fund balance.

Cash Flow

 The cash flow also contains some formula errors. For example, cell B48 should be added with B46 to equal the amount in B50. Unfortunately, the mathematical formula does not work and the cell is locked and cannot be fixed. Also, notice numerous cells have ## signs in them. This is due to the cell width not being wide enough to display the numbers. Unfortunately, these cell widths are also locked. However, the net change in cash does match the income statement.

Attachment 19: Financial Workbook

See Excel document

Attachment 20: not applicable

Attachment 21: EMO Historical Financial Documents

As discussed with SPCSA, this section will be discussed at a meeting with Athlos Academies (EMO) staff and at least one board member with SPCSA staff.

Attachment 22: EMO School Audits

See attached PDF.

Attachment 23: EMO Data Request template

See attached Excel document.

FINANCIAL PLAN WORKBOOK INSTRUCTIONS

expenditures during a five year time period. The workbook is designed to serve as a simplified guideline for recording your projected revenues and expenditures through both the 'School Inputs' and 'Technology & Equipment Inputs' tabs in this Microsoft Excel workbook. Please note that this is a protected workbook and data should only be entered into the unprotected cells (yellow cells). To maximize the usage of the Financial Plan Workbook, please familiarize yourself with the following general instructions prior to data entry.

School Inputs

The 'School Inputs' tab will be utilized as a place for data entry regarding your charter school's revenue assumptions along with any compensation, benefits and general expense assumptions. Data entry will begin in the revenue assumptions section. Note that FTE stands for Full-Time Equivalent. If this term is unfamiliar, please consult with an individual experienced in budgeting and pupil accounting. If your budget plans include staff less than full time please contact the State Public Charter School Authority to adjust formulas in this budget tool.

Revenue Assumptions

1. Please enter a Base Year into 'H2'. Additionally, please enter the appropriate school years in cells H5 through N5 as well as H6 through N6.
2. Next, be sure to enter your projected student enrollment in the enrollment section. This section captures the number of students by grade level (Rows 7-21) and by school year (Columns H-N).
3. In cells I24 through N25, please enter your school's percentage of Title 1 students. Similarly, in cells I24 through N24, enter your institution's percentage of special education students.
4. Enter the county where the school is located (Cell F37). If the school will be multi-district (e.g. a virtual school), the applicant must enter an estimated number of students per county in the County DSA tab to generate an appropriate figure. A conservative assumption would be to assume 100 percent of students are from the county with the lowest DSA.
5. The Inflation Adjuster in 'F28' is designed to account for any increases in the cost of labor and expenses over time. Please be sure to enter a cost of inflation in this cell. An inflation rate of 1.03 is a good rule of thumb for
6. Enter your Title 1, IDEA (cost per SPED student) and school level fundraising income per student. Each of these entries will automatically calculate the revenue line items for BEP, Title 1, IDEA and school level funding.
7. Any remaining revenue entries can be manually accounted for in the following subgroups:
 - Charter Start-Up Funds (H46-N46)**
 - Other Start-Up Grant Funds (H47-N47)**
 - Student Fees (H49-N49)**
 - Investment Income (H50-N50)**
 - Private fundraising (foundations, corporate) (H51-N51)**
 - Private Fundraising (H52-N52)**

Staffing and Compensation Assumptions

The staffing and compensation assumptions section will require input data on not only the charter school's staffing levels and average salaries, but it will also require the preparer to provide benefits data in order to provide the charter school with realistic financial projections. Please follow the instructions below:

1. Enter the average medical benefits for employees with both single and family coverage into cells 'F62' and 'F63'
2. Second, enter the school's percentage of coverage in 'F64'.
3. In 'F65', enter the assumed percentage of employees choosing single for their health benefits.

4. In cells F67 through F70, enter the percentage of your employee's salaries that will be allocated to FICA, State Retirement for Certified Employees, State Retirement for Non-Certified Employees and Life Insurance.
5. Next, enter any per-employee expenses associated with GASB 45 and Unemployment Insurance in 'F71' and 'F72'.
6. Payroll services are accounted for as a dollar value on a per employee/per month basis in 'F74'.
7. Any bonuses should be accounted for in 'F75', which is calculated as a percentage of salaried employees.
8. The information requested in cells F83 through F86 serve as drivers for some of your charter school's general expenses. Therefore, be sure to enter your school's instructional days per year (required) as well as the Saturday schools per year, contractors required for Saturday school and price per contractor (if necessary).
administrators such as the School Director should be entered into the Administrator section. The positions, salaries and staffing levels in this section are marked for input, so feel free to adjust the position levels, salaries and staffing levels as your charter school finds necessary. Please note that each line represents one position,
10. Part-Time employees are considered in a less cumbersome fashion. Simply enter the average salary for each respective position and enter the number of employees per year.
11. Lastly, the salaries and staffing levels work in unison with the inputs you entered to get to the total salary and benefits for your charter school. Feel free to adjust any of the staffing and compensation inputs to either decrease or increase your school's total compensation.

General Operating Expense Assumptions

The general operating expense assumptions section houses the majority of the expenditures that are necessary to operate your charter school.

1. This section is extremely user-friendly in terms of data entry. Each general operating expense line item is tied to a driver, i.e. per year or per student. The driver is then multiplied by the dollar value that was entered, which results in the amount of that expense line item for the given year.
2. The Contracted Services section should be completed in the same manner. Here the driver is per year, therefore any annual audits or legal services need to be calculated on an annual basis.

Technology and Equipment Inputs

The technology and equipment assumptions section is used to record any expenses related to technology and equipment usage at your charter school.

1. Similar to the general operating expense assumptions, these expense line items are tied to a driver. Simply enter a value into the input cell and the driver is then multiplied by the dollar value that was entered, which results in the amount of that technology/equipment expense line item for the given year.

CHARTER SCHOOL BUDGET								
Name of School	Athlos Academy of Reno	Base Year	2016					
REVENUE ASSUMPTIONS		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
		2016	2017	2018	2019	2020	2021	2022
Number of grade levels			9	9	9	9	9	9
Number of classrooms			52	52	52	52	52	52
K			100	100	100	100	100	100
1st			140	140	140	140	140	140
2nd			140	140	140	140	140	140
3rd			140	140	140	140	140	140
4th			140	140	140	140	140	140
5th			140	140	140	140	140	140
6th			140	140	140	140	140	140
7th			140	140	140	140	140	140
8th			140	140	140	140	140	140
9th								
10th								
11th								
12th								
Total Student Enrollment		0	1220	1220	1220	1220	1220	1220
Title I (% of student body)		0%	15%	15%	15%	15%	15%	15%
Special Education (% of student body)		0%	10%	10%	10%	10%	10%	10%
Total Distributive School Account (funding per student)	\$6,734	Base year						
Inflation adjustor	1.03							
Special Education Weighted Funding	\$533	Per student						
Title I	\$0	Per student						
IDEA	\$0	Per SPED student						
Breakfast Program -- Federal Reimbursement	yes	"yes" or "no"						
Breakfast Program	\$2	Per student per day						
Lunch Program	\$3	Per student per day						
School level fundraising	\$30	Per student						
County where school is located	Washoe							
DSA Funding		\$0	\$8,215,480	\$8,461,944	\$8,715,803	\$8,977,277	\$9,246,595	\$9,523,993
DSA Sponsorship Fee		\$0	-\$123,232	-\$126,929	-\$130,737	-\$134,659	-\$138,699	-\$142,860
Title I		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Breakfast Program		\$0	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710
Federal Lunch Program		\$0	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565
IDEA		\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Special Education Funding		\$0	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026
Charter start-up funds (Federal R&E already awarded to operator--not SEA grant)								
Other start-up grant funds								
School level fundraising		\$0	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600
Student fees								
Investment Income								
Private fundraising (foundations, corporate)		\$100,000						
Private fundraising								
TOTAL REVENUE		\$100,000	\$8,363,149	\$8,605,916	\$8,855,967	\$9,113,519	\$9,378,797	\$9,652,034

[INSERT School Name]

		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
EXPENSES		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
STAFFING COSTS		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
ASSUMPTIONS		2016	2017	2018	2019	2020	2021	2022
Payroll Tax and Benefits								
Medical								
Single Coverage	\$9,500							
Family Coverage	\$13,500							
School's percentage of coverage	80%							
Assumed percentage of employees choosing single coverage	55%							
Weighted avg. cost for medical	\$11,300							
FICA	7.65%							
State Retirement - Certified	14.50%							
State Retirement - Non-certified	14.50%							
Life Insurance	1.40%							
GASB 45	\$0							
Unemployment Insurance	\$800							
Payroll Services	\$0							
Bonus Pool	0.00%							
FTE - Total		0.0	31.0	33.0	36.0	36.0	37.0	37.0
FTE - Administrators		0.0	4.0	5.0	5.0	5.0	5.0	5.0
FTE - Office		0.0	1.0	1.0	2.0	2.0	2.0	2.0
FTE - Special Education/ELL Teachers		0.0	2.0	2.0	3.0	3.0	3.0	3.0
FTE - Grade Level Teachers		0.0	24.0	25.0	26.0	26.0	27.0	27.0
Instructional days per year	185							
Saturday schools per year	0							
Contractors required for Saturday School	0							
Price per contractor	\$0							

	Start Year (Input year or "NA")	Base Salary	FTE Count					
Administrators								
Executive Director	2017	\$105,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Assistant Director	2017	\$75,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Guidance Counselor	2017	\$44,936.00	0.00	1.00	1.00	1.00	1.00	1.00
Guidance Counselor (2)	2018	\$44,936.00	0.00	0.00	1.00	1.00	1.00	1.00
Instructional guides (2)	2017	\$110,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Total Administrators			0.00	4.00	5.00	5.00	5.00	5.00
Office Staff								
Office Staff	2017	\$286,500.00	0.00	1.00	1.00	1.00	1.00	1.00
External Relations	2019	\$45,000.00	0.00	0.00	0.00	1.00	1.00	1.00
	N/A		0.00	0.00	0.00	0.00	0.00	0.00
Total Administrators and Office Staff			0.00	1.00	1.00	2.00	2.00	2.00

[INSERT School Name]

12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher

NA	\$0.00
NA	\$0.00
NA	\$0.00
NA	\$0.00
NA	\$0.00

PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	24.00	25.00	26.00	26.00	27.00	27.00

Total Grade Level Teachers

TOTAL SALARIES	\$0	\$3,183,346	\$3,411,650	\$3,650,856	\$3,760,382	\$3,920,465	\$4,038,079
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BENEFITS

Total Medical Benefits	\$0	\$288,647	\$316,488	\$355,617	\$366,286	\$387,754	\$399,387
Total FICA	\$0	\$243,526	\$260,991	\$279,290	\$287,669	\$299,916	\$308,913
Total State Retirement Costs	\$0	\$461,585	\$494,689	\$529,374	\$545,255	\$568,467	\$585,521
Total Life Insurance	\$0	\$44,567	\$47,763	\$51,112	\$52,645	\$54,887	\$56,533
Total GASB 45	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Unemployment Insurance	\$0	\$24,800	\$26,400	\$28,800	\$28,800	\$29,600	\$29,600
TOTAL BENEFITS	\$0	\$1,063,125	\$1,146,331	\$1,244,194	\$1,280,655	\$1,340,623	\$1,379,954
<i>% of Salaries</i>	<i>#DIV/0!</i>	33.4%	33.6%	34.1%	34.1%	34.2%	34.2%

PART-TIME EMPLOYEES

Input part-time employee							
Percentage of full-time FTE		0.00	3.60	3.60	3.60	3.60	3.60
Annualized salary	\$26,500	\$0	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400
Input part-time employee							
Percentage of full-time FTE		0.00	4.20	4.20	4.20	4.20	4.20
Annualized salary	\$26,500	\$0	\$111,300	\$111,300	\$111,300	\$111,300	\$111,300
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0

PART TIME SALARIES	\$0	\$206,700	\$206,700	\$206,700	\$206,700	\$206,700	\$206,700
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PERFORMANCE BONUSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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PAYROLL SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
Flag Football (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$300					Assumption?
Footballs		\$100					
Flags/Misc Equipment		\$400					per away game
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$4,300					
Boys Basketball (12 home games; 12 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$500					Assumption?
Basketballs		\$100					
Misc Equipment		\$200					per away game
Transportation		\$1,800					\$150 per away game - bus rental
Referees		\$1,200					2 refs per home game - \$50 ref
Gym rental		\$0					\$35/hour? - could be up to \$6K
Total Costs		\$5,300					
Girls Cheerleading (12 home games; 12 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$500					Assumption?
Basketballs		\$0					
Misc Equipment		\$200					per away game
Transportation		\$1,800					\$150 per away game - bus rental
Referees		\$1,200					2 refs per home game - \$50 ref
Gym rental		\$0					\$35/hour? - could be up to \$6K
Total Costs		\$5,200					
Boys Soccer (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$400					Assumption?
Soccer balls		\$150					
Shin guards, Misc Equipment		\$400					per away game
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$4,450					
Girls Soccer (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$400					Assumption?
Soccer balls		\$150					
Shin guards, Misc Equipment		\$400					per away game
Soccer goals		\$2,000					\$1,000 per goal - 2 goals
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$6,450					

[INSERT School Name]

PLANNING YR 1 YR 2 YR 3 YR 4 YR 5 YR 6

Boys track and field (8 home games; 8 away games)	
Head coach	\$1,000
Assistant Coach	\$500
Equipment	
Uniforms	\$0
Other Equipment	\$0
Transportation	\$1,200
Referees	\$800
Total Costs	\$3,500

Possible grant?
\$150 per away game - bus rental
2 refs per home game - \$50 ref

Girls track and field (8 home games; 8 away games)	
Head coach	\$1,000
Assistant Coach	\$500
Equipment	
Uniforms	\$0
Other Equipment	\$0
Transportation	\$1,200
Referees	\$800
Total Costs	\$3,500

Possible grant?
\$150 per away game - bus rental
2 refs per home game - \$50 ref

Boys Lacrosse (8 home games; 8 away games)	
Head coach	\$1,000
Assistant Coach	\$500
Equipment	
Uniforms	\$0
Other Equipment	\$0
Transportation	\$1,200
Referees	\$800
Total Costs	\$3,500

Possible grant?
\$150 per away game - bus rental
2 refs per home game - \$50 ref

Girls Lacrosse (8 home games; 8 away games)	
Head coach	\$1,000
Assistant Coach	\$500
Equipment	
Uniforms	\$0
Other Equipment	\$0
Transportation	\$1,200
Referees	\$800
Total Costs	\$3,500

Possible grant?
\$150 per away game - bus rental
2 refs per home game - \$50 ref

	Active program?						
Football	no	\$0	\$0	\$0	\$0	\$0	\$0
Boy's basketball	no	\$0	\$0	\$0	\$0	\$0	\$0
Girl's cheerleading	no	\$0	\$0	\$0	\$0	\$0	\$0
Boy's soccer	no	\$0	\$0	\$0	\$0	\$0	\$0
Girl's soccer	no	\$0	\$0	\$0	\$0	\$0	\$0
Boy's track and field	no	\$0	\$0	\$0	\$0	\$0	\$0
Girl's track and field	no	\$0	\$0	\$0	\$0	\$0	\$0
Boy's lacrosse	no	\$0	\$0	\$0	\$0	\$0	\$0
Girl's lacrosse	no	\$0	\$0	\$0	\$0	\$0	\$0

TOTAL EXPENSES	\$60,000	\$6,265,080	\$6,384,680	\$6,730,308	\$7,071,346	\$7,100,016	\$7,256,911
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EQUIPMENT & TECHNOLOGY

FACILITIES	
INPUT "Purchase" or "Lease"	Lease

PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
2016	2017	2018	2019	2020	2021	2022

LEASE OPTION

Square feet leased

750	90,000	90,000	90,000	90,000	90,000	90,000
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Lease rate	\$18.25	Per sq ft	Annual lease cost
Custodial	\$0.44	Per sq ft	
Utilities	\$1.15	Per sq ft	
Capital Outlay (building renovations)		One-time cost	Capital Outlay
Total cost to lease			

\$13,688	\$1,642,500	\$1,642,500	\$1,642,500	\$1,642,500	\$1,642,500	\$1,642,500
\$330	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600
\$863	\$103,500	\$103,500	\$103,500	\$103,500	\$103,500	\$103,500
\$0.00						
\$14,880	\$1,785,600	\$1,785,600	\$1,785,600	\$1,785,600	\$1,785,600	\$1,785,600

General liability insurance	\$22,500.00	Annual cost
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\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
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TOTAL FACILITIES COSTS

\$37,380	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100
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TECHNOLOGY & EQUIPMENT COSTS

PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
2016	2017	2018	2019	2020	2021	2022

ASSUMPTIONS

Copier (monthly lease rate)	\$420	Per month
	610	Students per copier
Desktop computer costs (faculty and computers for carts)	\$600	Per laptop
Desktop computers	50	Per grade level
Cart costs		Per cart

Student enrollment		0	1220	1220	1220	1220	1220	1220
Number of copiers needed			2	2	2	2	2	2
Monthly copier lease			\$10,080	\$10,080	\$10,080	\$10,080	\$10,080	\$10,080
Copier - usage fee			\$0	\$0	\$0	\$0	\$0	\$0
New Laptops - faculty	\$1,600	Per student	\$0	\$0	\$0	\$0	\$0	\$0
Laptop replacement costs	4	Per laptop	\$0	\$49,600	\$3,200	\$4,800	\$0	\$1,600
Mobile lap top cart - students		Number of years use	\$0	\$0	\$0	\$0	\$49,600	\$3,200
Mobile Laptop cart replacement costs		Per grade level	\$0	\$0	\$0	\$0	\$0	\$0
FTE cell phone handset		Number of years use		FALSE	FALSE	FALSE	FALSE	FALSE
FTE Cell phones (monthly coverage)		Per handset	\$0	\$0	\$0	\$0	\$0	\$0
Internet setup		Per month	\$0	\$0	\$0	\$0	\$0	\$0
Server		Setup fee	\$0	\$0	\$0	\$0	\$0	\$0
Classroom technology		Per server	\$0	\$0	\$0	\$0	\$0	\$0
Educational software	\$15	Per classroom	\$0	\$0	\$0	\$0	\$0	\$0
Technology Support Services	\$2,500	Per student	\$18,300	\$18,300	\$18,300	\$18,300	\$18,300	\$18,300
Internet and phone monthly service	\$1,875	Per month	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Other Equipment (security system)		Per month	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
Monthly equipment cost	\$1,000	Setup cost	\$0	\$0	\$0	\$0	\$0	\$0
Computer Hardware	\$3,000	Per month	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Computer Software		Per FTE	\$93,000	\$99,000	\$108,000	\$108,000	\$111,000	\$111,000
Faculty furniture		Per FTE	\$0	\$0	\$0	\$0	\$0	\$0
Student furniture		Per FTE	\$0	\$0	\$0	\$0	\$0	\$0
		Per new student	\$0	\$0	\$0	\$0	\$0	\$0

TOTAL TECHNOLOGY & EQUIPMENT COSTS

\$0	\$235,480	\$195,080	\$205,680	\$200,880	\$255,080	\$207,080
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Athlos Academy of Reno

BUDGET SUMMARY

Name of School

Athlos Academy of Reno

	PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Number of Students	0	1220	1220	1220	1220	1220	1220
Number of Employees	0	31	33	36	36	37	37
REVENUE							
DSA Funding	\$0	\$8,215,480	\$8,461,944	\$8,715,803	\$8,977,277	\$9,246,595	\$9,523,993
DSA Sponsorship Fee	\$0	(\$123,232)	(\$126,929)	(\$130,737)	(\$134,659)	(\$138,699)	(\$142,860)
State Special Education Funding	\$0	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026
Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Breakfast Program	\$0	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710
Federal Lunch Program	\$0	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565
IDEA	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transportation							
R&E start-up funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other start-up funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student fees	\$0	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600
Investment Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School level fundraising	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Private fundraising (foundations, corporate)	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0
Private fundraising (individuals)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$100,000	\$8,363,149	\$8,605,916	\$8,855,967	\$9,113,519	\$9,378,797	\$9,652,034
EXPENSES							
Personnel	\$0	\$4,453,171	\$4,764,682	\$5,101,750	\$5,247,737	\$5,467,788	\$5,624,733
General Operating Expenses	\$60,000	\$1,811,908	\$1,619,998	\$1,628,558	\$1,823,608	\$1,632,228	\$1,632,178
Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Athletic Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities	\$37,380	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100
Technology & Equipment	\$0	\$235,480	\$195,080	\$205,680	\$200,880	\$255,080	\$207,080
TOTAL EXPENSES	\$97,380	\$8,308,660	\$8,387,860	\$8,744,088	\$9,080,326	\$9,163,196	\$9,272,091
SURPLUS/(DEFICIT)	\$2,620	\$54,489	\$218,056	\$111,879	\$33,193	\$215,601	\$379,943
<i>Per student</i>		\$45	\$179	\$92	\$27	\$177	\$311
Ending Fund Balance	\$2,620	\$57,109	\$275,165	\$387,044	\$420,237	\$635,838	\$1,015,781

School Name: Athlos Academy of Reno

Cash Flow Statement

2017-18	PROJECTED July	PROJECTED August	PROJECTED September	PROJECTED October	PROJECTED November	PROJECTED December	PROJECTED January	PROJECTED February	PROJECTED March	PROJECTED April	PROJECTED May	PROJECTED June	Total Projected
REVENUES													
Distributive School Acct	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	#####
DSA Sponsorship Fee	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (123,232.00)
Donations													\$ -
State Special Ed													\$ -
IDEA				\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,222.44	\$ 65,026.00
School Level Fundraising			\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 36,600.00
USDA Food Program				\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 169,275.00
													\$ -
													\$ -
Total Revenues	\$ 674,354.00	\$ 674,354.00	\$ 678,014.00	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,044.77	#####
Total Revenues Y-T-D	\$ 674,354.00	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	
EXPENDITURES													
Salaries & Benefits													
Salaries		\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	#####
Benefits		\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	#####
Supplies		\$ 100,000.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 213,800.00
Rent													\$ -
Utilities	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 126,000.00
Contracts	\$ 7,325.00	\$ 10,961.00	\$ 18,461.00	\$ 10,961.00	\$ 10,961.00	\$ 23,461.00	\$ 10,961.00	\$ 10,961.00	\$ 10,961.00	\$ 10,961.00	\$ 10,961.00	\$ 10,964.00	\$ 147,899.00
Textbooks	\$ 195,200.00	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 268,400.00
Equipment	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 164,680.00
Facility Lease	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	#####
CMO Fee		\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 976,000.00
Food Services			\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 204,631.00
Travel			\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 35,525.00
Professional Development						\$ 6,000.00	\$ 1,000.00		\$ 6,000.00	\$ 1,000.00	\$ 570.00		\$ 14,570.00
Recruitment							\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 15,000.00
Assessment Costs						\$ 7,450.00						\$ 7,494.00	\$ 14,944.00
Insurnace	\$ 22,500.00												\$ 22,500.00
Miscellaneous	\$ 1,395.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 1,395.00	\$ 670.00	\$ 9,040.00
													\$ -
													\$ -
													\$ -
Total Expenditures	\$ 387,518.33	\$ 772,894.88	\$ 715,790.48	\$ 708,290.48	\$ 708,290.48	\$ 734,240.48	\$ 711,790.48	\$ 710,790.48	\$ 716,790.48	\$ 711,790.48	\$ 712,135.48	\$ 718,337.48	#####
Total Expenses Y-T-D	\$ 387,518.33	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	
Percent of Budget	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Projected Cash Balance Statement

Net change in Cash (F/B)	\$ 286,835.67	\$ (98,540.88)	\$ (37,776.48)	\$ (4,242.70)	\$ (4,242.70)	\$ (30,192.70)	\$ (7,742.70)	\$ (6,742.70)	\$ (12,742.70)	\$ (7,742.70)	\$ (8,087.70)	\$ (14,292.71)	\$ 54,488.99
Begin Cash Balance(F/B)	\$ 2,620.00	\$ 286,835.67	\$ 188,294.79	\$ 150,518.31	\$ 146,275.61	\$ 142,032.91	\$ 111,840.21	\$ 104,097.51	\$ 97,354.80	\$ 84,612.10	\$ 76,869.40	\$ 68,781.70	
End Cash Balance (F/B)	\$ 286,835.67	\$ 188,294.79	\$ 150,518.31	\$ 146,275.61	\$ 142,032.91	\$ 111,840.21	\$ 104,097.51	\$ 97,354.80	\$ 84,612.10	\$ 76,869.40	\$ 68,781.70	\$ 54,488.99	\$ 54,488.99

WEIGHTED
2016 Count Day

County District	DSA	Outside		Enrollment	Subtotal
		Revenue	Total		
Carson City	\$ 6,637	\$ 1,002	\$ 7,639		\$0.00
Churchill	\$ 6,621	\$ 1,100	\$ 7,721		\$0.00
Clark	\$ 5,527	\$ 979	\$ 6,506		\$0.00
Douglas	\$ 5,941	\$ 2,466	\$ 8,407		\$0.00
Elko	\$ 6,707	\$ 1,302	\$ 8,009		\$0.00
Esmeralda	\$ 15,590	\$ 7,867	\$ 23,457		\$0.00
Eureka	\$ 5,653	\$ 26,220	\$ 31,873		\$0.00
Humboldt	\$ 5,738	\$ 2,269	\$ 8,007		\$0.00
Lander	\$ 3,955	\$ 6,063	\$ 10,018		\$0.00
Lincoln	\$ 10,369	\$ 1,469	\$ 11,838		\$0.00
Lyon	\$ 7,150	\$ 928	\$ 8,078		\$0.00
Mineral	\$ 9,561	\$ 1,644	\$ 11,205		\$0.00
Nye	\$ 7,104	\$ 1,458	\$ 8,562		\$0.00
Pershing	\$ 8,964	\$ 2,662	\$ 11,626		\$0.00
Storey	\$ 8,309	\$ 5,783	\$ 14,092		\$0.00
Washoe	\$ 5,582	\$ 1,152	\$ 6,734	1,220	\$8,215,480.00
White Pine	\$ 7,376	\$ 1,677	\$ 9,053		\$0.00
Multi-District	\$ 6,734			1,220.0	8,215,480.0

CHARTER SCHOOL BUDGET								
Name of School	Athlos Academy of Reno	Base Year	2016					
		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
REVENUE ASSUMPTIONS		2016	2017	2018	2019	2020	2021	2022
Number of grade levels			9	9	9	9	9	9
Number of classrooms			52	52	52	52	52	52
K			100	100	100	100	100	100
1st			140	140	140	140	140	140
2nd			140	140	140	140	140	140
3rd			140	140	140	140	140	140
4th			140	140	140	140	140	140
5th			140	140	140	140	140	140
6th			140	140	140	140	140	140
7th			140	140	140	140	140	140
8th			140	140	140	140	140	140
9th								
10th								
11th								
12th								
Total Student Enrollment		0	1220	1220	1220	1220	1220	1220
Title I (% of student body)		0%	15%	15%	15%	15%	15%	15%
Special Education (% of student body)		0%	10%	10%	10%	10%	10%	10%
Total Distributive School Account (funding per student)	\$6,734	Base year						
Inflation adjustor	1.03							
Special Education Weighted Funding	\$533	Per student						
Title I	\$0	Per student						
IDEA	\$0	Per SPED student						
Breakfast Program -- Federal Reimbursement	yes	"yes" or "no"						
Breakfast Program	\$2	Per student per day						
Lunch Program	\$3	Per student per day						
School level fundraising	\$30	Per student						
County where school is located	Washoe							
DSA Funding		\$0	\$8,215,480	\$8,461,944	\$8,715,803	\$8,977,277	\$9,246,595	\$9,523,993
DSA Sponsorship Fee		\$0	-\$123,232	-\$126,929	-\$130,737	-\$134,659	-\$138,699	-\$142,860
Title I		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Breakfast Program		\$0	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710
Federal Lunch Program		\$0	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565
IDEA		\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Special Education Funding		\$0	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026
Charter start-up funds (Federal R&E already awarded to operator--not SEA grant)								
Other start-up grant funds								
School level fundraising		\$0	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600
Student fees								
Investment Income								
Private fundraising (foundations, corporate)		\$100,000						
Private fundraising								
TOTAL REVENUE		\$100,000	\$8,363,149	\$8,605,916	\$8,855,967	\$9,113,519	\$9,378,797	\$9,652,034

[INSERT School Name]

		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
EXPENSES		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
STAFFING COSTS		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
ASSUMPTIONS		2016	2017	2018	2019	2020	2021	2022
Payroll Tax and Benefits								
Medical								
Single Coverage	\$9,500							
Family Coverage	\$13,500							
School's percentage of coverage	80%							
Assumed percentage of employees choosing single coverage	55%							
Weighted avg. cost for medical	\$11,300							
FICA	7.65%							
State Retirement - Certified	14.50%							
State Retirement - Non-certified	14.50%							
Life Insurance	1.40%							
GASB 45	\$0							
Unemployment Insurance	\$800							
Payroll Services	\$0							
Bonus Pool	0.00%							
FTE - Total		0.0	31.0	33.0	36.0	36.0	37.0	37.0
FTE - Administrators		0.0	4.0	5.0	5.0	5.0	5.0	5.0
FTE - Office		0.0	1.0	1.0	2.0	2.0	2.0	2.0
FTE - Special Education/ELL Teachers		0.0	2.0	2.0	3.0	3.0	3.0	3.0
FTE - Grade Level Teachers		0.0	24.0	25.0	26.0	26.0	27.0	27.0
Instructional days per year	185							
Saturday schools per year	0							
Contractors required for Saturday School	0							
Price per contractor	\$0							

	Start Year (Input year or "NA")	Base Salary	FTE Count					
Administrators								
Executive Director	2017	\$105,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Assistant Director	2017	\$75,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Guidance Counselor	2017	\$44,936.00	0.00	1.00	1.00	1.00	1.00	1.00
Guidance Counselor (2)	2018	\$44,936.00	0.00	0.00	1.00	1.00	1.00	1.00
Instructional guides (2)	2017	\$110,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Total Administrators			0.00	4.00	5.00	5.00	5.00	5.00
Office Staff								
Office Staff	2017	\$286,500.00	0.00	1.00	1.00	1.00	1.00	1.00
External Relations	2019	\$45,000.00	0.00	0.00	0.00	1.00	1.00	1.00
	N/A		0.00	0.00	0.00	0.00	0.00	0.00
Total Administrators and Office Staff			0.00	1.00	1.00	2.00	2.00	2.00

[INSERT School Name]

12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher

NA	\$0.00
NA	\$0.00
NA	\$0.00
NA	\$0.00
NA	\$0.00

PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	24.00	25.00	26.00	26.00	27.00	27.00

Total Grade Level Teachers

TOTAL SALARIES	\$0	\$3,183,346	\$3,411,650	\$3,650,856	\$3,760,382	\$3,920,465	\$4,038,079
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BENEFITS

Total Medical Benefits	\$0	\$288,647	\$316,488	\$355,617	\$366,286	\$387,754	\$399,387
Total FICA	\$0	\$243,526	\$260,991	\$279,290	\$287,669	\$299,916	\$308,913
Total State Retirement Costs	\$0	\$461,585	\$494,689	\$529,374	\$545,255	\$568,467	\$585,521
Total Life Insurance	\$0	\$44,567	\$47,763	\$51,112	\$52,645	\$54,887	\$56,533
Total GASB 45	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Unemployment Insurance	\$0	\$24,800	\$26,400	\$28,800	\$28,800	\$29,600	\$29,600
TOTAL BENEFITS	\$0	\$1,063,125	\$1,146,331	\$1,244,194	\$1,280,655	\$1,340,623	\$1,379,954
<i>% of Salaries</i>	<i>#DIV/0!</i>	33.4%	33.6%	34.1%	34.1%	34.2%	34.2%

PART-TIME EMPLOYEES

Input part-time employee							
Percentage of full-time FTE		0.00	3.60	3.60	3.60	3.60	3.60
Annualized salary	\$26,500	\$0	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400
Input part-time employee							
Percentage of full-time FTE		0.00	4.20	4.20	4.20	4.20	4.20
Annualized salary	\$26,500	\$0	\$111,300	\$111,300	\$111,300	\$111,300	\$111,300
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0

PART TIME SALARIES	\$0	\$206,700	\$206,700	\$206,700	\$206,700	\$206,700	\$206,700
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PERFORMANCE BONUSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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PAYROLL SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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[INSERT School Name]

	School Pays?			PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
Food Program										
Breakfast	No		Per student		\$0	\$0	\$0	\$0	\$0	\$0
					\$0	\$0	\$0	\$0	\$0	\$0
Lunch program	No		Per student (not covered by Title I)							
Snacks	no	\$0.00	Per student		\$0	\$0	\$0	\$0	\$0	\$0
Saturday food program	no	\$0.00	Input "yes or "no"		\$0	\$0	\$0	\$0	\$0	\$0
Total Food Costs				\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL GENERAL OPERATING EXPENSES				\$60,000	\$1,811,908	\$1,619,998	\$1,628,558	\$1,823,608	\$1,632,228	\$1,632,178

	TRANSPORTATION COSTS						
	PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
ASSUMPTIONS	2016	2017	2018	2019	2020	2021	2022
Percentage of students transported							
Students per bus							
Bus purchase price (used bus)							
Miles driven per bus per day							
Miles driven per bus per year			0				
Miles per gallon							
Gallons purchased per year			0.00				
Price per gallon							
Annual fuel costs per bus			\$0.00				
Maintenance costs per bus							
Annual maintenance costs per bus			\$0				
Bus Contracting Costs							
Number of students participating		0	0	0	0	0	0
Number of buses required		0	0	0	0	0	0
Bus purchasing costs		\$0	\$0	\$0	\$0	\$0	\$0
Fuel costs		\$0	\$0	\$0	\$0	\$0	\$0
Maintenance costs		\$0	\$0	\$0	\$0	\$0	\$0
Bus Contracting Costs		\$0	\$0	\$0	\$0	\$0	\$0
TOTAL TRANSPORTATION COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Per student</i>		NA	NA	NA	NA	NA	NA

	PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
Flag Football (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$300					Assumption?
Footballs		\$100					
Flags/Misc Equipment		\$400					per away game
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$4,300					
Boys Basketball (12 home games; 12 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$500					Assumption?
Basketballs		\$100					
Misc Equipment		\$200					per away game
Transportation		\$1,800					\$150 per away game - bus rental
Referees		\$1,200					2 refs per home game - \$50 ref
Gym rental		\$0					\$35/hour? - could be up to \$6K
Total Costs		\$5,300					
Girls Cheerleading (12 home games; 12 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$500					Assumption?
Basketballs		\$0					
Misc Equipment		\$200					per away game
Transportation		\$1,800					\$150 per away game - bus rental
Referees		\$1,200					2 refs per home game - \$50 ref
Gym rental		\$0					\$35/hour? - could be up to \$6K
Total Costs		\$5,200					
Boys Soccer (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$400					Assumption?
Soccer balls		\$150					
Shin guards, Misc Equipment		\$400					per away game
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$4,450					
Girls Soccer (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$400					Assumption?
Soccer balls		\$150					
Shin guards, Misc Equipment		\$400					per away game
Soccer goals		\$2,000					\$1,000 per goal - 2 goals
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$6,450					

[INSERT School Name]

PLANNING YR 1 YR 2 YR 3 YR 4 YR 5 YR 6

Boys track and field (8 home games; 8 away games)

Head coach	\$1,000	
Assistant Coach	\$500	
Equipment		
Uniforms	\$0	
Other Equipment	\$0	Possible grant?
Transportation	\$1,200	\$150 per away game - bus rental
Referees	\$800	2 refs per home game - \$50 ref
Total Costs	\$3,500	

Girls track and field (8 home games; 8 away games)

Head coach	\$1,000	
Assistant Coach	\$500	
Equipment		
Uniforms	\$0	
Other Equipment	\$0	Possible grant?
Transportation	\$1,200	\$150 per away game - bus rental
Referees	\$800	2 refs per home game - \$50 ref
Total Costs	\$3,500	

Boys Lacrosse (8 home games; 8 away games)

Head coach	\$1,000	
Assistant Coach	\$500	
Equipment		
Uniforms	\$0	
Other Equipment	\$0	Possible grant?
Transportation	\$1,200	\$150 per away game - bus rental
Referees	\$800	2 refs per home game - \$50 ref
Total Costs	\$3,500	

Girls Lacrosse (8 home games; 8 away games)

Head coach	\$1,000	
Assistant Coach	\$500	
Equipment		
Uniforms	\$0	
Other Equipment	\$0	Possible grant?
Transportation	\$1,200	\$150 per away game - bus rental
Referees	\$800	2 refs per home game - \$50 ref
Total Costs	\$3,500	

	Active program?	PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
Football	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boy's basketball	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Girl's cheerleading	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boy's soccer	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Girl's soccer	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boy's track and field	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Girl's track and field	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boy's lacrosse	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Girl's lacrosse	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSES		\$60,000	\$6,265,080	\$6,384,680	\$6,730,308	\$7,071,346	\$7,100,016	\$7,256,911

FINANCIAL PLAN WORKBOOK INSTRUCTIONS

expenditures during a five year time period. The workbook is designed to serve as a simplified guideline for recording your projected revenues and expenditures through both the 'School Inputs' and 'Technology & Equipment Inputs' tabs in this Microsoft Excel workbook. Please note that this is a protected workbook and data should only be entered into the unprotected cells (yellow cells). To maximize the usage of the Financial Plan Workbook, please familiarize yourself with the following general instructions prior to data entry.

School Inputs

The 'School Inputs' tab will be utilized as a place for data entry regarding your charter school's revenue assumptions along with any compensation, benefits and general expense assumptions. Data entry will begin in the revenue assumptions section. Note that FTE stands for Full-Time Equivalent. If this term is unfamiliar, please consult with an individual experienced in budgeting and pupil accounting. If your budget plans include staff less than full time please contact the State Public Charter School Authority to adjust formulas in this budget tool.

Revenue Assumptions

1. Please enter a Base Year into 'H2'. Additionally, please enter the appropriate school years in cells H5 through N5 as well as H6 through N6.
2. Next, be sure to enter your projected student enrollment in the enrollment section. This section captures the number of students by grade level (Rows 7-21) and by school year (Columns H-N).
3. In cells I24 through N25, please enter your school's percentage of Title 1 students. Similarly, in cells I24 through N24, enter your institution's percentage of special education students.
- county where the school is located (Cell F37). If the school will be multi-district (e.g. a virtual school), the applicant must enter an estimated number of students per county in the County DSA tab to generate an appropriate figure. A conservative assumption would be to assume 100 percent of students are from the county with the lowest DSA.
5. The Inflation Adjuster in 'F28' is designed to account for any increases in the cost of labor and expenses over time. Please be sure to enter a cost of inflation in this cell. An inflation rate of 1.03 is a good rule of thumb for
6. Enter your Title 1, IDEA (cost per SPED student) and school level fundraising income per student. Each of these entries will automatically calculate the revenue line items for BEP, Title 1, IDEA and school level funding.
7. Any remaining revenue entries can be manually accounted for in the following subgroups:
 - Charter Start-Up Funds (H46-N46)**
 - Other Start-Up Grant Funds (H47-N47)**
 - Student Fees (H49-N49)**
 - Investment Income (H50-N50)**
 - Private fundraising (foundations, corporate) (H51-N51)**
 - Private Fundraising (H52-N52)**

Staffing and Compensation Assumptions

The staffing and compensation assumptions section will require input data on not only the charter school's staffing levels and average salaries, but it will also require the preparer to provide benefits data in order to provide the charter school with realistic financial projections. Please follow the instructions below:

1. Enter the average medical benefits for employees with both single and family coverage into cells 'F62' and 'F63'
2. Second, enter the school's percentage of coverage in 'F64'.
3. In 'F65', enter the assumed percentage of employees choosing single for their health benefits.

4. In cells F67 through F70, enter the percentage of your employee's salaries that will be allocated to FICA, State Retirement for Certified Employees, State Retirement for Non-Certified Employees and Life Insurance.
5. Next, enter any per-employee expenses associated with GASB 45 and Unemployment Insurance in 'F71' and 'F72'.
6. Payroll services are accounted for as a dollar value on a per employee/per month basis in 'F74'.
7. Any bonuses should be accounted for in 'F75', which is calculated as a percentage of salaried employees.
8. The information requested in cells F83 through F86 serve as drivers for some of your charter school's general expenses. Therefore, be sure to enter your school's instructional days per year (required) as well as the Saturday schools per year, contractors required for Saturday school and price per contractor (if necessary).
administrators such as the School Director should be entered into the Administrator section. The positions, salaries and staffing levels in this section are marked for input, so feel free to adjust the position levels, salaries and staffing levels as your charter school finds necessary. Please note that each line represents one position,
10. Part-Time employees are considered in a less cumbersome fashion. Simply enter the average salary for each respective position and enter the number of employees per year.
11. Lastly, the salaries and staffing levels work in unison with the inputs you entered to get to the total salary and benefits for your charter school. Feel free to adjust any of the staffing and compensation inputs to either decrease or increase your school's total compensation.

General Operating Expense Assumptions

The general operating expense assumptions section houses the majority of the expenditures that are necessary to operate your charter school.

1. This section is extremely user-friendly in terms of data entry. Each general operating expense line item is tied to a driver, i.e. per year or per student. The driver is then multiplied by the dollar value that was entered, which results in the amount of that expense line item for the given year.
2. The Contracted Services section should be completed in the same manner. Here the driver is per year, therefore any annual audits or legal services need to be calculated on an annual basis.

Technology and Equipment Inputs

The technology and equipment assumptions section is used to record any expenses related to technology and equipment usage at your charter school.

1. Similar to the general operating expense assumptions, these expense line items are tied to a driver. Simply enter a value into the input cell and the driver is then multiplied by the dollar value that was entered, which results in the amount of that technology/equipment expense line item for the given year.

CHARTER SCHOOL BUDGET								
Name of School	Athlos Academy of Reno	Base Year	2016					
		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
REVENUE ASSUMPTIONS		2016	2017	2018	2019	2020	2021	2022
Number of grade levels			9	9	9	9	9	9
Number of classrooms			52	52	52	52	52	52
K			100	100	100	100	100	100
1st			140	140	140	140	140	140
2nd			140	140	140	140	140	140
3rd			140	140	140	140	140	140
4th			140	140	140	140	140	140
5th			140	140	140	140	140	140
6th			140	140	140	140	140	140
7th			140	140	140	140	140	140
8th			140	140	140	140	140	140
9th								
10th								
11th								
12th								
Total Student Enrollment		0	1220	1220	1220	1220	1220	1220
Title I (% of student body)		0%	15%	15%	15%	15%	15%	15%
Special Education (% of student body)		0%	10%	10%	10%	10%	10%	10%
Total Distributive School Account (funding per student)	\$6,734	Base year						
Inflation adjustor	1.03							
Special Education Weighted Funding	\$533	Per student						
Title I	\$0	Per student						
IDEA	\$0	Per SPED student						
Breakfast Program -- Federal Reimbursement	yes	"yes" or "no"						
Breakfast Program	\$2	Per student per day						
Lunch Program	\$3	Per student per day						
School level fundraising	\$30	Per student						
County where school is located	Washoe							
DSA Funding		\$0	\$8,215,480	\$8,461,944	\$8,715,803	\$8,977,277	\$9,246,595	\$9,523,993
DSA Sponsorship Fee		\$0	-\$123,232	-\$126,929	-\$130,737	-\$134,659	-\$138,699	-\$142,860
Title I		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Breakfast Program		\$0	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710
Federal Lunch Program		\$0	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565
IDEA		\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Special Education Funding		\$0	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026
Charter start-up funds (Federal R&E already awarded to operator--not SEA grant)								
Other start-up grant funds								
School level fundraising		\$0	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600
Student fees								
Investment Income								
Private fundraising (foundations, corporate)		\$100,000						
Private fundraising								
TOTAL REVENUE		\$100,000	\$8,363,149	\$8,605,916	\$8,855,967	\$9,113,519	\$9,378,797	\$9,652,034

[INSERT School Name]

		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
EXPENSES		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
STAFFING COSTS		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
ASSUMPTIONS		2016	2017	2018	2019	2020	2021	2022
Payroll Tax and Benefits								
Medical								
Single Coverage	\$9,500							
Family Coverage	\$13,500							
School's percentage of coverage	80%							
Assumed percentage of employees choosing single coverage	55%							
Weighted avg. cost for medical	\$11,300							
FICA	7.65%							
State Retirement - Certified	14.50%							
State Retirement - Non-certified	14.50%							
Life Insurance	1.40%							
GASB 45	\$0							
Unemployment Insurance	\$800							
Payroll Services	\$0							
Bonus Pool	0.00%							
FTE - Total		0.0	31.0	33.0	36.0	36.0	37.0	37.0
FTE - Administrators		0.0	4.0	5.0	5.0	5.0	5.0	5.0
FTE - Office		0.0	1.0	1.0	2.0	2.0	2.0	2.0
FTE - Special Education/ELL Teachers		0.0	2.0	2.0	3.0	3.0	3.0	3.0
FTE - Grade Level Teachers		0.0	24.0	25.0	26.0	26.0	27.0	27.0
Instructional days per year	185							
Saturday schools per year	0							
Contractors required for Saturday School	0							
Price per contractor	\$0							

	Start Year (Input year or "NA")	Base Salary	FTE Count					
Administrators								
Executive Director	2017	\$105,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Assistant Director	2017	\$75,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Guidance Counselor	2017	\$44,936.00	0.00	1.00	1.00	1.00	1.00	1.00
Guidance Counselor (2)	2018	\$44,936.00	0.00	0.00	1.00	1.00	1.00	1.00
Instructional guides (2)	2017	\$110,000.00	0.00	1.00	1.00	1.00	1.00	1.00
Total Administrators			0.00	4.00	5.00	5.00	5.00	5.00
Office Staff								
Office Staff	2017	\$286,500.00	0.00	1.00	1.00	1.00	1.00	1.00
External Relations	2019	\$45,000.00	0.00	0.00	0.00	1.00	1.00	1.00
	N/A		0.00	0.00	0.00	0.00	0.00	0.00
Total Administrators and Office Staff			0.00	1.00	1.00	2.00	2.00	2.00

[INSERT School Name]

12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher
12	General	Grade Level Teacher

NA	\$0.00
NA	\$0.00
NA	\$0.00
NA	\$0.00
NA	\$0.00

PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	24.00	25.00	26.00	26.00	27.00	27.00

Total Grade Level Teachers

TOTAL SALARIES	\$0	\$3,183,346	\$3,411,650	\$3,650,856	\$3,760,382	\$3,920,465	\$4,038,079
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BENEFITS

Total Medical Benefits	\$0	\$288,647	\$316,488	\$355,617	\$366,286	\$387,754	\$399,387
Total FICA	\$0	\$243,526	\$260,991	\$279,290	\$287,669	\$299,916	\$308,913
Total State Retirement Costs	\$0	\$461,585	\$494,689	\$529,374	\$545,255	\$568,467	\$585,521
Total Life Insurance	\$0	\$44,567	\$47,763	\$51,112	\$52,645	\$54,887	\$56,533
Total GASB 45	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Unemployment Insurance	\$0	\$24,800	\$26,400	\$28,800	\$28,800	\$29,600	\$29,600
TOTAL BENEFITS	\$0	\$1,063,125	\$1,146,331	\$1,244,194	\$1,280,655	\$1,340,623	\$1,379,954
<i>% of Salaries</i>	<i>#DIV/0!</i>	33.4%	33.6%	34.1%	34.1%	34.2%	34.2%

PART-TIME EMPLOYEES

Input part-time employee							
Percentage of full-time FTE		0.00	3.60	3.60	3.60	3.60	3.60
Annualized salary	\$26,500	\$0	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400
Input part-time employee							
Percentage of full-time FTE		0.00	4.20	4.20	4.20	4.20	4.20
Annualized salary	\$26,500	\$0	\$111,300	\$111,300	\$111,300	\$111,300	\$111,300
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0
Input part-time employee							
Percentage of full-time FTE							
Annualized salary		\$0	\$0	\$0	\$0	\$0	\$0

PART TIME SALARIES	\$0	\$206,700	\$206,700	\$206,700	\$206,700	\$206,700	\$206,700
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PERFORMANCE BONUSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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PAYROLL SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
Flag Football (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$300					Assumption?
Footballs		\$100					
Flags/Misc Equipment		\$400					per away game
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$4,300					
Boys Basketball (12 home games; 12 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$500					Assumption?
Basketballs		\$100					
Misc Equipment		\$200					per away game
Transportation		\$1,800					\$150 per away game - bus rental
Referees		\$1,200					2 refs per home game - \$50 ref
Gym rental		\$0					\$35/hour? - could be up to \$6K
Total Costs		\$5,300					
Girls Cheerleading (12 home games; 12 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$500					Assumption?
Basketballs		\$0					
Misc Equipment		\$200					per away game
Transportation		\$1,800					\$150 per away game - bus rental
Referees		\$1,200					2 refs per home game - \$50 ref
Gym rental		\$0					\$35/hour? - could be up to \$6K
Total Costs		\$5,200					
Boys Soccer (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$400					Assumption?
Soccer balls		\$150					
Shin guards, Misc Equipment		\$400					per away game
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$4,450					
Girls Soccer (8 home games; 8 away games)							
Head coach		\$1,000					
Assistant Coach		\$500					
Equipment							
Uniforms		\$400					Assumption?
Soccer balls		\$150					
Shin guards, Misc Equipment		\$400					per away game
Soccer goals		\$2,000					\$1,000 per goal - 2 goals
Transportation		\$1,200					\$150 per away game - bus rental
Referees		\$800					2 refs per home game - \$50 ref
Total Costs		\$6,450					

		PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
Boys track and field (8 home games; 8 away games)								
Head coach	\$1,000							
Assistant Coach	\$500							
Equipment								
Uniforms	\$0							
Other Equipment	\$0							Possible grant?
Transportation	\$1,200							\$150 per away game - bus rental
Referees	\$800							2 refs per home game - \$50 ref
Total Costs	\$3,500							
Girls track and field (8 home games; 8 away games)								
Head coach	\$1,000							
Assistant Coach	\$500							
Equipment								
Uniforms	\$0							
Other Equipment	\$0							Possible grant?
Transportation	\$1,200							\$150 per away game - bus rental
Referees	\$800							2 refs per home game - \$50 ref
Total Costs	\$3,500							
Boys Lacrosse (8 home games; 8 away games)								
Head coach	\$1,000							
Assistant Coach	\$500							
Equipment								
Uniforms	\$0							
Other Equipment	\$0							Possible grant?
Transportation	\$1,200							\$150 per away game - bus rental
Referees	\$800							2 refs per home game - \$50 ref
Total Costs	\$3,500							
Girls Lacrosse (8 home games; 8 away games)								
Head coach	\$1,000							
Assistant Coach	\$500							
Equipment								
Uniforms	\$0							
Other Equipment	\$0							Possible grant?
Transportation	\$1,200							\$150 per away game - bus rental
Referees	\$800							2 refs per home game - \$50 ref
Total Costs	\$3,500							

	Active program?	PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
Football	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boy's basketball	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Girl's cheerleading	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boy's soccer	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Girl's soccer	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boy's track and field	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Girl's track and field	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boy's lacrosse	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Girl's lacrosse	no	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSES		\$60,000	\$6,265,080	\$6,384,680	\$6,730,308	\$7,071,346	\$7,100,016	\$7,256,911

EQUIPMENT & TECHNOLOGY

FACILITIES	
INPUT "Purchase" or "Lease"	Lease

PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
2016	2017	2018	2019	2020	2021	2022

LEASE OPTION

Square feet leased

750	90,000	90,000	90,000	90,000	90,000	90,000
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Lease rate	\$18.25	Per sq ft	Annual lease cost	\$13,688	\$1,642,500	\$1,642,500	\$1,642,500	\$1,642,500	\$1,642,500	\$1,642,500	\$1,642,500
Custodial	\$0.44	Per sq ft		\$330	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600
Utilities	\$1.15	Per sq ft		\$863	\$103,500	\$103,500	\$103,500	\$103,500	\$103,500	\$103,500	\$103,500
Capital Outlay (building renovations)		One-time cost	Capital Outlay	\$0.00							
Total cost to lease				\$14,880	\$1,785,600	\$1,785,600	\$1,785,600	\$1,785,600	\$1,785,600	\$1,785,600	\$1,785,600

General liability insurance	\$22,500.00	Annual cost		\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
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TOTAL FACILITIES COSTS				\$37,380	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100
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TECHNOLOGY & EQUIPMENT COSTS

PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
2016	2017	2018	2019	2020	2021	2022

ASSUMPTIONS

Copier (monthly lease rate)	\$420	Per month									
	610	Students per copier									
Desktop computer costs (faculty and computers for carts)	\$600	Per laptop									
Desktop computers	50	Per grade level									
Cart costs		Per cart									

Student enrollment				0	1220	1220	1220	1220	1220	1220	1220
Number of copiers needed					2	2	2	2	2	2	2
Monthly copier lease					\$10,080	\$10,080	\$10,080	\$10,080	\$10,080	\$10,080	\$10,080
Copier - usage fee					\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Laptops - faculty	\$1,600	Per student		\$0	\$49,600	\$3,200	\$4,800	\$0	\$1,600	\$0	\$0
Laptop replacement costs	4	Per laptop									
Mobile lap top cart - students		Number of years use			\$0	\$0	\$0	\$0	\$49,600	\$3,200	
Mobile Laptop cart replacement costs		Per grade level			\$0	\$0	\$0	\$0	\$0	\$0	\$0
FTE cell phone handset		Number of years use				FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
FTE Cell phones (monthly coverage)		Per handset		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet setup		Per month		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Server		Setup fee			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Classroom technology		Per server			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Educational software	\$15	Per classroom			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology Support Services	\$2,500	Per student		\$18,300	\$18,300	\$18,300	\$18,300	\$18,300	\$18,300	\$18,300	\$18,300
Internet and phone monthly service	\$1,875	Per month		\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Other Equipment (security system)		Per month		\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
Monthly equipment cost	\$1,000	Setup cost		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Computer Hardware	\$3,000	Per month		\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Computer Software		Per FTE		\$93,000	\$99,000	\$108,000	\$108,000	\$111,000	\$111,000	\$111,000	\$111,000
Faculty furniture		Per FTE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student furniture		Per FTE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		Per new student		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

TOTAL TECHNOLOGY & EQUIPMENT COSTS				\$0	\$235,480	\$195,080	\$205,680	\$200,880	\$255,080	\$207,080
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Athlos Academy of Reno

BUDGET SUMMARY

Name of School

Athlos Academy of Reno

	PLANNING	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Number of Students	0	1220	1220	1220	1220	1220	1220
Number of Employees	0	31	33	36	36	37	37
REVENUE							
DSA Funding	\$0	\$8,215,480	\$8,461,944	\$8,715,803	\$8,977,277	\$9,246,595	\$9,523,993
DSA Sponsorship Fee	\$0	(\$123,232)	(\$126,929)	(\$130,737)	(\$134,659)	(\$138,699)	(\$142,860)
State Special Education Funding	\$0	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026	\$65,026
Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Breakfast Program	\$0	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710	\$67,710
Federal Lunch Program	\$0	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565	\$101,565
IDEA	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transportation							
R&E start-up funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other start-up funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student fees	\$0	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600
Investment Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School level fundraising	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Private fundraising (foundations, corporate)	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0
Private fundraising (individuals)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$100,000	\$8,363,149	\$8,605,916	\$8,855,967	\$9,113,519	\$9,378,797	\$9,652,034
EXPENSES							
Personnel	\$0	\$4,453,171	\$4,764,682	\$5,101,750	\$5,247,737	\$5,467,788	\$5,624,733
General Operating Expenses	\$60,000	\$1,811,908	\$1,619,998	\$1,628,558	\$1,823,608	\$1,632,228	\$1,632,178
Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Athletic Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities	\$37,380	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100	\$1,808,100
Technology & Equipment	\$0	\$235,480	\$195,080	\$205,680	\$200,880	\$255,080	\$207,080
TOTAL EXPENSES	\$97,380	\$8,308,660	\$8,387,860	\$8,744,088	\$9,080,326	\$9,163,196	\$9,272,091
SURPLUS/(DEFICIT)	\$2,620	\$54,489	\$218,056	\$111,879	\$33,193	\$215,601	\$379,943
<i>Per student</i>		\$45	\$179	\$92	\$27	\$177	\$311
Ending Fund Balance	\$2,620	\$57,109	\$275,165	\$387,044	\$420,237	\$635,838	\$1,015,781

School Name: Athlos Academy of Reno

Cash Flow Statement

2017-18

	PROJECTED July	PROJECTED August	PROJECTED September	PROJECTED October	PROJECTED November	PROJECTED December	PROJECTED January	PROJECTED February	PROJECTED March	PROJECTED April	PROJECTED May	PROJECTED June	Total Projected
REVENUES													
Distributive School Acct	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	\$ 684,623.33	#####
DSA Sponsorship Fee	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (10,269.33)	\$ (123,232.00)
Donations													\$ -
State Special Ed													\$ -
IDEA				\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,225.44	\$ 7,222.44	\$ 65,026.00
School Level Fundraising			\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 3,660.00	\$ 36,600.00
USDA Food Program				\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 18,808.33	\$ 169,275.00
													\$ -
													\$ -
Total Revenues	\$ 674,354.00	\$ 674,354.00	\$ 678,014.00	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,047.78	\$ 704,044.77	#####
Total Revenues Y-T-D	\$ 674,354.00	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	
EXPENDITURES													
Salaries & Benefits													
Salaries		\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	\$ 308,186.00	#####
Benefits		\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	\$ 96,647.73	#####
Supplies		\$ 100,000.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 11,380.00	\$ 213,800.00
Rent													\$ -
Utilities	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00	\$ 126,000.00
Contracts	\$ 7,325.00	\$ 10,961.00	\$ 18,461.00	\$ 10,961.00	\$ 10,961.00	\$ 23,461.00	\$ 10,961.00	\$ 10,961.00	\$ 10,961.00	\$ 10,961.00	\$ 10,961.00	\$ 10,964.00	\$ 147,899.00
Textbooks	\$ 195,200.00	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 6,654.55	\$ 268,400.00
Equipment	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 13,723.33	\$ 164,680.00
Facility Lease	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	\$ 136,875.00	#####
CMO Fee		\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 88,727.27	\$ 976,000.00
Food Services			\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 20,463.10	\$ 204,631.00
Travel			\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 3,552.50	\$ 35,525.00
Professional Development						\$ 6,000.00	\$ 1,000.00		\$ 6,000.00	\$ 1,000.00	\$ 570.00		\$ 14,570.00
Recruitment							\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 15,000.00
Assessment Costs						\$ 7,450.00						\$ 7,494.00	\$ 14,944.00
Insurnace	\$ 22,500.00												\$ 22,500.00
Miscellaneous	\$ 1,395.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 620.00	\$ 1,395.00	\$ 670.00	\$ 9,040.00
													\$ -
													\$ -
													\$ -
Total Expenditures	\$ 387,518.33	\$ 772,894.88	\$ 715,790.48	\$ 708,290.48	\$ 708,290.48	\$ 734,240.48	\$ 711,790.48	\$ 710,790.48	\$ 716,790.48	\$ 711,790.48	\$ 712,135.48	\$ 718,337.48	#####
Total Expenses Y-T-D	\$ 387,518.33	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	
Percent of Budget	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Projected Cash Balance Statement

Net change in Cash (F/B)	\$ 286,835.67	\$ (98,540.88)	\$ (37,776.48)	\$ (4,242.70)	\$ (4,242.70)	\$ (30,192.70)	\$ (7,742.70)	\$ (6,742.70)	\$ (12,742.70)	\$ (7,742.70)	\$ (8,087.70)	\$ (14,292.71)	\$ 54,488.99
Begin Cash Balance(F/B)	\$ 2,620.00	\$ 286,835.67	\$ 188,294.79	\$ 150,518.31	\$ 146,275.61	\$ 142,032.91	\$ 111,840.21	\$ 104,097.51	\$ 97,354.80	\$ 84,612.10	\$ 76,869.40	\$ 68,781.70	
End Cash Balance (F/B)	\$ 286,835.67	\$ 188,294.79	\$ 150,518.31	\$ 146,275.61	\$ 142,032.91	\$ 111,840.21	\$ 104,097.51	\$ 97,354.80	\$ 84,612.10	\$ 76,869.40	\$ 68,781.70	\$ 54,488.99	\$ 54,488.99

WEIGHTED
2016 Count Day

County District	DSA	Outside		Enrollment	Subtotal
		Revenue	Total		
Carson City	\$ 6,637	\$ 1,002	\$ 7,639		\$0.00
Churchill	\$ 6,621	\$ 1,100	\$ 7,721		\$0.00
Clark	\$ 5,527	\$ 979	\$ 6,506		\$0.00
Douglas	\$ 5,941	\$ 2,466	\$ 8,407		\$0.00
Elko	\$ 6,707	\$ 1,302	\$ 8,009		\$0.00
Esmeralda	\$ 15,590	\$ 7,867	\$ 23,457		\$0.00
Eureka	\$ 5,653	\$ 26,220	\$ 31,873		\$0.00
Humboldt	\$ 5,738	\$ 2,269	\$ 8,007		\$0.00
Lander	\$ 3,955	\$ 6,063	\$ 10,018		\$0.00
Lincoln	\$ 10,369	\$ 1,469	\$ 11,838		\$0.00
Lyon	\$ 7,150	\$ 928	\$ 8,078		\$0.00
Mineral	\$ 9,561	\$ 1,644	\$ 11,205		\$0.00
Nye	\$ 7,104	\$ 1,458	\$ 8,562		\$0.00
Pershing	\$ 8,964	\$ 2,662	\$ 11,626		\$0.00
Storey	\$ 8,309	\$ 5,783	\$ 14,092		\$0.00
Washoe	\$ 5,582	\$ 1,152	\$ 6,734	1,220	\$8,215,480.00
White Pine	\$ 7,376	\$ 1,677	\$ 9,053		\$0.00
Multi-District	\$ 6,734			1,220.0	8,215,480.0

ATHLOS LEADERSHIP ACADEMY
BROOKLYN PARK, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2015

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ATHLOS LEADERSHIP ACADEMY

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ATHLOS LEADERSHIP ACADEMY

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INTRODUCTORY SECTION

ATHLOS LEADERSHIP ACADEMY

School Board and Administration
as of June 30, 2015

SCHOOL BOARD

	<u>Position</u>
Ann Marie DeGroot	Board Chair
Kit Murley-Henspeter	Treasurer
Virginia Anderson	Secretary
Jan Ficken	Director
Farhiyo Olow	Director

ADMINISTRATION

Jennifer Geraghty	Principal
Kara Schneeberg	Contracted Finance Manager

FINANCIAL SECTION

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PRINCIPALS

Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Athlos Leadership Academy
Brooklyn Park, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athlos Leadership Academy (the Academy) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy as of June 30, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund and the Community Service Special Revenue Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, during the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The introductory section and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Academy. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the Academy.

(continued)

The supplemental information, the Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Prior Year Comparative Information

We have previously audited the Academy's 2014 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 16, 2014. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2015 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 27, 2015

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ATHLOS LEADERSHIP ACADEMY

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

This section of Athlos Leadership Academy's (the Academy) annual financial statements presents management's discussion and analysis of the Academy's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the other components of the Academy's annual financial statements.

FINANCIAL HIGHLIGHTS

The Academy's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources on the Statement of Net Position at June 30, 2015 by \$1,367,644 (net position). The Academy's net position increased \$524,369 during the year, excluding the change in accounting principle discussed below.

At June 30, 2015, the Academy's General Fund reported a fund balance of \$454,210 on the governmental funds Balance Sheet, which is an increase of \$271,212 from the prior year.

The Academy recorded a change in accounting principle in the current year for reporting the Academy's participation in the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) pension plans. This change reduced beginning net position in the government-wide financial statements by \$2,181,500.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis;
- Basic financial statements, including the entity-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information related to defined benefit pension plan liabilities and contributions; and
- Individual fund statements and schedules presented as supplemental information.

The following explains the two types of statements included in basic financial statements:

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide financial statements (Statement of Net Position and Statement of Activities) report information about the Academy as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the Academy's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two entity-wide financial statements report the Academy's *net position* and how they have changed. Net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the Academy's financial health or *position*. Over time, increases or decreases in the Academy's net position are indicators of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the Academy requires consideration of additional nonfinancial factors, such as changes in the Academy's student population and the condition of school buildings and other facilities.

In the entity-wide financial statements, the Academy's activities are all shown in one category titled "governmental activities." These activities, including regular and special education, administration, and other support services, are primarily financed with state aids.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Academy's *funds*, focusing on its most significant or "major" funds, rather than the Academy as a whole. Funds (such as the Food Service Special Revenue Fund) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the supplemental information.

Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law or by debt covenants.
- The Academy may establish other funds to control and manage money for particular purposes.

The Academy maintains the following funds:

Governmental Funds – The Academy's basic services are reported in governmental funds, which generally focus on: 1) *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provides a detailed *short-term* view that helps determine whether there are more or less financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the entity-wide financial statements, we provide additional information (reconciliation schedules) on the governmental fund statements that explain the relationship (or differences) between these two types of financial statement presentations.

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 1 is a summarized view of the Academy's Statement of Net Position:

	<u>2015</u>	<u>2014</u>
Assets		
Current and other assets	\$ 1,892,540	\$ 511,351
Capital assets, net of accumulated depreciation	<u>396,188</u>	<u>97,258</u>
Total assets	<u>\$ 2,288,728</u>	<u>\$ 608,609</u>
Deferred outflows of resources	<u>\$ 417,316</u>	<u>\$ -</u>
Liabilities		
Current and other liabilities	\$ 1,726,965	\$ 319,122
Net pension liability	<u>1,534,317</u>	<u>-</u>
Total liabilities	<u>\$ 3,261,282</u>	<u>\$ 319,122</u>
Deferred inflows of resources	<u>\$ 812,406</u>	<u>\$ -</u>
Net position (deficit)		
Net investment in capital assets	\$ 107,553	\$ 97,258
Restricted	-	9,231
Unrestricted	<u>(1,475,197)</u>	<u>182,998</u>
Total net position (deficit)	<u>\$ (1,367,644)</u>	<u>\$ 289,487</u>

The Academy's financial position is the product of many factors. For example, determination of the Academy's investment in capital assets involves assumptions and estimates, such as current and accumulated depreciation amounts. Actual results could differ from these assumptions and estimates. Total net position decreased by \$1,657,131, which reflects an increase of \$524,369 from current year operating results, while the change in accounting principle mentioned earlier reduced unrestricted net position by \$2,181,500. This change in accounting principle also increased deferred outflows of resources, net pension liability, and deferred inflows of resources.

Table 2 is a summarized view of the Academy's Change in Net Position:

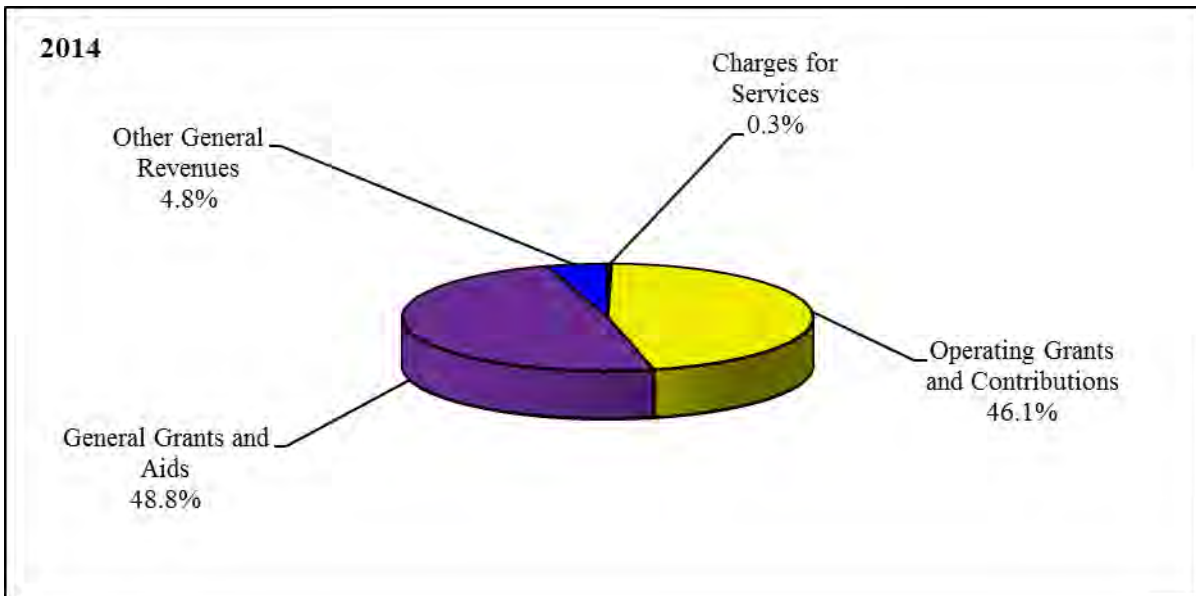
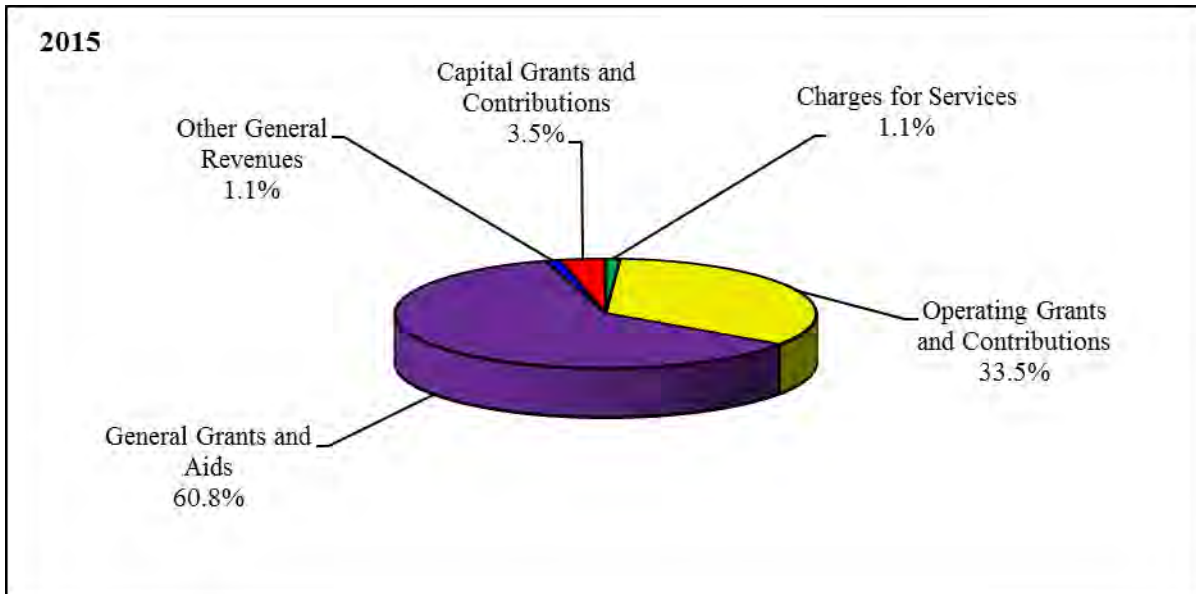
	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues		
Charges for services	\$ 121,078	\$ 9,197
Operating grants and contributions	3,637,366	1,651,273
Capital grants and contributions	383,138	-
General revenues		
General grants and aids	6,618,537	1,746,887
Other general revenues	122,833	173,678
Total revenues	<u>10,882,952</u>	<u>3,581,035</u>
Expenses		
Administration	247,921	236,276
District support services	1,081,239	523,948
Elementary and secondary regular instruction	2,599,325	973,432
Special education instruction	1,806,029	837,866
Instructional support services	164,081	73,588
Pupil support services	1,022,871	245,542
Sites and buildings	2,454,691	361,853
Fiscal and other fixed cost programs	32,765	-
Food service	568,188	135,273
Community service	365,790	392,759
Interest and fiscal charges	15,683	-
Total expenses	<u>10,358,583</u>	<u>3,780,537</u>
Change in net position	524,369	(199,502)
Net position – beginning, as previously reported	289,487	488,989
Change in accounting principle	<u>(2,181,500)</u>	-
Net position – beginning, as restated	<u>(1,892,013)</u>	<u>488,989</u>
Net position – ending	<u>\$ (1,367,644)</u>	<u>\$ 289,487</u>

The overall increase in revenue and expenses relate to the Academy having an increase in the number of students in fiscal 2015.

This format is presented on an accrual basis of accounting and includes all of the Academy's governmental activities. This statement includes depreciation expense, but excludes capital asset purchase costs.

Figures A and B show further analysis of these revenue sources and expense functions:

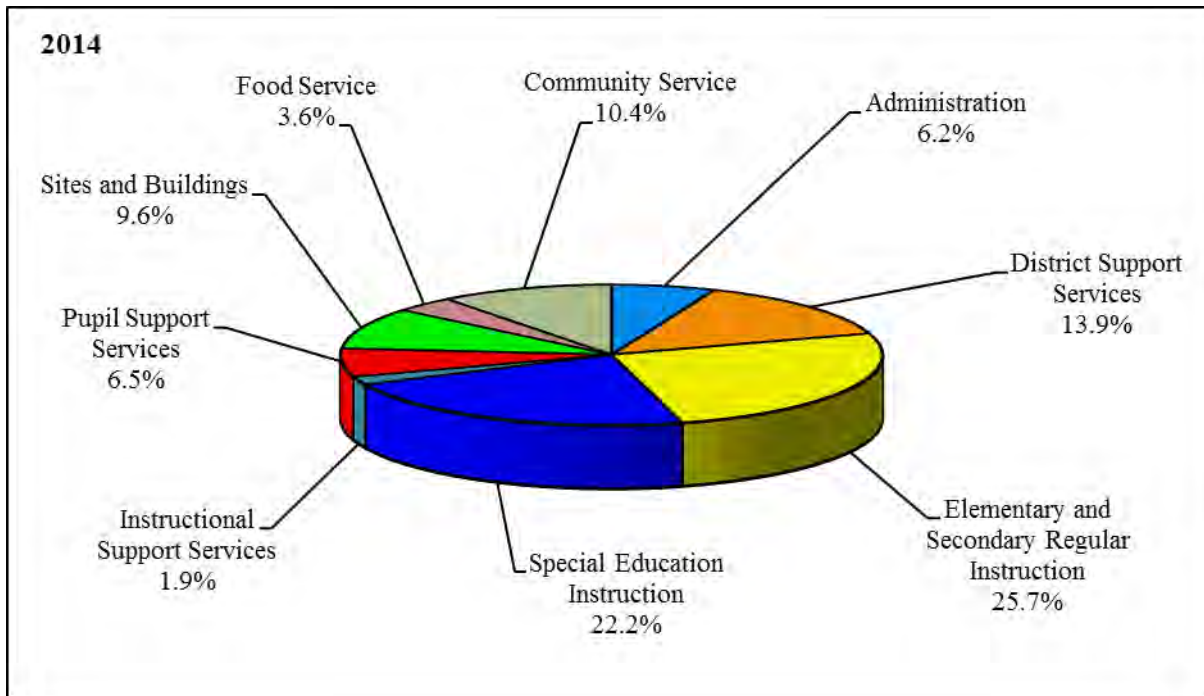
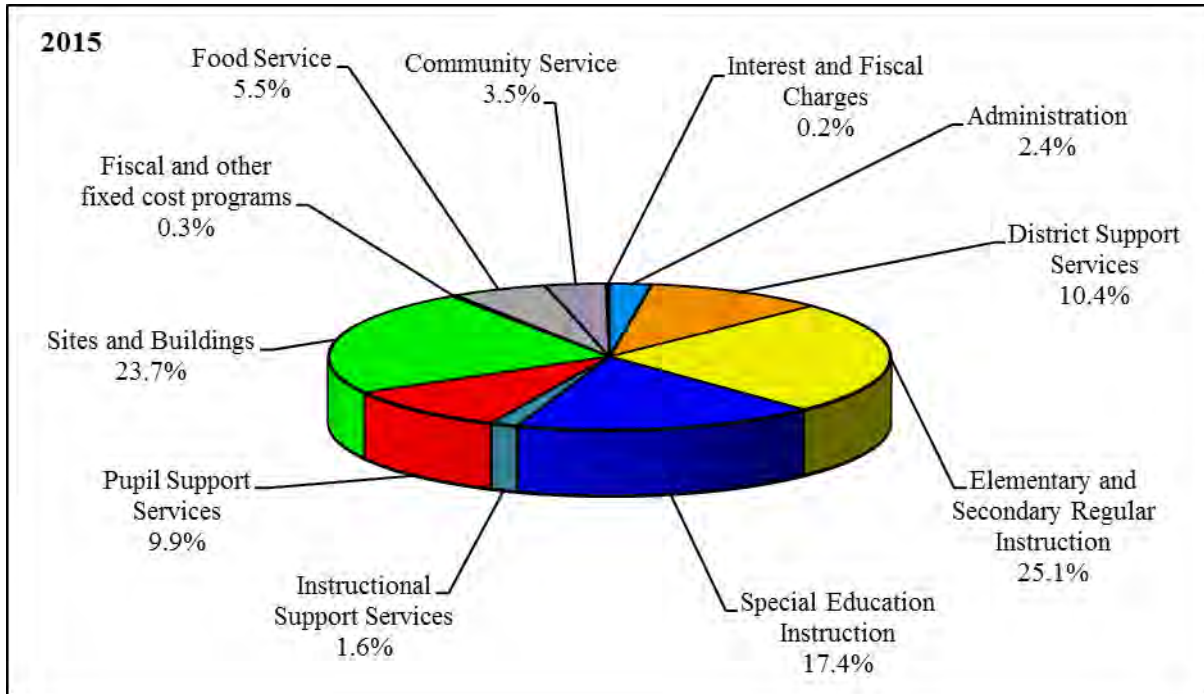
Figure A – Sources of Revenue for Fiscal Years 2015 and 2014



The largest share of the Academy’s revenue is received from the state, including most of the operating and general grants. This significant reliance on the state for funding has placed tremendous pressures on local schools as a result of unpredictable and inconsistent funding from the state.

The Academy’s total governmental revenues were \$10,882,952 for the year ended June 30, 2015, which is an increase of \$7,301,917 from the previous year, mainly due to the increase in state aid and federal grant support for the much higher average daily membership (ADM) in fiscal year 2015.

Figure B – Expenses for Fiscal Years 2015 and 2014



The Academy’s cost of all governmental activities for 2014 was \$10,358,583, which is an increase of \$6,578,046 from the prior year. The Academy’s expenses are predominately related to educating students. Approximately 44.1 percent of the Academy’s expenses for 2015 were in categories directly related to providing instruction, which includes: elementary and secondary regular instruction, special education instruction, and instructional support services. An additional 23.7 percent of the Academy’s costs are related to leasing and maintaining its school site.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

The financial performance of the Academy as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the Academy's governmental funds:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Governmental funds			
General	\$ 454,210	\$ 182,998	\$ 271,212
Food Service Special Revenue	-	9,216	(9,216)
Community Service Special Revenue	-	15	(15)
Total governmental funds	<u>\$ 454,210</u>	<u>\$ 192,229</u>	<u>\$ 261,981</u>

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

General Fund

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenue	<u>\$ 10,348,783</u>	<u>\$ 9,662,094</u>	<u>\$ (686,689)</u>	<u>(6.6%)</u>
Expenditures and transfers out	<u>\$ 10,016,608</u>	<u>\$ 9,743,538</u>	<u>\$ (273,070)</u>	<u>(2.7%)</u>

The Academy is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. It is the Academy's practice to amend the General Fund budget during the year for known significant changes in circumstances such as: updated enrollment estimates, legislation changes, new or additional funding, staffing changes, employee contract settlements, adjustments to health insurance premiums, special education tuition changes, or utility rate changes.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results			
	<u>Actual 2015</u>	<u>Over (Under) Final Budget</u>	<u>Over (Under) Prior Year</u>
Revenue	\$ 9,777,007	\$ 114,913	\$ 6,715,787
Expenditures	9,523,353	\$ (177,356)	\$ 6,395,745
Other financing uses	<u>17,558</u>	\$ 60,387	\$ 17,558
Net change in fund balances	<u><u>\$ 271,212</u></u>		

Revenue increased \$6,715,787 in the current year, mainly from the Academy receiving more state aid and federal funding for the increased ADM in fiscal year 2015. Revenues exceeded budget mainly due to the Academy conservatively budgeting for state special education aid.

Expenditures increased \$6,395,745 mainly in purchased services from increased monthly rent. The Academy also had an increase in staff from the increased number of ADM in the current fiscal year. Expenditures were mainly under budget in supplies and materials and capital expenditures.

Food Service Special Revenue Fund

Expenditures exceeded revenues and transfers in by \$9,216 in the Food Service Special Revenue Fund. The Food Service Special Revenue Fund is used to account for the Academy's child nutrition program.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund is used to account for the Academy's Preschool Program.

The operations of this fund were supported by a transfer from the General Fund.

CAPITAL ASSETS

Table 6 shows the Academy's capital assets, depreciation expense, and change from the prior year:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Construction in progress	\$ 20,777	\$ -	\$ 20,777
Leasehold improvements	127,525	-	127,525
Building and improvements	21,539	-	21,539
Furniture and equipment	384,792	1,001,964	(617,172)
Less accumulated depreciation	<u>(158,445)</u>	<u>(904,706)</u>	<u>746,261</u>
Total	<u>\$ 396,188</u>	<u>\$ 97,258</u>	<u>\$ 298,930</u>
Depreciation expense	<u>\$ 42,321</u>	<u>\$ 29,471</u>	<u>\$ 12,850</u>

The significant changes in capital assets relate to the Academy moving into a new facility for fiscal 2015.

DEBT ADMINISTRATION

The Academy entered into three capital leases totaling \$395,327 in fiscal 2015. The leases have four-year terms, and have final maturities through September 2018.

Additional details of the Academy's capital assets and capital leases payable can be found in the notes to basic financial statements.

FACTORS BEARING ON THE ACADEMY'S FUTURE

The Academy is dependent on the state of Minnesota for much of its revenue. In recent years, legislated revenue increases have made it difficult to meet the instructional program needs and increased costs due to inflation for Minnesota charter schools.

The general education program is the method by which charter schools receive the majority of their financial support. This source of funding is primarily state aid and, as such, charter schools rely heavily on the state of Minnesota for educational resources. In the 2015 fiscal year, several funding and pupil weighting changes went into effect, which included an equivalent increase of \$105, or 2.0 percent, for the basic general education formula funding. The Legislature has added \$117, or 2.0 percent, per pupil to the formula for fiscal year 2016 and an additional \$119, or 2.0 percent, per pupil to the formula for fiscal year 2017. The ongoing demands on limited resources continue to present challenges in funding education for Minnesota schools.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

These financial statements are designed to provide the Academy's parents, funders, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about these financial statements or need additional financial information, contact Athlos Leadership Academy, 10100 Noble Parkway North, Brooklyn Park, Minnesota 55443.

BASIC FINANCIAL STATEMENTS

ATHLOS LEADERSHIP ACADEMY

Statement of Net Position
as of June 30, 2015

(With Partial Comparative Information as of June 30, 2014)

	Governmental Activities	
	2015	2014
Assets		
Cash and temporary investments	\$ 660,714	\$ 155,449
Receivables		
Accounts	44,992	27,040
Due from other governmental units	620,564	286,237
Notes	542,661	-
Prepaid items	23,609	42,625
Capital assets, net of accumulated depreciation	396,188	97,258
Total assets	2,288,728	608,609
Deferred outflows of resources		
Defined benefit pension plans	417,316	-
Total assets and deferred outflows of resources	\$ 2,706,044	\$ 608,609
Liabilities		
Salaries and benefits payable	\$ 485,144	\$ 206,825
Accounts and interest payable	352,794	112,297
Note payable	600,000	-
Unearned revenue	392	-
Capital leases payable		
Due within one year	131,775	-
Due in more than one year	156,860	-
Net pension liability	1,534,317	-
Total liabilities	3,261,282	319,122
Deferred inflows of resources		
Defined benefit pension plans	812,406	-
Net position (deficit)		
Net investment in capital assets	107,553	97,258
Restricted for		
Food service	-	9,216
Community service	-	15
Unrestricted	(1,475,197)	182,998
Total net position (deficit)	(1,367,644)	289,487
Total liabilities, deferred inflows of resources, and net position	\$ 2,706,044	\$ 608,609

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Statement of Activities
 Year Ended June 30, 2015
 (With Partial Comparative Information for the Year Ended June 30, 2014)

Functions/Programs	2015				2014	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Changes in	Changes in
				Net Position	Net Position	
				Governmental	Governmental	
				Activities	Activities	
Governmental activities						
Administration	\$ 247,921	\$ -	\$ -	\$ -	\$ (247,921)	\$ (236,276)
District support services	1,081,239	-	-	-	(1,081,239)	(523,948)
Elementary and secondary regular instruction	2,599,325	-	363,106	-	(2,236,219)	(832,757)
Special education instruction	1,806,029	-	1,639,922	-	(166,107)	162,114
Instructional support services	164,081	-	-	-	(164,081)	(73,588)
Pupil support services	1,022,871	-	-	-	(1,022,871)	(245,542)
Sites and buildings	2,454,691	-	1,192,132	383,138	(879,421)	(361,853)
Fiscal and other fixed cost programs	32,765	-	-	-	(32,765)	-
Food service	568,188	121,078	423,993	-	(23,117)	(13,305)
Community service	365,790	-	18,213	-	(347,577)	5,088
Interest and fiscal charges	15,683	-	-	-	(15,683)	-
Total governmental activities	\$ 10,358,583	\$ 121,078	\$ 3,637,366	\$ 383,138	(6,217,001)	(2,120,067)
General revenues						
General grants and aids					6,618,537	1,746,887
Other general revenues					122,804	173,638
Investment earnings					29	40
Total general revenues					<u>6,741,370</u>	<u>1,920,565</u>
Change in net position					524,369	(199,502)
Net position – beginning, as previously reported					289,487	488,989
Change in accounting principle					<u>(2,181,500)</u>	<u>-</u>
Net position – beginning, as restated					<u>(1,892,013)</u>	<u>488,989</u>
Net position – ending					<u>\$ (1,367,644)</u>	<u>\$ 289,487</u>

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Balance Sheet
 Governmental Funds
 as of June 30, 2015
 (With Partial Comparative Information as of June 30, 2014)

	General Fund	Community Service Special Revenue Fund	Nonmajor Fund	Total Governmental Funds	
			Food Service Special Revenue Fund	2015	2014
Assets					
Cash and temporary investments	\$ 657,068	\$ 3,646	\$ -	\$ 660,714	\$ 155,449
Receivables					
Accounts	16,028	28,950	14	44,992	27,040
Due from other funds	2,192	-	-	2,192	-
Due from other governmental units	607,719	-	12,845	620,564	286,237
Notes	542,661	-	-	542,661	-
Prepaid items	23,609	-	-	23,609	42,625
Total assets	\$ 1,849,277	\$ 32,596	\$ 12,859	\$ 1,894,732	\$ 511,351
Liabilities					
Salaries and benefits payable	\$ 451,250	\$ 32,596	\$ 1,298	\$ 485,144	\$ 206,825
Accounts and interest payable	343,425	-	9,369	352,794	112,297
Due to other funds	-	-	2,192	2,192	-
Note payable	600,000	-	-	600,000	-
Unearned revenue	392	-	-	392	-
Total liabilities	1,395,067	32,596	12,859	1,440,522	319,122
Fund balances (deficit)					
Nonspendable for prepaid items	23,609	-	-	23,609	42,625
Nonspendable for notes receivable	542,661	-	-	542,661	-
Restricted for food service	-	-	-	-	9,216
Restricted for community service	-	-	-	-	15
Unassigned	(112,060)	-	-	(112,060)	140,373
Total fund balances	454,210	-	-	454,210	192,229
Total liabilities and fund balances	\$ 1,849,277	\$ 32,596	\$ 12,859	\$ 1,894,732	\$ 511,351

Amounts reported for governmental activities in the Statement of Net Position differ because:

Fund balances as reported above	\$ 454,210	\$ 192,229
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	554,633	1,001,964
Accumulated depreciation	(158,445)	(904,706)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
Capital leases payable	(288,635)	-
Net pension liability – PERA	(479,145)	-
Net pension liability – TRA	(1,055,172)	-
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – PERA and TRA pension plans	417,316	-
Deferred inflows – PERA and TRA pension plans	(812,406)	-
Total net position (deficit) – governmental activities	\$ (1,367,644)	\$ 289,487

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2015
 (With Partial Comparative Information for the Year Ended June 30, 2014)

	General Fund	Community Service Special Revenue Fund	Nonmajor Fund	Total Governmental Funds	
			Food Service Special Revenue Fund	2015	2014
Revenue					
Federal sources	\$ 203,583	\$ 18,213	\$ 381,946	\$ 603,742	\$ 774,860
State sources	9,450,591	–	42,047	9,492,638	2,623,300
Local sources					
Investment earnings	29	–	–	29	40
Other	122,804	–	121,078	243,882	182,835
Total revenue	9,777,007	18,213	545,071	10,340,291	3,581,035
Expenditures					
Current					
Administration	259,602	–	–	259,602	236,276
District support services	1,070,991	–	–	1,070,991	527,797
Elementary and secondary					
regular instruction	2,528,098	–	–	2,528,098	1,000,390
Special education instruction	1,864,671	–	–	1,864,671	838,325
Instructional support services	169,715	–	–	169,715	73,339
Pupil support services	1,022,671	–	–	1,022,671	244,366
Sites and buildings	2,452,465	–	–	2,452,465	207,115
Fiscal and other fixed cost programs	32,765	–	–	32,765	–
Food service	–	–	569,251	569,251	135,273
Community service	–	381,033	–	381,033	391,544
Debt service					
Principal	106,692	–	–	106,692	–
Interest and fiscal charges	15,683	–	–	15,683	–
Total expenditures	9,523,353	381,033	569,251	10,473,637	3,654,425
Excess (deficiency) of revenue over expenditures					
	253,654	(362,820)	(24,180)	(133,346)	(73,390)
Other financing sources (uses)					
Capital lease proceeds	395,327	–	–	395,327	–
Transfers in	–	362,805	14,964	377,769	–
Transfers (out)	(377,769)	–	–	(377,769)	–
Total other financing sources (uses)	17,558	362,805	14,964	395,327	–
Net change in fund balances					
	271,212	(15)	(9,216)	261,981	(73,390)
Fund balances					
Beginning of year	182,998	15	9,216	192,229	265,619
End of year	\$ 454,210	\$ –	\$ –	\$ 454,210	\$ 192,229

See notes to basic financial statements

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ATHLOS LEADERSHIP ACADEMY

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2015

(With Partial Comparative Information for the Year Ended June 30, 2014)

	2015	2014
Net change in fund balances – governmental funds	\$ 261,981	\$ (73,390)
Amounts reported for governmental activities in the Statement of Activities differ because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	383,138	52,439
Depreciation expense	(42,321)	(29,471)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(41,887)	(149,080)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
Capital leases	(395,327)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
Capital leases	106,692	–
Net pension liability – PERA	609,809	–
Net pension liability – TRA	37,374	–
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – PERA and TRA pension plans	417,316	–
Deferred inflows – PERA and TRA pension plans	(812,406)	–
Change in net position of governmental activities	\$ 524,369	\$ (199,502)

See notes to basic financial statements

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ATHLOS LEADERSHIP ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2015

	Budget		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Federal sources	\$ 252,000	\$ 113,701	\$ 203,583	\$ 89,882
State sources	10,096,783	9,353,393	9,450,591	97,198
Local sources				
Investment earnings	-	103	29	(74)
Other	-	194,897	122,804	(72,093)
Total revenue	10,348,783	9,662,094	9,777,007	114,913
Expenditures				
Current				
Administration	129,100	282,027	259,602	(22,425)
District support services	1,980,802	947,748	1,070,991	123,243
Elementary and secondary administration	3,424,905	3,088,115	2,528,098	(560,017)
Special education instruction	1,194,447	1,669,796	1,864,671	194,875
Instructional support services	224,899	236,588	169,715	(66,873)
Pupil support services	314,000	1,028,660	1,022,671	(5,989)
Sites and buildings	2,648,455	2,391,875	2,452,465	60,590
Fiscal and other fixed cost programs	90,000	45,900	32,765	(13,135)
Debt service				
Principal	-	-	106,692	106,692
Interest and fiscal charges	10,000	10,000	15,683	5,683
Total expenditures	10,016,608	9,700,709	9,523,353	(177,356)
Excess (deficiency) of revenue over expenditures	332,175	(38,615)	253,654	292,269
Other financing sources (uses)				
Capital lease proceeds	-	-	395,327	395,327
Transfers out	-	(42,829)	(377,769)	(334,940)
Total other financing sources (uses)	-	(42,829)	17,558	60,387
Net change in fund balances	\$ 332,175	\$ (81,444)	271,212	\$ 352,656
Fund balances				
Beginning of year			182,998	
End of year			\$ 454,210	

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Community Service Special Revenue Fund
Year Ended June 30, 2015

	Budget		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Federal sources	\$ 75,000	\$ 30,000	\$ 18,213	\$ (11,787)
Expenditures				
Current				
Salaries and wages	-	192,820	235,586	42,766
Employee benefits	-	40,418	49,384	8,966
Purchased services	-	100,455	89,246	(11,209)
Supplies and materials	-	30,000	6,817	(23,183)
Total expenditures	-	363,693	381,033	17,340
Excess (deficiency) of revenues over expenditures	75,000	(333,693)	(362,820)	(29,127)
Other financing sources				
Transfers in	-	-	362,805	362,805
Net change in fund balances	\$ 75,000	\$ (333,693)	(15)	\$ 333,678
Fund balances				
Beginning of year			15	
End of year			\$ -	

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Notes to Basic Financial Statements
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Athlos Leadership Academy (the Academy) (formerly New Visions Academy) was established in September 1995 in accordance with Minnesota Statute § 124D.10. The primary objective of the Academy is to educate students using multi-disciplinary programs. The governing body of the Academy consists of a School Board comprised of members elected by voters of the general membership of the Academy.

The Academy is required to operate under a charter agreement with an entity that has been approved by the Minnesota Department of Education (MDE) to be a charter school “authorizer.” The authorizer monitors and evaluates the Academy’s performance, and periodically determines whether to renew the Academy’s charter. The Academy’s authorizer is Volunteers of America (VOA), a nonprofit organization. Aside from its responsibilities as authorizer, the VOA has no authority or control over the Academy, and is not financially accountable for it. Therefore, the Academy is not considered a component unit of the VOA.

The Academy’s financial statements include all funds, departments, agencies, boards, commissions, and other organizations for which the Academy is considered to be financially accountable.

Component units are legally separate entities for which the Academy (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the Academy.

Extracurricular student activities, if any, are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, academy school boards can elect to either control or not control extracurricular activities. The Academy’s School Board has elected to control extracurricular activities; therefore, the extracurricular student activity accounts are included in the Academy’s General Fund.

B. Basis of Presentation

As required by state law, the Academy operates as a nonprofit corporation under Minnesota Statute § 317A. However, state law also requires that the Academy comply with Uniform Financial Accounting and Reporting Standards for Minnesota Schools, which mandates the use of a governmental fund accounting structure.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Entity-Wide Financial Statement Presentation

The entity-wide financial statements (Statement of Position and Statement of Activities) display information about the reporting government as a whole. These statements include all financial activities of the Academy. Generally, the effect of material interfund activity has been removed from the entity-wide financial statements. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally directed revenues are reported instead as general revenues.

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The Academy applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Information for the remaining nonmajor governmental funds are reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Academy generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider are met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt or compensated absences, if any, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

The existence of the various school funds has been established by the MDE. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for the Preschool Program.

Nonmajor Governmental Fund

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to account for the Academy’s child nutrition program.

E. Income Taxes

The Academy is exempt from federal and state income taxes under Internal Revenue Service Code § 501(c)(3). The Academy is subject to tax on income from any unrelated business.

The Academy is subject to the recognition requirements for uncertain income tax positions as required by the Financial Accounting Standards Board (FASB) Accounting Standards Codification 740-10 (formerly known as FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Academy has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdiction where it operates. The Academy believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its respective financial condition, results of operations, or cash flows. Accordingly, the Academy has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2015.

The Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods. Open audit periods are the years ended June 30, 2012, 2013, and 2014.

F. Budgetary Information

Each June, the Academy’s School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the modified accrual basis of accounting. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the Food Service Special Revenue Fund and Community Service Special Revenue Fund by \$25,055 and \$17,340, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled balances are allocated to the respective funds on the basis of cash participation by each fund.

Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value. The Academy held no investments during the year ended June 30, 2015.

H. Receivables

When necessary, the Academy utilizes an allowance for uncollectible accounts to value its receivables. However, all current receivables are considered collectible.

I. Note Receivable

At June 30, 2015, the Academy had a note receivable from the lessor of its building lease. The lessor agreed to reimburse the Academy for \$542,661 of capital and curriculum-related costs they incurred. This note has an interest rate of zero percent. The lessor agreed to pay the note on December 31, 2020.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported using the consumption method and recorded as expenses/expenditures at the time of consumption.

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Academy defines capital assets as those with an initial, individual cost of \$500 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the entity-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for school purposes by the Academy, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and improvements and leasehold improvements, and 5 to 15 years for furniture and equipment. Construction in progress is not depreciated.

L. Deferred Outflows/Inflows of Resources

In addition to assets, a statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the entity-wide Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, the difference between projected and actual earnings on pension plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has one item which qualifies for reporting in this category.

Deferred inflows of resources related to pensions is reported in the entity-wide Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and the difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

M. Compensated Absences

Substantially all full-time academy employees are entitled to vacation pay and sick leave at various rates. Employees are compensated for unused vacation pay and sick leave upon termination of employment. As a result, a liability for unused vacation pay and sick leave (if material) is recorded in salaries and benefits payable.

Compensated absences are accrued in the governmental fund financial statements only when they become due and payable. Compensated absences (if material) are recorded as a liability in the entity-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future.

N. Interfund Transactions and Transfers

The General Fund has a receivable of \$2,192 at year-end due from the Food Service Special Revenue Fund to cover the deficit cash in this fund.

During fiscal year 2015, the General Fund transferred \$14,964 and \$362,805 to the Food Service and Community Service Special Revenue Funds, respectively, to finance excess program costs. Interfund balances and transfers between governmental funds reported in the fund financial statements are eliminated in the entity-wide financial statements.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Risk Management

The Academy is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The Academy carries commercial insurance purchased from independent third parties to cover these risks. Settled claims did not exceed commercial insurance coverage for any of the last three fiscal years. There were no significant reductions in insurance coverage in fiscal 2015.

Q. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

R. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as restricted or committed. The School Board, by majority vote, may assign fund balances to be used for specific purposes. The School Board also delegates the power to assign fund balances to the Principal. Assignments so made shall be reported to the School Board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the School Board.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the Academy first uses restricted resources, then uses unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, the Academy uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

In the entity-wide financial statements, net position represents the residual of all other financial statement elements presented in the Statement of Net Position. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

T. Fund Balance Policy

The Academy adopted the following policy to achieve and maintain fund balance:

1. The Academy will strive to maintain a minimum unassigned general fund balance of 5–30 percent of the annual budget.
2. The School Board will conduct an annual review of the sufficiency of the minimum unassigned General Fund balance level.

At June 30, 2015, the unassigned fund balance as a percentage of the 2016 budgeted expenditures is a deficit (1.0 percent).

U. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Academy’s financial statements for the year ended June 30, 2014, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

V. Change in Accounting Principles

During the year ended June 30, 2015, the Academy implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. GASB Statement No. 68 included major changes in how employers account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), an employer is required to recognize a liability for its share of the net pension liability provided through the pension plan. An employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources for its share related to pensions. This standard required retroactive implementation, which resulted in the restatement of net position as of June 30 2014. The net position of governmental activities in the entity-wide statements as of June 30, 2014 was decreased by \$2,181,500. This change reflects the Academy’s proportionate share of the net pension liabilities (a \$2,293,493 decrease in net position) and related deferred outflows of resources (a \$111,993 increase in net position) for the PERA and TRA pension plans, which are now reported by employers under current guidance. Certain amounts necessary to fully restate fiscal year 2014 financial information are not determinable; therefore, prior year comparative amounts have not be restated.

NOTE 2 – DEPOSITS

In accordance with applicable Minnesota Statutes, the Academy maintains deposits at depository banks authorized by the School Board.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the Academy’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Academy’s deposit policies do not further limit depository choices.

At June 30, 2015, the Academy had deposits with a carrying value of \$660,714 and a bank balance of \$1,038,575. At June 30, 2015, \$820,607 of the Academy’s deposits were covered by federal depository insurance or collateralized by securities held by the Academy’s agent in the Academy’s name and \$217,968 were not collateralized.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Construction in progress	\$ –	\$ 20,777	\$ –	\$ 20,777
Capital assets, depreciated				
Leasehold improvements	–	127,525	–	127,525
Building and improvements	–	21,539	–	21,539
Furniture and equipment	1,001,964	213,297	(830,469)	384,792
Total capital assets, depreciated	<u>1,001,964</u>	<u>362,361</u>	<u>(830,469)</u>	<u>533,856</u>
Less accumulated depreciation for				
Leasehold improvements	–	(12,513)	–	(12,513)
Building and improvements	–	(862)	–	(862)
Furniture and equipment	(904,706)	(28,946)	788,582	(145,070)
Total accumulated depreciation	<u>(904,706)</u>	<u>(42,321)</u>	<u>788,582</u>	<u>(158,445)</u>
Net capital assets, depreciated	<u>97,258</u>	<u>320,040</u>	<u>(41,887)</u>	<u>375,411</u>
Total capital assets, net	<u>\$ 97,258</u>	<u>\$ 340,817</u>	<u>\$ (41,887)</u>	<u>\$ 396,188</u>

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2015 was charged to the following governmental functions:

Administration	\$ 1,017
District support services	11,610
Elementary and secondary regular instruction	18,419
Special education instruction	767
Sites and buildings	8,452
Pupil support services	914
Community service	<u>1,142</u>
Total depreciation expense	<u>\$ 42,321</u>

NOTE 4 – SHORT-TERM BORROWING

On September 30, 2014, the Academy entered into an agreement with The Charter School Fund – BP LLC for a note payable of \$281,293 to help finance payments on the Academy’s building lease. The loan bears no interest and calls for the entire principal amount to be repaid by September 30, 2015.

During the year ended June 30, 2015, the Academy had available a \$750,000 line of credit with the Nonprofit Assistance Fund. This line of credit was entered into to assist with cash flow. The line of credit is set to expire on October 31, 2015.

The note payable activity for the year ended June 30, 2015 is summarized as follows:

<u>Debt Type</u>	<u>Effective Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note payable	–	\$ –	\$ 281,293	\$ 281,293	\$ –
Line of credit	7.0%	<u>–</u>	<u>750,000</u>	<u>150,000</u>	<u>600,000</u>
Total note payable		<u>\$ –</u>	<u>\$ 1,031,293</u>	<u>\$ 431,293</u>	<u>\$ 600,000</u>

Total interest and fiscal charges in fiscal 2015 related to the short-term borrowing was \$15,683.

NOTE 5 – CAPITAL LEASES PAYABLE

The Academy entered into three capital leases in fiscal 2015. The leases have four-year terms, bear no interest rate, and have final maturities through September 2018.

The assets acquired through the leases outstanding at June 30, 2015 was \$0. All assets under this lease were below the minimum capitalization threshold of the Academy.

NOTE 5 – CAPITAL LEASES PAYABLE (CONTINUED)

Minimum annual principal and interest payments required to retire capital leases are as follows:

Year Ending June 30,	Capital Leases Principal
2016	\$ 131,775
2017	131,775
2018	25,085
	<u>\$ 288,635</u>

Changes in the activity of capital leases payable and amounts due within one year are as follows:

	June 30, 2014	Additions	Retirements	June 30, 2015	Due Within One Year
Capital leases	\$ –	\$ 395,327	\$ 106,692	\$ 288,635	\$ 131,775

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The Academy participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

All full-time and certain part-time employees of the Academy other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers employed in Minnesota’s public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the cities of Duluth and St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by the Minnesota State Colleges and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.
- **TRA** – Post-retirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0 percent. After the TRA funded ratio exceeds 90 percent for two consecutive years, the annual post-retirement benefit will increase to 2.5 percent.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA’s Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

2. TRA Benefits

The TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statutes and vest after three years of service credit. The defined retirement benefits are based on a member’s highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service:

Two methods are used to compute benefits for the TRA’s Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Step Rate Formula	Percentage per Year
Basic Plan	
First 10 years	2.2 percent
All years after	2.7 percent
Coordinated Plan	
First 10 years if service years are prior to July 1, 2006	1.2 percent
First 10 years if service years are July 1, 2006 or after	1.4 percent
All other years of service if service years are prior to July 1, 2006	1.7 percent
All other years of service if service years are July 1, 2006 or after	1.9 percent

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- Three percent per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.5 percent, respectively, of their annual covered salary in calendar year 2014. Coordinated Plan members contributed 6.5 percent of pay in 2015. In calendar year 2014, the Academy was required to contribute 11.78 percent of pay for Basic Plan members and 7.25 percent for Coordinated Plan members. In 2015, employer rates increased to 7.5 percent in the Coordinated Plan, The Academy’s contributions to the GERF for the plan’s fiscal year ended June 30, 2015, were \$76,956. The Academy’s contributions were equal to the required contributions for each year as set by state statutes.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year were:

	Year Ended June 30,			
	2014		2015	
	Employee	Employer	Employee	Employer
Basic Plan	10.5%	11.0%	11.0%	11.5%
Coordinated Plan	7.0%	7.0%	7.5%	7.5%

The Academy’s contributions to the TRA for the plan’s fiscal year ended June 30, 2015, were \$193,588. The Academy’s contributions were equal to the required contributions for each year as set by state statutes.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At June 30, 2015, the Academy reported a liability of \$479,145 for its proportionate share of the GERF’s net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy’s proportion of the net pension liability was based on the Academy’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of the PERA’s participating employers. At June 30, 2014, the Academy’s proportion was 0.0102 percent.

For the year ended June 30, 2015, the Academy recognized pension expense of \$35,357 for its proportionate share of the GERF’s pension expense.

At June 30, 2015, the Academy reported its proportionate share of the GERF’s deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 7,353	\$ –
Changes in actuarial assumptions	49,381	–
Differences between projected and actual investment earnings	–	129,465
Academy’s contributions to the GERF subsequent to the measurement date	<u>76,956</u>	<u>–</u>
Total	<u>\$ 133,690</u>	<u>\$ 129,465</u>

A total of \$76,956 reported as deferred outflows of resources related to pensions resulting from Academy contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2016	\$ (13,455)
2017	\$ (13,455)
2018	\$ (13,455)
2019	\$ (32,366)

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

2. TRA Pension Costs

At June 30, 2015, the Academy reported a liability of \$1,055,172 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's contributions to the TRA in relation to total system contributions including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The Academy's proportionate share was 00229 percent at the end of the measurement period and 0.0303 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the TRA. The amount recognized by the Academy as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of net pension liability	\$ 1,055,216
State's proportionate share of the net pension liability associated with the Academy	\$ 74,200

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer.

For the year ended June 30, 2015, the Academy recognized (negative) pension expense of (\$16,906). It also recognized \$3,237 as pension expense for the support provided by direct aid.

At June 30, 2015, the Academy reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 90,038	\$ –
Difference between projected and actual investment earnings	–	331,749
Changes in proportion and differences between contributions made and the Academy's proportionate share of contributions	–	351,192
Academy's contributions to the TRA subsequent to the measurement date	<u>193,588</u>	<u>–</u>
Total	<u>\$ 283,626</u>	<u>\$ 682,941</u>

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

A total of \$193,588 reported as deferred outflows of resources related to pensions resulting from Academy contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2016	\$ (137,458)
2017	\$ (137,458)
2018	\$ (137,458)
2019	\$ (137,458)
2020	\$ (43,071)

E. Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75% per year	3.0%
Active member payroll growth	3.50% per year	3.75% based on years of service
Investment rate of return	7.90%	8.25%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of actuarial experience studies. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2004, to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB Statement No. 67 valuation.

The following changes in actuarial assumptions for the GERF occurred in 2014: as of July 1, 2013, the post-retirement benefit increase rate was assumed to increase from 1.0 percent to 2.5 percent on January 1, 2046. As of July 1, 2014, the post-retirement benefit increase rate was assumed to increase from 1.0 percent to 2.5 percent on January 1, 2031.

There was a change in actuarial assumptions that affected the measurement of the total liability for the TRA since the prior measurement date. Post-retirement benefit adjustments are now assumed to increase from 2.0 percent annually to 2.5 percent annually once the legally specified criteria are met. This is estimated to occur July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.9 percent for the GERF and 8.25 percent for the TRA. The Minnesota State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%
Total	100%	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent for the GERF and 8.25 percent for the TRA. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on those assumptions, each of the pension plan's fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following table presents the Academy's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.90%	7.90%	8.90%
Academy's proportionate share of the GERF net pension liability	\$ 772,401	\$ 479,145	\$ 237,864
TRA discount rate	7.25%	8.25%	9.25%
Academy's proportionate share of the TRA net pension liability	\$ 1,743,910	\$ 1,055,172	\$ 481,083

H. Pension Plan Fiduciary Net Position

Detailed information about the GERF's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at the TRA website at www.MinnesotaTRA.org; by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-2088; or by calling (651) 296-2409 or (800) 657-3669.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

Amounts receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

B. Legal Claims

The Academy is subject to the usual and customary types of legal claims pending at year-end, mostly of a minor nature and typically covered by insurance. Any losses from these claims cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

C. Space Leases

- 1) On July 1, 2013, the Academy entered into an agreement with Edinbrook Church to lease space at 4300 Edinbrook Parkway North, Brooklyn Park, Minnesota. The Academy paid rent of \$33,325 during the year ended June 30, 2015. The Academy has no future lease payments for the lease with Edinbrook Church.
- 2) In September 2013, the Academy entered into a contract with a company to build a school to suit the needs of the Academy. The Academy has committed to enter into additional contracts that would allow the Academy to use the building as its school beginning August 1, 2014. The term of the lease is for 25 years ending June 30, 2039. Total expenditures on this lease for the year ended June 30, 2015 totaled \$1,547,109. Future minimum base rental payments on this lease are as follows:

<u>June 30,</u>	<u>Amount</u>
2016	\$ 1,746,826
2017	1,807,965
2018	1,862,204
2019	1,918,070
2020	1,975,612
2021–2025	10,803,453
2026–2030	12,524,160
2031–2035	14,518,935
2036–2039	<u>13,263,252</u>
	<u>\$ 60,420,477</u>

NOTE 8 – BUILDING COMPANY

During the year ended June 30, 2015, the Academy developed the Spartan Innovation Building Corporation (the Building Corporation). The Building Corporation is a separate legal entity. There was no financial activity for the Building Corporation in fiscal 2015. The purpose of this corporation is to support the educational activities of the Academy.

The activities of the Building Corporation shall include, but not be limited to, purchasing and owning a building on real estate for lease to the Academy, in order to facilitate the Academy's operation of a public (charter) schoolhouse for a Minnesota public (charter) school authorized by the MDE. All funds, whether income or principal, and whether acquired by gift or contribution or otherwise, shall be devoted to said purposes.

REQUIRED SUPPLEMENTAL INFORMATION

ATHLOS LEADERSHIP ACADEMY

Defined Benefit Pensions Plans
 Schedule of Academy's and Non-Employer Proportionate Share of Net Pension Liability
 GERF/TRA Retirement Funds
 June 30, 2015

Public Employees Retirement Association

	2014
Academy's proportion of the net pension liability (asset)	0.0102%
Academy's proportionate share of the net pension liability (asset)	\$ 479,145
Academy's covered-employee payroll	\$ 570,044
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	84.05%
Plan fiduciary net position as a percentage of the total pension liability	78.70%

Teachers Retirement Association

Academy's proportion of the net pension liability (asset)	0.0229%
Academy's proportionate share of the net pension liability (asset) (a)	\$ 1,055,172
Academy's proportionate share of the state of Minnesota's proportionate share of the net pension liability (b)	74,200
Proportionate share of the net pension liability and the Academy's share of the state of Minnesota's share of the net pension liability (a + b)	\$ 1,129,372
Academy's covered-employee payroll	\$ 1,045,936
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.88%
Plan fiduciary net position as a percentage of the total pension liability	81.50%

Note: The Academy implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This information is not available for previous fiscal years.

ATHLOS LEADERSHIP ACADEMY

Defined Benefit Pensions Plans
Schedule of Academy Contributions
GERF/TRA Retirement Funds
June 30, 2015

Public Employees Retirement Association

	<u>2015</u>
Statutorily required contribution	\$ 76,956
Contributions in relation to the statutorily required contributions	<u>76,956</u>
Contribution deficiency (excess)	<u>\$ -</u>
Academy's covered-employee payroll	<u>\$ 1,148,479</u>
Contributions as a percentage of covered-employee payroll	<u>6.70%</u>

Teachers Retirement Association

Statutorily required contribution	\$ 193,588
Contributions in relation to the statutorily required contributions	<u>193,588</u>
Contribution deficiency (excess)	<u>\$ -</u>
Academy's covered-employee payroll	<u>\$ 2,581,173</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>

Note: The Academy implemented GASB Statement No. 68 in fiscal 2015. This information is not available for previous fiscal years.

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SUPPLEMENTAL INFORMATION

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ATHLOS LEADERSHIP ACADEMY

General Fund
Comparative Balance Sheet
as of June 30, 2015 and 2014

	2015	2014
Assets		
Cash and temporary investments	\$ 657,068	\$ 134,369
Receivables		
Accounts	16,028	26,100
Due from other funds	2,192	-
Due from other governmental units	607,719	231,341
Note	542,661	-
Prepaid items	23,609	42,625
 Total assets	 \$ 1,849,277	 \$ 434,435
Liabilities		
Salaries and benefits payable	\$ 451,250	\$ 206,825
Accounts and interest payable	343,425	44,612
Note payable	600,000	-
Unearned revenue	392	-
Total liabilities	1,395,067	251,437
Fund balances (deficit)		
Nonspendable for prepaid items	23,609	42,625
Nonspendable for note receivable	542,661	-
Unassigned	(112,060)	140,373
Total fund balances	454,210	182,998
 Total liabilities and fund balances	 \$ 1,849,277	 \$ 434,435

ATHLOS LEADERSHIP ACADEMY

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2015

(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Revenue				
Federal sources	\$ 113,701	\$ 203,583	\$ 89,882	\$ 268,739
State sources	9,353,393	9,450,591	97,198	2,618,803
Local sources				
Investment earnings	103	29	(74)	40
Other	194,897	122,804	(72,093)	173,638
Total revenue	<u>9,662,094</u>	<u>9,777,007</u>	<u>114,913</u>	<u>3,061,220</u>
Expenditures				
Current				
Administration				
Salaries	194,823	190,854	(3,969)	157,467
Employee benefits	40,494	31,909	(8,585)	25,166
Purchased services	11,800	10,912	(888)	34,271
Supplies and materials	7,000	2,972	(4,028)	2,084
Capital expenditures	-	-	-	48
Other expenditures	27,910	22,955	(4,955)	17,240
Total administration	<u>282,027</u>	<u>259,602</u>	<u>(22,425)</u>	<u>236,276</u>
District support services				
Salaries	144,189	141,251	(2,938)	147,560
Employee benefits	88,314	69,586	(18,728)	15,506
Purchased services	738,800	813,880	75,080	269,624
Supplies and materials	41,450	45,191	3,741	13,471
Capital expenditures	4,250	-	(4,250)	69,913
Other expenditures	(69,255)	1,083	70,338	11,723
Total district support services	<u>947,748</u>	<u>1,070,991</u>	<u>123,243</u>	<u>527,797</u>
Elementary and secondary regular instructor				
Salaries	2,059,802	2,020,817	(38,985)	721,264
Employee benefits	469,007	371,842	(97,165)	146,290
Purchased services	101,585	75,997	(25,588)	3,042
Supplies and materials	433,996	58,167	(375,829)	69,759
Capital expenditures	22,225	-	(22,225)	50,761
Other expenditures	1,500	1,275	(225)	9,274
Total elementary and secondary regular instructor	<u>3,088,115</u>	<u>2,528,098</u>	<u>(560,017)</u>	<u>1,000,390</u>
Special education instruction				
Salaries	841,399	917,396	75,997	426,995
Employee benefits	222,096	166,009	(56,087)	90,494
Purchased services	582,201	761,080	178,879	291,349
Supplies and materials	20,600	11,910	(8,690)	15,324
Capital expenditures	1,000	1,657	657	14,163
Other expenditures	2,500	6,619	4,119	-
Total special education instruction	<u>1,669,796</u>	<u>1,864,671</u>	<u>194,875</u>	<u>838,325</u>

(continued)

ATHLOS LEADERSHIP ACADEMY

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2015

(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Instructional support services				
Salaries	75,590	63,774	(11,816)	51,584
Employee benefits	15,178	11,343	(3,835)	7,912
Purchased services	111,320	74,246	(37,074)	12,713
Supplies and materials	34,500	20,352	(14,148)	1,130
Total instructional support services	<u>236,588</u>	<u>169,715</u>	<u>(66,873)</u>	<u>73,339</u>
Pupil support services				
Salaries	33,579	32,894	(685)	26,349
Employee benefits	9,181	7,233	(1,948)	5,224
Purchased services	978,950	978,024	(926)	211,888
Supplies and materials	4,450	4,520	70	905
Capital expenditures	2,500	—	(2,500)	—
Total pupil support services	<u>1,028,660</u>	<u>1,022,671</u>	<u>(5,989)</u>	<u>244,366</u>
Sites and buildings				
Salaries	96,012	94,054	(1,958)	—
Employee benefits	22,011	17,345	(4,666)	—
Purchased services	2,108,327	2,301,719	193,392	205,800
Supplies and materials	35,000	39,091	4,091	491
Capital expenditures	130,025	—	(130,025)	749
Other expenditures	500	256	(244)	75
Total sites and buildings	<u>2,391,875</u>	<u>2,452,465</u>	<u>60,590</u>	<u>207,115</u>
Fiscal and other fixed cost programs				
Purchased services	45,900	32,765	(13,135)	—
Debt service				
Principal	—	106,692	106,692	—
Interest and fiscal charges	10,000	15,683	5,683	—
Total debt service	<u>10,000</u>	<u>122,375</u>	<u>112,375</u>	<u>—</u>
Total expenditures	<u>9,700,709</u>	<u>9,523,353</u>	<u>(177,356)</u>	<u>3,127,608</u>
Excess (deficiency) of revenue over expenditure:	(38,615)	253,654	292,269	(66,388)
Other financing sources (uses)				
Capital lease proceeds	—	395,327	395,327	—
Transfers out	(42,829)	(377,769)	(334,940)	—
Total other financing sources (uses)	<u>(42,829)</u>	<u>17,558</u>	<u>60,387</u>	<u>—</u>
Net change in fund balances	<u>\$ (81,444)</u>	271,212	<u>\$ 352,656</u>	(66,388)
Fund balances				
Beginning of year		<u>182,998</u>		<u>249,386</u>
End of year		<u>\$ 454,210</u>		<u>\$ 182,998</u>

ATHLOS LEADERSHIP ACADEMY

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and temporary investments	\$ -	\$ 15,678
Receivables		
Accounts	14	940
Due from other governmental units	<u>12,845</u>	<u>6,155</u>
Total assets	<u>\$ 12,859</u>	<u>\$ 22,773</u>
Liabilities		
Salaries and benefits payable	\$ 1,298	\$ -
Accounts and interest payable	9,369	13,557
Due to other funds	<u>2,192</u>	<u>-</u>
Total liabilities	12,859	13,557
Fund balances		
Restricted for food service	<u>-</u>	<u>9,216</u>
Total liabilities and fund balances	<u>\$ 12,859</u>	<u>\$ 22,773</u>

ATHLOS LEADERSHIP ACADEMY

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2015
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Federal sources	\$ 345,550	\$ 381,946	\$ 36,396	\$ 108,274
State sources	36,500	42,047	5,547	4,497
Local sources				
Other – primarily meal sales	110,100	121,078	10,978	9,197
Total revenue	<u>492,150</u>	<u>545,071</u>	<u>52,921</u>	<u>121,968</u>
Expenditures				
Current				
Salaries and wages	29,000	33,026	4,026	21,486
Employee benefits	4,616	5,181	565	3,608
Purchased services	52,580	54,714	2,134	1,463
Supplies and materials	440,000	475,696	35,696	108,716
Other expenditures	18,000	634	(17,366)	–
Total expenditures	<u>544,196</u>	<u>569,251</u>	<u>25,055</u>	<u>135,273</u>
Excess (deficiency) of revenue over expenditures	(52,046)	(24,180)	27,866	(13,305)
Other financing sources				
Transfers in	<u>42,829</u>	<u>14,964</u>	<u>(27,865)</u>	<u>–</u>
Net change in fund balances	<u>\$ (9,217)</u>	<u>(9,216)</u>	<u>\$ 1</u>	<u>(13,305)</u>
Fund balances				
Beginning of year		<u>9,216</u>		<u>22,521</u>
End of year		<u>\$ –</u>		<u>\$ 9,216</u>

ATHLOS LEADERSHIP ACADEMY

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and temporary investments	\$ 3,646	\$ 5,402
Receivables		
Accounts	28,950	-
Due from other governmental units	<u>-</u>	<u>48,741</u>
Total assets	<u><u>\$ 32,596</u></u>	<u><u>\$ 54,143</u></u>
Liabilities and Fund Balances		
Liabilities		
Salaries and benefits payable	\$ 32,596	\$ -
Accounts and interest payable	<u>-</u>	<u>54,128</u>
Total liabilities	32,596	54,128
Fund balances		
Restricted for community service	<u>-</u>	<u>15</u>
Total liabilities and fund balances	<u><u>\$ 32,596</u></u>	<u><u>\$ 54,143</u></u>

ATHLOS LEADERSHIP ACADEMY

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2015
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Federal sources	\$ 30,000	\$ 18,213	\$ (11,787)	\$ 397,847
Expenditures				
Current				
Salaries and wages	192,820	235,586	42,766	53,852
Employee benefits	40,418	49,384	8,966	7,786
Purchased services	100,455	89,246	(11,209)	327,888
Supplies and materials	30,000	6,817	(23,183)	2,018
Total expenditures	<u>363,693</u>	<u>381,033</u>	<u>17,340</u>	<u>391,544</u>
Excess (deficiency) of revenue over expenditures	(333,693)	(362,820)	(29,127)	6,303
Other financing sources	<u>–</u>	<u>362,805</u>	<u>362,805</u>	<u>–</u>
Net change in fund balances	<u>\$ (333,693)</u>	<u>(15)</u>	<u>\$ 333,678</u>	<u>6,303</u>
Fund balances (deficit)				
Beginning of year		<u>15</u>		<u>(6,288)</u>
End of year		<u>\$ –</u>		<u>\$ 15</u>

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

ATHLOS LEADERSHIP ACADEMY

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
U.S. Department of Education		
Passed through Minnesota Department of Education		
Special education cluster		
Special Education – Grants to States	84.027	\$ 140,992
Title I – Grants to Local Educational Agencies	84.010	47,455
Improving Teacher Quality – State Grants	84.367	15,135
Twenty-First Century Community Learning Centers	84.287	25,500
U.S. Department of Agriculture		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	101,203
National School Lunch Program	10.555	280,697
Total child nutrition cluster		<u>381,900</u>
Total federal awards		<u>\$ 610,982</u>

Note 1: This Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Academy’s basic financial statements.

Note 2: Non-monetary assistance of \$18,747 is reported in this schedule at the fair market value of commodities received and disbursed for the U.S. Department of Agriculture National School Lunch Program (CFDA No. 10.555).

Note 3: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 4: The Academy provided federal awards to subrecipients as follows:

Program Title	Federal CFDA No.	Amount Provided
Twenty-First Century Community Learning Centers	84.287	\$ 24,152



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board and Management of
Athlos Leadership Academy
Brooklyn Park, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athlos Leadership Academy (the Academy) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 27, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
October 27, 2015



PRINCIPALS

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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the School Board and Management of
Athlos Leadership Academy
Brooklyn Park, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Athlos Leadership Academy’s (the Academy) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Academy’s major federal programs for the year ended June 30, 2015. The Academy’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT’S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the Academy’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy’s compliance.

(continued)

BASIS FOR QUALIFIED OPINION ON CHILD NUTRITION CLUSTER

As described in the accompanying Schedule of Findings and Questioned Costs, the Academy did not comply with requirements regarding special tests and provisions as outlined in finding number 2015-001. Compliance with such requirements is necessary, in our opinion, for the Academy to comply with the requirements applicable to that program.

QUALIFIED OPINION ON CHILD NUTRITION CLUSTER

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Academy complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on the child nutrition cluster for the year ended June 30, 2015.

OTHER MATTERS

The Academy's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a significant deficiency.

(continued)

ACADEMY'S RESPONSE TO FINDING

The Academy's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
October 27, 2015

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Athlos Leadership Academy
Brooklyn Park, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athlos Leadership Academy (the Academy) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 27, 2015.

MINNESOTA LEGAL COMPLIANCE

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. Our audit included both of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, except as described in the Schedule of Findings and Questioned Costs as item 2015-002. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Academy's noncompliance with the above referenced provisions.

RESPONSE TO FINDINGS

The Academy's response to the legal compliance finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. The Academy's response was not subject to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 27, 2015

ATHLOS LEADERSHIP ACADEMY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor’s report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified? X Yes

Type of auditor’s report issued on compliance for major programs?

Child Nutrition Cluster Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? X Yes No

Programs tested as major programs:

Program or Cluster	CFDA No.
The U.S. Department of Agriculture – child nutrition cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555

Threshold for distinguishing type A and B programs. \$ 300,000

Does the auditee qualify as a low-risk auditee? Yes X No

ATHLOS LEADERSHIP ACADEMY

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

**NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S.
DEPARTMENT OF AGRICULTURE CHILD NUTRITION CLUSTER – CFDA NOS. 10.555 AND 10.553**

2015-001 Special Tests and Provisions – Paid Lunch Equity

Criteria – 7 CFR § 210.14 – child nutrition cluster federal reimbursement equity calculation compliance requirements.

Condition – Athlos Leadership Academy (the Academy) was not performing the required equity calculation to ensure that sufficient funds are provided to its nonprofit school food service account from lunches served to students not eligible for free or reduced meals. A school food authority that charges less for a paid lunch than the difference between the federal reimbursement rate for such a lunch and that for a free or reduced lunch is required to comply. Upon the Academy being made aware of this requirement, the equity calculation was performed and the required amount of local funding was transferred to the program.

Context – This is a current year finding.

Questioned Costs – None.

Cause – This was an oversight by academy personnel.

Effect – If the equity calculation was not completed and the required amount of local funding transferred to the program, the Academy may have been considered to have utilized federal funds to subsidize the cost of meals served to students that were not eligible for free or reduced price meals.

Recommendation – We recommend that the Academy’s Principal complete this calculation annually to ensure ongoing compliance with this requirement.

Corrective Action Plan

Actions Planned – The Academy has implemented changes to correct the condition described above and will continue to monitor to ensure ongoing compliance.

Official Responsible – The Academy’s Principal.

Planned Completion Date – June 30, 2016.

Explanation – The Academy agrees with this finding.

ATHLOS LEADERSHIP ACADEMY

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

**NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S.
DEPARTMENT OF AGRICULTURE CHILD NUTRITION CLUSTER – CFDA NOS. 10.555 AND 10.553
(CONTINUED)**

2015-001 Special Tests and Provisions – Paid Lunch Equity (continued)

Corrective Action Plan (continued)

Plan to Monitor – The Academy’s Principal will oversee the periodic completion of the paid lunch equity calculation and ensure compliance with this requirement in the future.

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT

2015-002 Collateral

Criteria – Minnesota Statute § 118A.03.

Condition – Minnesota Statute § 118A.03 requires that if an academy’s deposits exceed federal insurance coverage, excess deposits must be covered by corporate surety bonds or collateral that has a market value of at least 110 percent of such excess. This requirement was not met for all of the Academy’s deposit accounts during the year ended June 30, 2015.

Questioned Costs – Not applicable.

Context – This is a current year finding. The Academy had \$217,968 of excess deposits not covered at June 30, 2015.

Cause – This was an oversight by academy personnel.

Effect – Deposits exceeding \$250,000 of federal insurance coverage may be lost in the event of a bank failure.

Recommendation – We recommend that the Academy obtain corporate surety bonds or collateral that has a market value of at least 110 percent of academy deposits that exceed federal insurance coverage.

Corrective Action Plan

Actions Planned – The Academy is working with the financial institution to ensure the account is covered by adequate collateral.

Official Responsible – The Academy’s Principal.

Planned Completion Date – June 30, 2016.

ATHLOS LEADERSHIP ACADEMY

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT (CONTINUED)

2015-002 Collateral (continued)

Corrective Action Plan (continued)

Disagreement With or Explanation of Finding – The Academy agrees with the finding.

Plan to Monitor – The Academy’s Principal will review the corrective action plan for compliance prior to the above planned completion date.

E. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

ATHLOS LEADERSHIP ACADEMY

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2015

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 9,777,007	\$ 9,777,006	\$ 1
Total expenditures		\$ 9,523,353	\$ 9,523,353	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 566,270	\$ 566,270	\$ –
Restricted/reserve				
403	Staff development	\$ –	\$ –	\$ –
405	Deferred maintenance	\$ –	\$ –	\$ –
406	Health and safety	\$ –	\$ –	\$ –
407	Capital projects levy	\$ –	\$ –	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
411	Severance pay	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
423	Certain teacher programs	\$ –	\$ –	\$ –
424	Operating capital	\$ –	\$ –	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
441	Basic skills programs	\$ –	\$ –	\$ –
445	Career and technical programs	\$ –	\$ –	\$ –
446	First grade preparedness	\$ –	\$ –	\$ –
449	Safe schools levy	\$ –	\$ –	\$ –
450	Pre-kindergarten	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ –	\$ –	\$ –
Unassigned				
422	Unassigned fund balance	\$ (112,060)	\$ (112,060)	\$ –
Food Service				
Total revenue		\$ 545,071	\$ 545,071	\$ –
Total expenditures		\$ 569,251	\$ 569,252	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 18,213	\$ 18,213	\$ –
Total expenditures		\$ 381,033	\$ 381,033	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ –	\$ –	\$ –
432	ECFE	\$ –	\$ –	\$ –
444	School readiness	\$ –	\$ –	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

ATHLOS LEADERSHIP ACADEMY

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2015

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
407 Capital projects levy	\$ –	\$ –	\$ –
409 Alternative facility program	\$ –	\$ –	\$ –
413 Project funded by COP	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
425 Bond refundings	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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Management Report

for

Athlos Leadership Academy
Brooklyn Park, Minnesota
June 30, 2015

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PRINCIPALS

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To the School Board and Management of
Athlos Leadership Academy
Brooklyn Park, Minnesota

We have prepared this management report in conjunction with our audit of Athlos Leadership Academy's (the Academy) financial statements for the year ended June 30, 2015. The purpose of this report is to make certain required communications to those who have responsibility for oversight of the financial reporting process and to provide comments resulting from our audit process. We have organized this report into the following sections:

- Audit Summary
- Funding Public Education in Minnesota
- Financial Trends of Your Academy
- Legislative Summary
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the Academy, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to school district and charter school financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 27, 2015

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the Academy.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND THE U.S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy as of and for the year ended June 30, 2015, and the related notes to the financial statements. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the Academy's financial statements for the year ended June 30, 2015:

- We have issued an unmodified opinion on the Academy's annual financial statements.
- We reported no deficiencies in the Academy's internal control over financial reporting that we considered to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the Academy did not comply, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs. We also reported one deficiency in the Academy's internal controls over compliance that we consider to be a significant deficiency, based on our testing of major federal programs:
 - The Academy did not comply and the Academy's controls over compliance with special tests and provisions requirements were not sufficient to ensure the required equity calculation was performed to determine that sufficient local funds were provided to its food service account from lunches served to students not eligible for free or reduced meals.
- We reported one finding based on our testing of the Academy's compliance with Minnesota laws and regulations.
 - Our testing procedures performed determined the Academy did not have adequate collateral coverage for the deposit balance as of June 30, 2015 as required by Minnesota Statute § 118A.03.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Academy are described in Note 1 of the notes to basic financial statements.

The Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This statement provides new guidance on accounting and financial reporting for pensions accounted for in the financial statements of plan employers. This change required the Academy to report a change in accounting principle adjustment to beginning equity on the entity-wide statements as described in Note 1 of the notes to basic financial statements.

The application of remaining policies was not changed during the fiscal year ended June 30, 2015. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Where applicable, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management, when applicable, were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the Academy. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other schools and the MARSS data for the current fiscal year is not finalized until after the Academy has closed its financial records for the fiscal period. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident school and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to other schools for special education services which are computed using formulas derived by the Minnesota Department of Education. Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the Academy has closed its financial records for the fiscal period. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the Academy.

The Academy has recorded activity for pension benefits. This obligation is calculated using actuarial methodologies described in GASB Statement No. 68. This actuarial calculation includes significant assumptions, including projected changes, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation of capital assets involves estimates pertaining to useful lives.

We evaluated the key factors and assumptions used by management in the areas discussed above in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated October 27, 2015.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention

OTHER MATTERS

We applied certain limited procedures to Management's Discussion and Analysis and pension-related required supplementary information (RSI), which is required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information, Schedule of Expenditures of Federal Awards, and Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table accompanying the financial statements, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

FUNDING PUBLIC EDUCATION IN MINNESOTA

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this report. A summary of legislative changes affecting school districts and charter schools included later in this report gives an indication of how complicated the funding system is. This section provides some state-wide funding and financial trend information.

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota charter schools is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a school is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment schools.

The table below presents a summary of the formula allowance for the past decade and as approved for the 2016 and 2017 fiscal years. The amount of the formula allowance and the percentage change from year to year excludes non-comparable changes such as temporary funding increases, the “roll-in” of aids that were previously funded separately, and the one-time replacement of a portion of general education aid with federal fiscal stabilization funds in fiscal 2010.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2006	\$ 4,783	4.0 %
2007	\$ 4,974	4.0 %
2008	\$ 5,074	2.0 %
2009	\$ 5,124	1.0 %
2010	\$ 5,124	– %
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %
2014	\$ 5,302	1.5 %
2015	\$ 5,831	2.0 % *
2016	\$ 5,948	2.0 %
2017	\$ 6,067	2.0 %

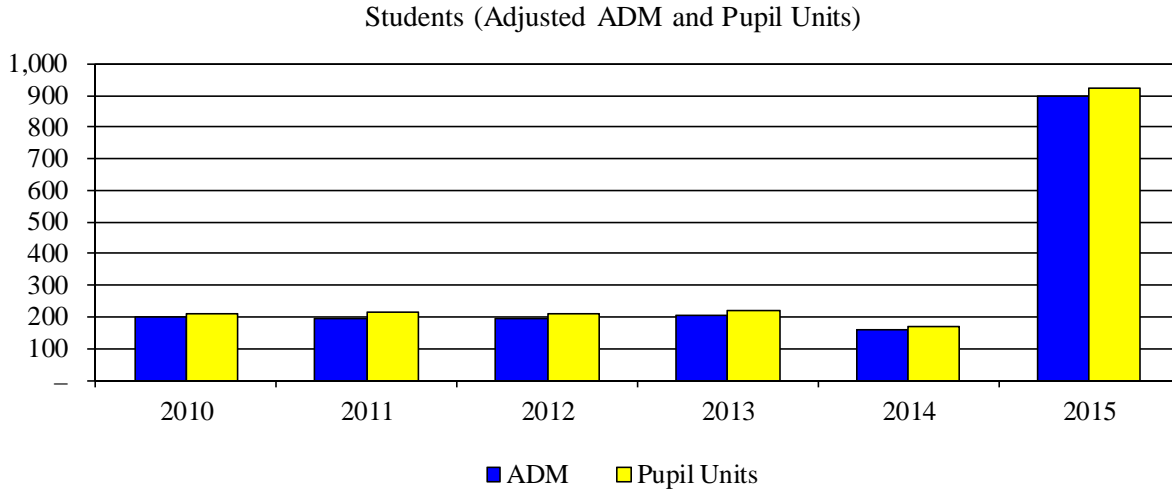
* The \$529 increase in 2015 is offset by changes to pupil weightings and the general education aid formula that reduced the increase to the equivalent of \$105, or 2.0 percent, state-wide.

In recent years, modest increases in the formula allowance have forced many schools to continually cut expenditure budgets or seek other revenue sources in order to maintain programs.

FINANCIAL TRENDS OF YOUR ACADEMY

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

The following graph summarizes the ADM and pupil units served by the Academy for the last six fiscal years:

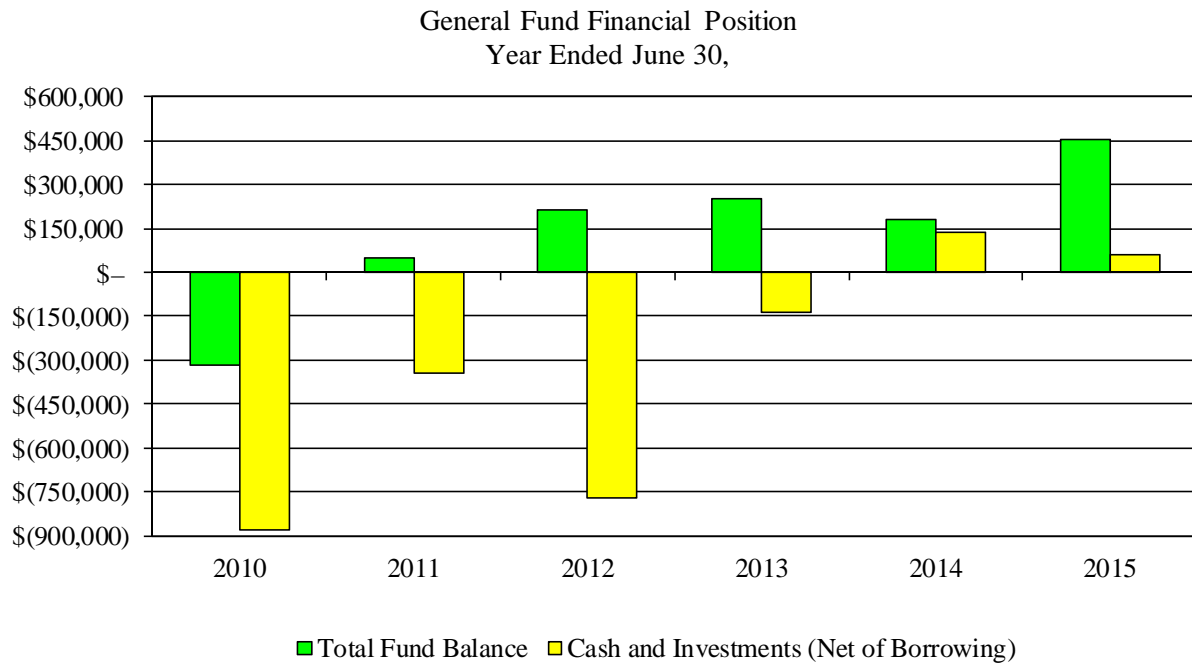


The Academy's ADM served for 2015 is estimated to be 899, which increased by 741 ADM from the previous year.

ADM is a measure of students attending class, which is converted to pupil units (the base for determining revenue) using a statutory formula. The number of pupil units served by the Academy for 2015 was estimated to be 923, an increase of about 758 pupil units from the prior year. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated ADM, since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes and the impact of prior year final adjustments which affect the current year's revenue.

GENERAL FUND OPERATIONS AND FINANCIAL POSITION

The following graph displays the Academy's General Fund financial position for the last six years:



The Academy's General Fund ended 2015 with a total fund balance of \$454,210, an increase of \$271,212 from the prior year as compared to a budgeted decrease of \$81,444. The General Fund cash and investments balance (net of borrowing) at year-end was \$59,260, a decrease of \$75,109 from the prior year.

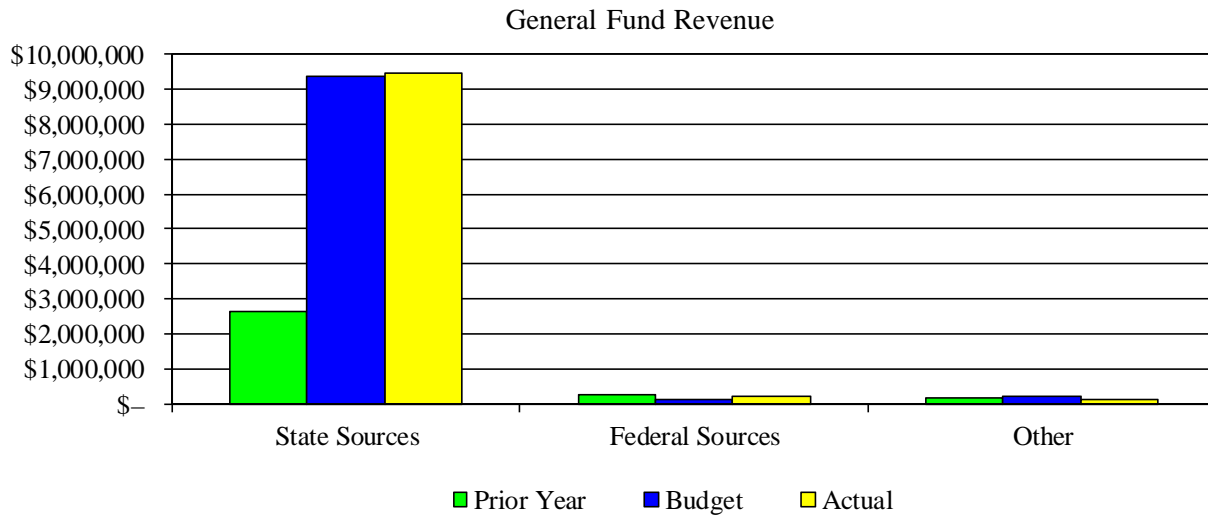
Unassigned fund balance as a percentage of expenditures is one key measure of a school's financial health. The resources represented by this fund balance are critical to a school's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls. For the Academy, unassigned fund balance in the General Fund was a deficit (\$112,060) at the end of 2015, which represented a deficit (1.0 percent) of 2016 budgeted expenditures.

The Academy adopted the following policies to achieve and maintain fund balance:

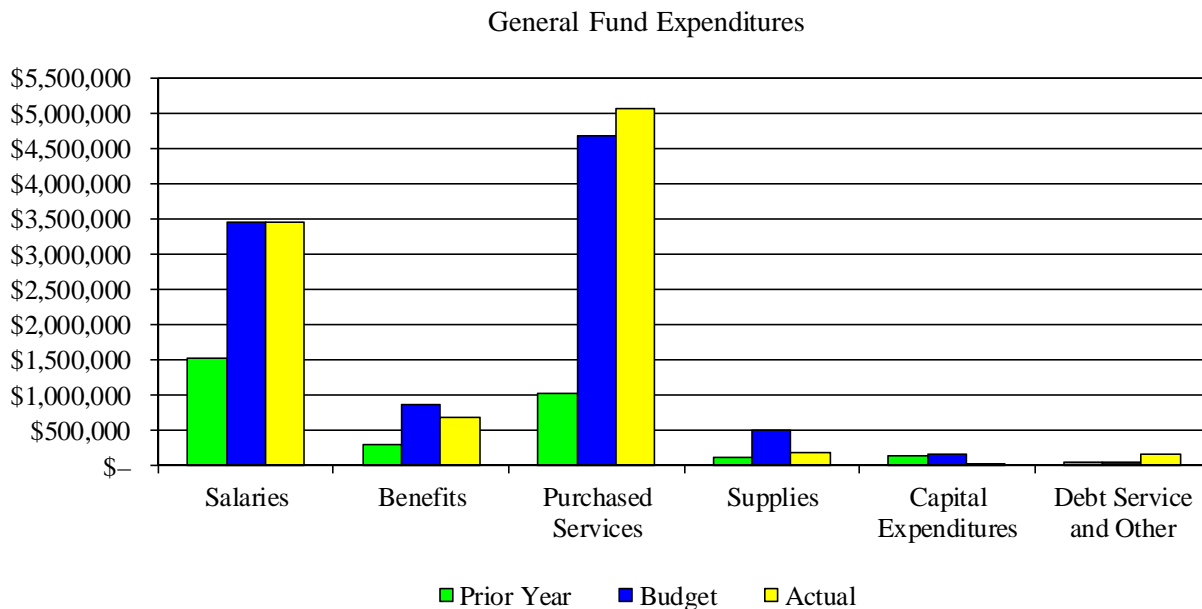
1. The Academy will strive to maintain a minimum unassigned General Fund balance of 5–30 percent of the annual budget.
2. The School Board will conduct an annual review of the sufficiency of the minimum unassigned General Fund balance level.

GENERAL FUND REVENUE AND EXPENDITURES

The following graphs summarize the Academy's General Fund revenue and expenditures for 2015:



Total General Fund revenues for 2015 were \$9,777,007, an increase of \$6,715,787 from the prior year, and \$114,913 over budget. The increase in revenues mainly occurred in state sources, which increased \$6,831,788. The increase in state sources was due to an increase in the ADM for the current fiscal year.



Total General Fund expenditures for 2015 were \$9,523,353, an increase of \$6,395,745 from the prior year, and \$177,356 under budget. The increase in expenditures was mainly due to increases in purchased services for rent payments being made by the Academy and an increase in staffing for the increase in ADM for 2015. Expenditures were under budget mainly in supplies and materials and capital expenditures.

FOOD SERVICE SPECIAL REVENUE FUND

The Academy's Food Service Special Revenue Fund expenditures exceeded revenues by \$24,180 in fiscal 2015. This loss was funded by a transfer from the General Fund. As a result, this fund ended the year with a fund balance of \$0 at June 30, 2015. It is important that the Food Service Special Revenue Fund be self-sustaining, so as not to place an additional burden on the General Fund.

COMMUNITY SERVICE SPECIAL REVENUE FUND

The Academy's Community Service Special Revenue Fund expenditures exceeded revenues in fiscal 2015 by \$362,820. Minnesota Statutes required the Academy to transfer funds from the General Fund to finance this deficit.

LEGISLATIVE SUMMARY

After two years with Democratic control of the governor's office and both legislative chambers, the Republicans picked up 11 seats in the House of Representatives (the House) in the 2014 elections, gaining control of that chamber for 2015. Despite the 2015 legislative session beginning with a projected budget excess of \$1.87 billion for the 2016–2017 biennium, the most favorable budget forecast in over a decade, little was accomplished during the session due to partisan disagreement. One of the many areas of contention was the education finance bill, which was passed by the House and Senate late in the regular session without a universal preschool provision demanded by the governor. As promised, the governor vetoed the education finance bill along with several others, forcing a special session. Ultimately, the K–12 education finance bill was passed in a special session adding \$525 million in state funding for K–12 education over the 2016–2017 biennium.

The following is a brief summary of recent legislative changes and issues affecting the future funding of Minnesota school districts and charter schools:

Basic General Education Revenue – The per pupil basic general education formula allowance increased \$529 to \$5,831 for fiscal year (FY) 2015, with simultaneous changes to pupil weights and the general education formula structure reducing the increase to the equivalent of \$105 per pupil state-wide. The 2015 Legislature approved 2 percent increases for each of the two subsequent fiscal years, raising the per pupil allowance to \$5,948 for FY 2016 and \$6,067 for FY 2017.

A number of other changes were made to the general education formula, including:

- The extended time allowance increased from \$5,017 to \$5,117 beginning in FY 2016.
- Charter schools with extended time programs will receive 25 percent of the state average per adjusted pupil unit (about \$19 per adjusted pupil unit [APU]) beginning in FY 2016.
- Funding eligibility for English learner revenue is extended from 6 to 7 years in FY 2017.
- School districts not in a compensatory pilot project are allowed to allocate up to 50 percent of compensatory revenue among building sites based on a local plan beginning in FY 2016.

The following changes were made to elements of the general education tax levy:

- The student achievement levy, reestablished to allow districts to levy up \$20 million state-wide for FY 2016 (taxes payable 2015), is being phased out. There will be no change to the \$20 million limit for FY 2017 (taxes payable 2016). The levy is reduced to \$10 million state-wide for FY 2018 (taxes payable 2017), and eliminated for FY 2019.
- The equalization factor for operating capital was increased from \$14,500 for FY 2016 to \$14,740 for FY 2017, \$17,473 for FY 2018, and \$20,510 for FY 2019 and later years.

Language was also added requiring districts to use the 2 percent general education staff development set-aside for: teacher development and evaluation, principal development and evaluation, professional development, in-service education, and staff development plans. Staff development plans are required to be aligned and integrated with teacher development and evaluation agreements.

Quality Compensation Program (Q Comp) – The 2015 Legislature made the following changes to the Q Comp alternative compensation for teachers program:

- The cap on basic Q Comp aid increases 16.5 percent to \$75,636,000 beginning in FY 2017.
- Cooperatives other than intermediate districts are eligible to participate in Q Comp beginning in FY 2017. The year prior to participating, 70 percent of the teachers employed by the cooperative must agree to adopt a Q Comp system.
- Beginning in FY 2017, the Q Comp aid formula for intermediates and other cooperatives changes to \$3,000 per licensed teacher employed on October 1 of the previous year.

- Alternative teacher pay systems are now allowed to include incentives for teachers to pursue training, advanced certifications, or master's degrees; and for teachers identified as effective or highly effective to work in hard-to-fill positions or hard-to-staff schools.

Compensatory Pilot Grants – Funding for compensatory pilot grants has been extended, with state-wide funding for FY 2016 and later set at the FY 2015 level of \$7,342,500. Recipient schools are required to post plans and accountability measures on their website.

Special Education Funding – State funding for special education is being transitioned to new funding formulas beginning in FY 2016.

For FY 2016, state regular special education aid will be the lesser of: 62 percent of old formula special education expenditures for the prior year; 50 percent of nonfederal special education expenditures for the prior year; or 56 percent of the amount calculated using a new pupil-driven formula based on prior year data.

Beginning in FY 2016, special education aid will be paid directly to cooperatives and intermediate districts, rather than flowing through the resident districts. Tuition bills will be reduced by the aid paid directly to these entities.

The formula for special education excess cost aid for FY 2016 will be the greater of: 56 percent of the difference between the district's unreimbursed nonfederal special education costs and 7 percent of the school's general education revenue; or 62 percent of the difference between the school's unreimbursed old formula special education costs and 2.5 percent of the school's general education revenue.

Special Education

Cash flow improved for charter schools with at least 90 percent of students receiving special education by:

- Increasing general education aid to cover the unreimbursed costs of serving students without disabilities.
- Increasing special education aid to cover the unreimbursed costs of serving students with disabilities.
- Paying the full 90 percent of estimated special education aid in the current year (rather than 90 percent of 97.4 percent of the estimated aid entitlement).
- Aid reduction to the resident district for special education tuition is calculated as if the school did not receive the added general and special education aid, and is retained by the state, since the school has its full cost covered by direct aid.

Special Education Funding Formula Clarifications – Beginning in FY 2016, special education aid for a first year charter school is calculated using current year data.

Long-Term Facilities Maintenance Revenue – Beginning in FY 2017, the current deferred maintenance, health and safety, and alternative facilities programs will be rolled into a new long-term facilities maintenance revenue program. Beginning in FY 2017, charter schools will also be eligible for long-term facilities maintenance revenue that will be phased in over a three-year period.

The amount of aid for charter schools will be as follows:

- FY 2017 – \$34 x the APUs
- FY 2018 – \$85 x the APUs
- FY 2019 – \$132 x the APUs

Charter schools may use this revenue for any purpose related to the school.

American Indian Education Aid – The Success for the Future Grant Program is being replaced with a new American Indian Education Aid, effective FY 2016. Districts, charters, and Bureau of Indian Education schools with at least 20 American Indian students are eligible for aid. The aid entitlement will equal the lesser of approved costs or \$20,000, plus \$358 per American Indian student enrolled on October 1 of the previous year in excess of 20. There will be a hold harmless for districts currently receiving Success for the Future grants.

Early Learning Programs – While the Governor’s proposed universal preschool provision did not become law, finding increases of \$92.5 million for several early learning programs were approved for the 2016–2017 biennium, including: \$48.25 million for the Early Learning Scholarship Program; \$30.75 million for School Readiness; \$10 million for Head Start; and \$3.5 million for the “Parent Aware” early childhood rating system. Funding for Early Childhood Family Education linked to the general education formula also increased.

Pre-Kindergarten (Pre-K) – Allows a charter school to provide a fee-based pre-K program. Also allows a charter school that provides a free pre-K program to give enrollment preference to students in its free pre-K program for enrollment in kindergarten the following year. Also allows a charter school with at least 90 percent deaf and hard of hearing students to enroll pre-K students with a disability, if there is no cost impact of doing so.

Financial Reporting Dates – The deadline for districts or charters to make prior year financial data corrections for final payments was moved from December 30 to December 15 following the fiscal year-end.

Mergers – Provides a process for charter school mergers. Fund balances and debts of the schools involved in the merger are transferred to the new combined school at the beginning of the first fiscal year the merger takes effect. For the first year of operation, aid for programs requiring applications equals the sum of the aid of the merging schools. For aids based on prior year data, combined prior year data of the merged schools is used to calculate aid.

ACCOUNTING AND AUDITING UPDATES

GASB STATEMENT NO. 72, *FAIR VALUE MEASUREMENT AND APPLICATION*

The primary objective of this statement is to address accounting and financial reporting issues related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. It also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This statement generally requires investments to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. This statement is effective for financial statements for fiscal years beginning after June 15, 2015. Earlier application is encouraged.

GASB STATEMENT NO. 73, *ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS AND RELATED ASSETS THAT ARE NOT WITHIN THE SCOPE OF GASB STATEMENT NO. 68, AND AMENDMENTS TO CERTAIN PROVISIONS OF GASB STATEMENT NOS. 67 AND 68*

The objective of this statement is to improve the usefulness of information about pensions included in financial statements of state and local governments for making decisions and assessing accountability. This statement also clarifies the application of certain provisions of GASB Statement Nos. 67 and 68 regarding 10-year schedules of required supplementary information and other recognition issues pertaining to employers and nonemployer contributing entities. These changes will improve financial reporting by establishing a single framework for the presentation of information about pensions, enhancing comparability for similar information reported by employers and nonemployer contributing entities.

The requirements of this statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions not within the scope of GASB Statement No. 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67 or for pensions that are within the scope of GASB Statement No. 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged.

GASB STATEMENT NO. 74, *FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS*

The objective of this statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits [OPEB]). This statement replaces GASB Statement Nos. 43 and 57. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statement Nos. 25, 43, and 50. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

This statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans administered through trusts meeting the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

This statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB STATEMENT NO. 75, ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of GASB Statement Nos. 45 and 57. GASB Statement No. 74 establishes new accounting and financial reporting requirements for OPEB plans.

This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

Similar to changes implemented for pensions, this statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

GASB STATEMENT NO. 77, TAX ABATEMENT DISCLOSURES

This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements, and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

The requirements of this statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations, and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

CHANGES TO FEDERAL GRANT AUDIT REQUIREMENTS

In December 2013, the OMB issued *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, which supersedes all or parts of eight OMB circulars; consolidating federal cost principles, administrative principles, and audit requirements in one document. This new Uniform Guidance includes a number of significant changes to both administrative requirements and the federal Single Audit process.

Significant changes in administrative requirements include: changes to time and effort documentation, updating internal control framework to be consistent with changes to the Committee of Sponsoring Organizations) of the Treadway Commission (COSO) internal control framework, creating written policies and procedures to implement requirements of cash management and allowability of costs, implementing new procurement standards, and additional compliance and control requirements for districts making subawards. Auditees are required to implement the administrative requirements of the new Uniform Guidance for new awards or funding increments on or after December 26, 2014.

Significant changes to the federal Single Audit process include: an increase in dollar threshold for requiring a Single Audit from \$500,000 to \$750,000; changes to the thresholds and process used for determining major programs; reductions in the percentages of expenditures required to be covered by a Single Audit from 50 percent to 40 percent for high risk auditees and from 25 percent to 20 percent for low risk auditees; revised criteria for determining low-risk auditees; and an increase in the threshold for reporting questioned costs from \$10,000 to \$25,000. The revised audit requirements will be effective for audits of fiscal years beginning on or after December 26, 2014.

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ATHLOS LEADERSHIP ACADEMY
MINNEAPOLIS, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2014

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ATHLOS LEADERSHIP ACADEMY

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INTRODUCTORY SECTION

ATHLOS LEADERSHIP ACADEMY

School Board and Administration
as of June 30, 2014

SCHOOL BOARD

	<u>Position</u>
Ann Marie DeGroot	Board Chair
Kit Murley-Henspeter	Treasurer
Julie Brown	Secretary
Virginia Anderson	Director

ADMINISTRATION

Jennifer Geraghty	Principal
Kyle Knudson	Contracted Finance Manager

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Athlos Leadership Academy
Minneapolis, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athlos Leadership Academy (the Academy) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the Academy as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund and the Community Service Special Revenue Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The introductory section and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Academy. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the Academy.

The supplemental information, the Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

(continued)

Prior Year Comparative Information

We have previously audited the Academy's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 16, 2013. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
December 16, 2014

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ATHLOS LEADERSHIP ACADEMY

Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

This section of Athlos Leadership Academy's (the Academy) annual financial statements presents management's discussion and analysis of the Academy's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the other components of the Academy's annual financial statements.

FINANCIAL HIGHLIGHTS

The Academy's assets exceeded its liabilities on the Statement of Net Position at June 30, 2014 by \$289,487 (net position). The Academy's net position decreased by \$199,502 during the fiscal year ended June 30, 2014.

At June 30, 2014, the Academy's General Fund reported a fund balance of \$182,998 on the governmental funds Balance Sheet, which is a decrease of \$66,388 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis;
- Basic financial statements, including the entity-wide financial statements, fund financial statements, and the notes to basic financial statements; and
- Individual fund statements and schedules presented as supplemental information.

The following explains the two types of statements included in basic financial statements:

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide financial statements (Statement of Net Position and Statement of Activities) report information about the Academy as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two entity-wide financial statements report the Academy's *net position* and how they have changed. Net position—the difference between assets and liabilities—is one way to measure the Academy's financial health or *position*. Over time, increases or decreases in the Academy's net position are indicators of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the Academy requires consideration of additional nonfinancial factors, such as changes in the Academy's student population and the condition of school buildings and other facilities.

In the entity-wide financial statements, the Academy's activities are all shown in one category titled "governmental activities." These activities, including regular and special education, administration, and other support services, are primarily financed with state aids.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Academy's *funds*, focusing on its most significant or "major" funds, rather than the Academy as a whole. Funds (such as the Food Service Special Revenue Fund) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the supplemental information.

Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law or by debt covenants.
- The Academy may establish other funds to control and manage money for particular purposes.

The Academy maintains the following kinds of funds:

Governmental Funds – The Academy's basic services are reported in governmental funds, which generally focus on: 1) *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provides a detailed *short-term* view that helps determine whether there are more or less financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the entity-wide financial statements, we provide additional information (reconciliation schedules) on the governmental fund statements that explain the relationship (or differences) between these two types of financial statement presentations.

Fiduciary Funds – The Academy is the trustee, or fiduciary, for assets that belong to other organizations. The Academy is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the Academy's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the entity-wide financial statements because the Academy cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 1 is a summarized view of the Academy's Statement of Net Position:

	<u>2014</u>	<u>2013</u>
Assets		
Current and other assets	\$ 511,351	\$ 854,393
Capital assets, net of accumulated depreciation	<u>97,258</u>	<u>223,370</u>
Total assets	<u>\$ 608,609</u>	<u>\$ 1,077,763</u>
Liabilities		
Current and other liabilities	<u>\$ 319,122</u>	<u>\$ 588,774</u>
Net position		
Net investment in capital assets	\$ 97,258	\$ 223,370
Restricted	9,231	22,521
Unrestricted	<u>182,998</u>	<u>243,098</u>
Total net position	<u>\$ 289,487</u>	<u>\$ 488,989</u>

The significant decrease in current and other assets and current and other liabilities relate to the improvement in the cash flow of the Academy from the payback of the holdback by the state of Minnesota. This improvement in cash flow resulted in the Academy paying off an outstanding note payable.

The Academy's financial position is the product of many factors. For example, determination of the Academy's investment in capital assets involves assumptions and estimates, such as current and accumulated depreciation amounts. Actual results could differ from these assumptions and estimates.

Table 2 is a summarized view of the Academy's Change in Net Position:

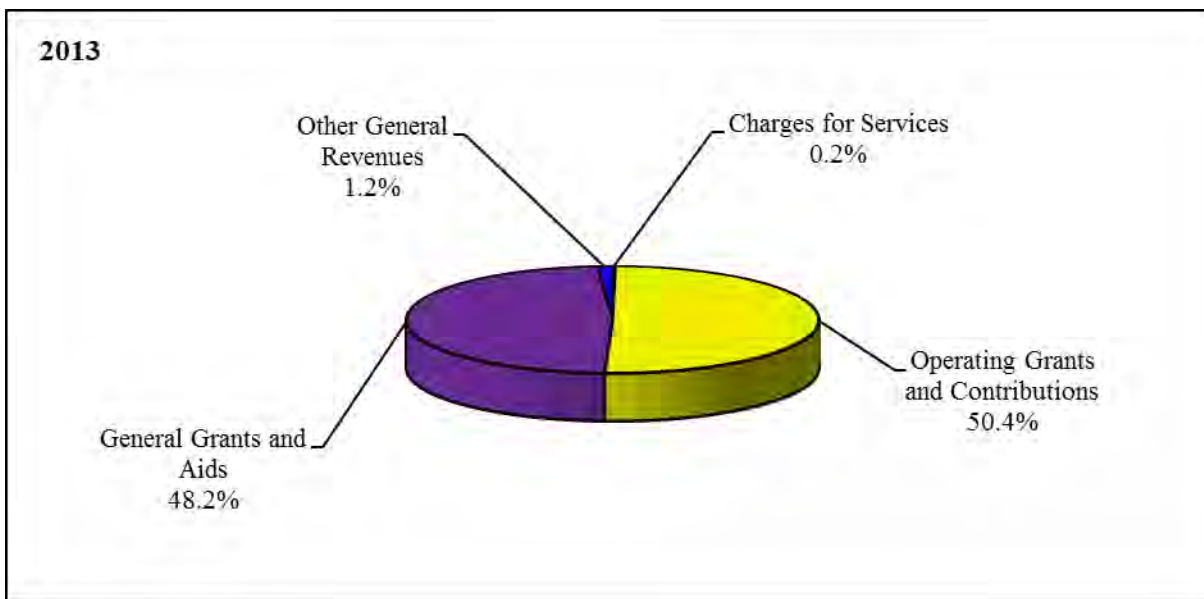
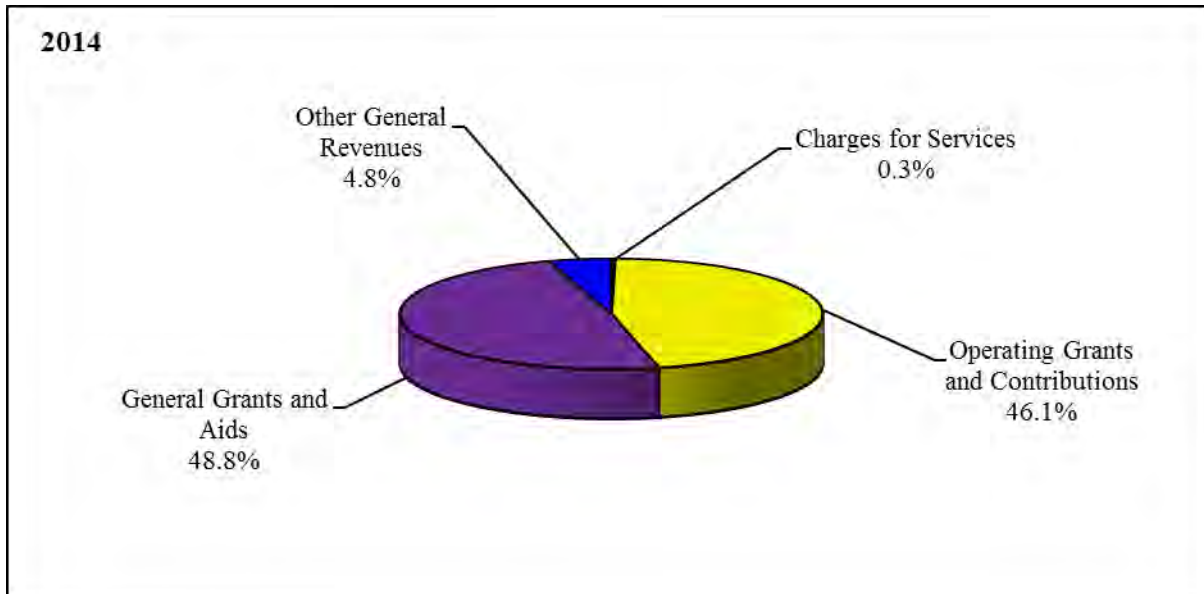
Table 2		
Summary Statement of Activities		
for the Years Ended June 30, 2014 and 2013		
	2014	2013
Revenues		
Program revenues		
Charges for services	\$ 9,197	\$ 6,135
Operating grants and contributions	1,651,273	2,051,677
General revenues		
General grants and aids	1,746,887	1,961,997
Other general revenues	173,678	48,014
Total revenues	3,581,035	4,067,823
Expenses		
Administration	236,276	263,119
District support services	523,948	315,842
Elementary and secondary regular instruction	973,432	1,294,771
Special education instruction	837,866	911,421
Instructional support services	73,588	43,279
Pupil support services	245,542	226,475
Sites and buildings	361,853	604,952
Food service	135,273	154,233
Community service	392,759	261,627
Interest and fiscal charges	-	20,696
Total expenses	3,780,537	4,096,415
Change in net position	\$ (199,502)	\$ (28,592)

The overall decline in revenue and expenses relate to the Academy having a 23 percent decline in the number of students in fiscal 2014.

This format is presented on an accrual basis of accounting and includes all of the Academy's governmental activities. This statement includes depreciation expense, but excludes capital asset purchase costs.

Figures A and B show further analysis of these revenue sources and expense functions:

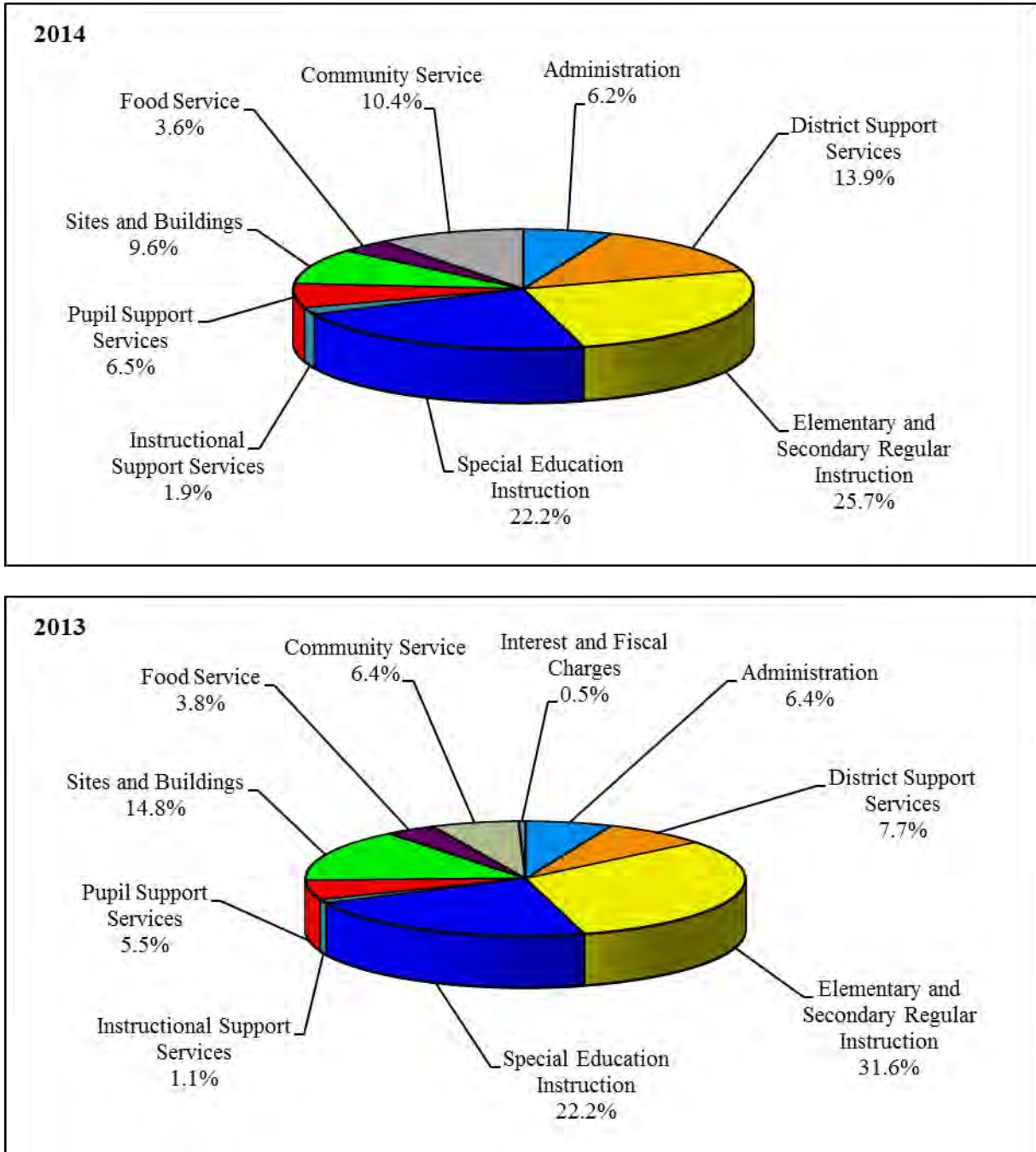
Figure A – Sources of Revenue for Fiscal Years 2014 and 2013



The largest share of the Academy’s revenue is received from the state, including most of the operating and general grants. This significant reliance on the state for funding has placed tremendous pressures on local schools as a result of unpredictable and inconsistent funding from the state.

The Academy’s total governmental revenues were \$3,581,035 for the year ended June 30, 2014, which is a decrease of \$486,788 from the previous year, mainly due to the reduction in state aid and federal grant support for the lower average daily membership (ADM) in fiscal year 2014.

Figure B – Expenses for Fiscal Years 2014 and 2013



The Academy’s cost of all governmental activities for 2014 was \$3,780,537, which is a decrease of \$315,878 from the prior year. The Academy’s expenses are predominately related to educating students. Approximately 49.8 percent of the Academy’s expenses for 2014 were in categories directly related to providing instruction, which includes: elementary and secondary regular instruction, special education instruction, and instructional support services. An additional 9.6 percent of the Academy’s costs are related to leasing and maintaining its school site.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

The financial performance of the Academy as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the Academy's governmental funds:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Governmental funds			
General	\$ 182,998	\$ 249,386	\$ (66,388)
Food Service Special Revenue	9,216	22,521	(13,305)
Community Service Special Revenue	<u>15</u>	<u>(6,288)</u>	<u>6,303</u>
Total governmental funds	<u>\$ 192,229</u>	<u>\$ 265,619</u>	<u>\$ (73,390)</u>

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

General Fund

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenue	<u>\$ 3,381,798</u>	<u>\$ 2,995,330</u>	<u>\$ (386,468)</u>	<u>(11.4%)</u>
Expenditures	<u>\$ 3,119,565</u>	<u>\$ 2,899,866</u>	<u>\$ (219,699)</u>	<u>(7.0%)</u>

The Academy is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. It is the Academy's practice to amend the General Fund budget during the year for known significant changes in circumstances such as: updated enrollment estimates, legislation changes, new or additional funding, staffing changes, employee contract settlements, adjustments to health insurance premiums, special education tuition changes, or utility rate changes.

Table 5 summarizes the operating results of the General Fund:

	<u>Actual 2014</u>	<u>Over (Under) Final Budget</u>	<u>Over (Under) Prior Year</u>
Revenue	\$ 3,061,220	\$ 65,890	\$ (606,610)
Expenditures	3,127,608	\$ 227,742	\$ (505,813)
Other financing uses	<u>—</u>	\$ 17,028	\$ 386
Net change in fund balances	<u>\$ (66,388)</u>		

Revenue decreased \$606,610 in the current year, mainly from the Academy receiving less state aid and federal funding for the decreased ADM in fiscal year 2014. Revenues exceeded budget mainly due to the Academy conservatively budgeting for state special education aid.

Expenditures decreased \$505,813 mainly in purchased services from decreased monthly rent. The Academy also had a decrease in staff from the decreased number of ADM in the current fiscal year. Expenditures were mainly over budget in special education salaries.

Food Service Special Revenue Fund

Expenditures exceeded revenues by \$13,305 in the Food Service Special Revenue Fund. The Food Service Special Revenue Fund is used to account for the Academy's child nutrition program.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund is used to account for the Academy's Twenty-First Century Program. This program is provided by a federal grant that enables the Academy to provide community education to its students and the community through extended day programming and summer school.

CAPITAL ASSETS

Table 6 shows the Academy's capital assets, depreciation expense, and change from the prior year:

Table 6 Capital Assets			
	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
Leasehold improvements	\$ –	\$ 364,280	\$ (364,280)
Furniture and equipment	1,001,964	949,525	52,439
Less accumulated depreciation	<u>(904,706)</u>	<u>(1,090,435)</u>	<u>185,729</u>
Total	<u>\$ 97,258</u>	<u>\$ 223,370</u>	<u>\$ (126,112)</u>
Depreciation expense	<u>\$ 29,471</u>	<u>\$ 53,208</u>	<u>\$ (23,737)</u>

The overall decline in capital assets relate to the Academy moving into a new facility for fiscal 2014.

Additional details of the Academy's capital assets can be found in the notes to basic financial statements.

DEBT ADMINISTRATION

The Academy has no long-term debt as of June 30, 2014 and 2013.

FACTORS BEARING ON THE ACADEMY'S FUTURE

In September 2013, the Academy entered into a contract with a company to build a school to suit the needs of the Academy. The Academy has committed to enter into additional contracts that would allow the Academy to use the building as its school beginning July 1, 2014.

The Academy is dependent on the state of Minnesota for much of its revenue. In recent years, legislated revenue increases have made it difficult to meet the instructional program needs and increased costs due to inflation for Minnesota charter schools.

The basic general education revenue for all Minnesota charter schools was \$5,302 per pupil unit for 2014. The Legislature has provided for the equivalent of a 2.0 percent increase in basic general education aid for the 2015 fiscal year. The Academy's ability to attract and retain students will determine the amount of state aid it earns.

The state's financial condition, and the need to utilize accounting shifts such as increasing the holdback on charter school state aid payments to balance the state budget, has a significant impact on the Academy's cash flow. In fiscal 2014, the state was able to restore the payment schedule for state aids to 90 percent of current year funding, which was 3.6 percent higher than amounts received in fiscal 2013, which improved the Academy's cash flow.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

These financial statements are designed to provide the Academy's parents, funders, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about these financial statements or need additional financial information, contact Athlos Leadership Academy, 10100 Noble Parkway North, Brooklyn Park, Minnesota 55443.

BASIC FINANCIAL STATEMENTS

ATHLOS LEADERSHIP ACADEMY

Statement of Net Position
as of June 30, 2014

(With Partial Comparative Information as of June 30, 2013)

	Governmental Activities	
	2014	2013
Assets		
Cash and temporary investments	\$ 155,449	\$ 150,681
Receivables		
Accounts	27,040	172
Due from other governmental units	286,237	685,468
Prepaid items	42,625	18,072
Capital assets, net of accumulated depreciation	97,258	223,370
 Total assets	 \$ 608,609	 \$ 1,077,763
Liabilities		
Salaries and benefits payable	\$ 206,825	\$ 193,157
Accounts and interest payable	112,297	89,161
Due to related parties	-	48,845
Note payable	-	257,611
Total liabilities	319,122	588,774
Net position		
Net investment in capital assets	97,258	223,370
Restricted for		
Food service	9,216	22,521
Community service	15	-
Unrestricted	182,998	243,098
Total net position	289,487	488,989
 Total liabilities and net position	 \$ 608,609	 \$ 1,077,763

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Statement of Activities
Year Ended June 30, 2014

(With Partial Comparative Information for the Year Ended June 30, 2013)

Functions/Programs	2014			2013	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 236,276	\$ -	\$ -	\$ (236,276)	\$ (263,119)
District support services	523,948	-	-	(523,948)	(315,842)
Elementary and secondary					
regular instruction	973,432	-	140,675	(832,757)	(848,235)
Special education instruction	837,866	-	857,136	19,270	39,683
Instructional support services	73,588	-	-	(73,588)	(43,279)
Pupil support services	245,542	-	-	(245,542)	(226,475)
Sites and buildings	361,853	-	142,844	(219,009)	(344,773)
Food service	135,273	9,197	112,771	(13,305)	(4,718)
Community service	392,759	-	397,847	5,088	(11,149)
Interest and fiscal charges	-	-	-	-	(20,696)
Total governmental activities	<u>\$ 3,780,537</u>	<u>\$ 9,197</u>	<u>\$ 1,651,273</u>	(2,120,067)	(2,038,603)
General revenues					
General grants and aids				1,746,887	1,961,997
Other general revenues				173,638	47,736
Investment earnings				40	278
Total general revenues				<u>1,920,565</u>	<u>2,010,011</u>
Change in net position				(199,502)	(28,592)
Net position – beginning				<u>488,989</u>	<u>517,581</u>
Net position – ending				<u>\$ 289,487</u>	<u>\$ 488,989</u>

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Balance Sheet
 Governmental Funds
 as of June 30, 2014
 (With Partial Comparative Information as of June 30, 2013)

	General Fund	Community Service Special Revenue Fund	Nonmajor Fund	Total Governmental Funds	
			Food Service Special Revenue Fund	2014	2013
Assets					
Cash and temporary investments	\$ 134,369	\$ 5,402	\$ 15,678	\$ 155,449	\$ 150,681
Receivables					
Accounts	26,100	–	940	27,040	172
Due from other governmental units	231,341	48,741	6,155	286,237	685,468
Prepaid items	42,625	–	–	42,625	18,072
Total assets	\$ 434,435	\$ 54,143	\$ 22,773	\$ 511,351	\$ 854,393
Liabilities					
Salaries and benefits payable	\$ 206,825	\$ –	\$ –	\$ 206,825	\$ 193,157
Accounts and interest payable	44,612	54,128	13,557	112,297	89,161
Due to related parties	–	–	–	–	48,845
Note payable	–	–	–	–	257,611
Total liabilities	251,437	54,128	13,557	319,122	588,774
Fund balances					
Nonspendable for prepaid items	42,625	–	–	42,625	18,072
Restricted for food service	–	–	9,216	9,216	22,521
Restricted for community service	–	15	–	15	–
Unassigned	140,373	–	–	140,373	225,026
Total fund balances	182,998	15	9,216	192,229	265,619
Total liabilities and fund balances	\$ 434,435	\$ 54,143	\$ 22,773	\$ 511,351	\$ 854,393

Amounts reported for governmental activities in the Statement of Net Position differ because:

Fund balances as reported above	\$ 192,229	\$ 265,619
Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds.		
Cost of capital assets	1,001,964	1,313,805
Less accumulated depreciation	(904,706)	(1,090,435)
Net position of governmental activities	\$ 289,487	\$ 488,989

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2014
 (With Partial Comparative Information for the Year Ended June 30, 2013)

	General Fund	Community Service Special Revenue Fund	Nonmajor Fund	Total Governmental Funds	
			Food Service Special Revenue Fund	2014	2013
Revenue					
Federal sources	\$ 268,739	\$ 397,847	\$ 108,274	\$ 774,860	\$ 957,861
State sources	2,618,803	–	4,497	2,623,300	3,055,813
Local sources					
Investment earnings	40	–	–	40	278
Other	173,638	–	9,197	182,835	53,871
Total revenue	3,061,220	397,847	121,968	3,581,035	4,067,823
Expenditures					
Current					
Administration	236,276	–	–	236,276	263,119
District support services	527,797	–	–	527,797	315,412
Elementary and secondary regular instruction	1,000,390	–	–	1,000,390	1,272,558
Special education instruction	838,325	–	–	838,325	908,369
Instructional support services	73,339	–	–	73,339	42,532
Pupil support services	244,366	–	–	244,366	226,475
Sites and buildings	207,115	–	–	207,115	584,260
Food service	–	–	135,273	135,273	154,147
Community service	–	391,544	–	391,544	256,766
Debt service					
Interest and fiscal charges	–	–	–	–	20,696
Total expenditures	3,127,608	391,544	135,273	3,654,425	4,044,334
Excess (deficiency) of revenue over expenditures	(66,388)	6,303	(13,305)	(73,390)	23,489
Other financing sources (uses)					
Transfers in	–	–	–	–	386
Transfers (out)	–	–	–	–	(386)
Total other financing sources (uses)	–	–	–	–	–
Net change in fund balances	(66,388)	6,303	(13,305)	(73,390)	23,489
Fund balances (deficit)					
Beginning of year	249,386	(6,288)	22,521	265,619	242,130
End of year	\$ 182,998	\$ 15	\$ 9,216	\$ 192,229	\$ 265,619

Amounts reported for governmental activities in the Statement of Activities differ because:

Net change in fund balances reported above \$ (73,390) \$ 23,489

Capital assets are reported in governmental funds as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	52,439	1,127
Depreciation expense	(29,471)	(53,208)

A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.

(149,080)	–
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Change in net position of governmental activities	\$ (199,502)	\$ (28,592)
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See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2014

	Budget		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Federal sources	\$ 128,740	\$ 253,208	\$ 268,739	\$ 15,531
State sources	3,173,458	2,573,935	2,618,803	44,868
Local sources				
Investment earnings	50	-	40	40
Other	79,550	168,187	173,638	5,451
Total revenue	3,381,798	2,995,330	3,061,220	65,890
Expenditures				
Current				
Administration	254,498	237,437	236,276	(1,161)
District support services	535,279	511,726	527,797	16,071
Elementary and secondary administration	1,010,799	935,715	1,000,390	64,675
Special education instruction	775,019	663,038	838,325	175,287
Instructional support services	68,208	68,550	73,339	4,789
Pupil support services	227,262	224,000	244,366	20,366
Sites and buildings	233,500	259,400	207,115	(52,285)
Debt service				
Interest and fiscal charges	15,000	-	-	-
Total expenditures	3,119,565	2,899,866	3,127,608	227,742
Excess (deficiency) of revenue over expenditures	262,233	95,464	(66,388)	(161,852)
Other financing (uses)				
Transfers out	-	(17,028)	-	17,028
Net change in fund balances	\$ 262,233	\$ 78,436	(66,388)	\$ (144,824)
Fund balances				
Beginning of year			249,386	
End of year			\$ 182,998	

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Community Service Special Revenue Fund
 Year Ended June 30, 2014

	Budget		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Federal sources	\$ 290,573	\$ 328,234	\$ 397,847	\$ 69,613
Expenditures				
Current				
Salaries and wages	34,975	34,975	53,852	18,877
Employee benefits	5,168	5,168	7,786	2,618
Purchased services	240,530	278,191	327,888	49,697
Supplies and materials	9,900	9,900	2,018	(7,882)
Other expenditures	—	—	—	—
Total expenditures	<u>290,573</u>	<u>328,234</u>	<u>391,544</u>	<u>63,310</u>
Net change in fund balances	<u>\$ —</u>	<u>\$ —</u>	6,303	<u>\$ 6,303</u>
Fund balances (deficit)				
Beginning of year			<u>(6,288)</u>	
End of year			<u>\$ 15</u>	

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Agency Fund
Statement of Fiduciary Net Position
as of June 30, 2014

	<u>Agency Fund</u>
Assets	
Cash and temporary investments	<u>\$ 1,143</u>
Liabilities	
Accounts payable	<u>\$ 1,143</u>

See notes to basic financial statements

ATHLOS LEADERSHIP ACADEMY

Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Athlos Leadership Academy (the Academy) (formerly New Visions Academy) was established in September 1995 in accordance with Minnesota Statute § 124D.10. The primary objective of the Academy is to educate students using multi-disciplinary programs. The governing body of the Academy consists of a School Board comprised of members elected by voters of the general membership of the Academy.

The Academy is required to operate under a charter agreement with an entity that has been approved by the Minnesota Department of Education (MDE) to be a charter school “authorizer.” The authorizer monitors and evaluates the Academy’s performance, and periodically determines whether to renew the Academy’s charter. The Academy’s authorizer is Volunteers of America (VOA), a nonprofit organization. Aside from its responsibilities as authorizer, the VOA has no authority or control over the Academy, and is not financially accountable for it. Therefore, the Academy is not considered a component unit of the VOA.

The Academy’s financial statements include all funds, departments, agencies, boards, commissions, and other organizations for which the Academy is considered to be financially accountable.

Component units are legally separate entities for which the Academy (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the Academy.

Extracurricular student activities, if any, are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, academy school boards can elect to either control or not control extracurricular activities. The Academy’s School Board has elected to control extracurricular activities; therefore, the extracurricular student activity accounts are included in the Academy’s General Fund.

B. Basis of Presentation

As required by state law, the Academy operates as a nonprofit corporation under Minnesota Statute § 317A. However, state law also requires that the Academy comply with Uniform Financial Accounting and Reporting Standards for Minnesota Schools, which mandates the use of a governmental fund accounting structure.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Entity-Wide Financial Statement Presentation

The entity-wide financial statements (Statement of Position and Statement of Activities) display information about the reporting government as a whole. These statements include all financial activities of the Academy, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position at the fund financial statement level. Generally, the effect of material interfund activity has been removed from the entity-wide financial statements. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Other internally directed revenues are reported instead as general revenues.

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The Academy applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Information for the remaining nonmajor governmental funds are reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the Academy, these funds are excluded from the entity-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Academy generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider are met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt or compensated absences, if any, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary fund financial statements are reported using the accrual basis of accounting as described earlier in these notes. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Description of Funds

The existence of the various school funds has been established by the MDE. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for the Academy’s Twenty-First Century Program. This program is provided by a federal grant that enables the Academy to provide community education to its students and the community through extended day programming and summer school.

Nonmajor Governmental Fund

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to account for the Academy’s child nutrition program.

Fiduciary Funds

Agency Fund – An Agency Fund is established to account for cash and other assets held by the Academy as the agent for others. The Academy has an Agency Fund to account for activities of the Parent Teacher Organization.

E. Income Taxes

The Academy is exempt from income taxes under Internal Revenue Code § 501(c)(3). The Academy is subject to tax on income from any unrelated business.

The Academy is subject to the recognition requirements for uncertain income tax positions as required by the Financial Accounting Standards Board (FASB) Accounting Standards Codification 740-10 (formerly known as FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Academy has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdiction where they operate. The Academy believes that income tax filing positions will be sustained upon examination and do not anticipate any adjustments that would result in a material adverse effect on their respective financial condition, results of operations, or cash flows. Accordingly, the Academy has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2014.

The Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods. The Academy’s open audit periods are the years ended June 30, 2011, 2012, and 2013.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgeting

Each June, the Academy's School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the modified accrual basis of accounting. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund by \$227,742, \$2,559, and \$63,310, respectively.

G. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled balances are allocated to the respective funds on the basis of cash participation by each fund.

H. Receivables

When necessary, the Academy utilizes an allowance for uncollectible accounts to value its receivables. However, all current receivables are considered collectible.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenses/expenditures when consumed.

J. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Academy defines capital assets as those with an initial, individual cost of \$500 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the entity-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for school purposes by the Academy, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for leasehold improvements and 5 to 15 years for furniture and equipment.

K. Compensated Absences

Substantially all full-time academy employees are entitled to vacation pay and sick leave at various rates. Employees are compensated for unused vacation pay and sick leave upon termination of employment. As a result, a liability for unused vacation pay and sick leave (if material) is recorded in salaries and benefits payable.

Compensated absences (if material) are recorded as a liability in the entity-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Compensated absences (if material) are accrued in the governmental fund financial statements only when they become due and payable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Risk Management

The Academy is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The Academy carries commercial insurance purchased from independent third parties to cover these risks. Settled claims did not exceed commercial insurance coverage for any of the last three fiscal years. There were no significant reductions in insurance coverage in fiscal 2014.

M. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

N. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as restricted or committed. The School Board, by majority vote, may assign fund balances to be used for specific purposes. The School Board also delegates the power to assign fund balances to the Principal. Assignments so made shall be reported to the School Board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the School Board.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the Academy first uses restricted resources, then uses unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, the Academy uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position

In the entity-wide financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

P. Fund Balance Policy

The Academy adopted the following policy to achieve and maintain fund balance:

1. The Academy will strive to maintain a minimum unassigned general fund balance of 5–30 percent of the annual budget.
2. The School Board will conduct an annual review of the sufficiency of the minimum unassigned General Fund balance level.

At June 30, 2014, the unassigned fund balance as a percentage of current year expenditures was 4.5 percent.

Q. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Academy’s financial statements for the year ended June 30, 2013, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

R. Future Change in Accounting Standards

Governmental Accounting Standards Board (GASB) Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for fiscal years beginning after June 15, 2014. The Academy has not yet determined the financial statement impact of adopting this new standard.

NOTE 2 – DEPOSITS

In accordance with applicable Minnesota Statutes, the Academy maintains deposits at depository banks authorized by the School Board.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the Academy’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Academy’s deposit policies do not further limit depository choices.

At June 30, 2014, the Academy had deposits with a carrying value of \$156,592 and a bank balance of \$203,454. At June 30, 2014, all of the Academy’s deposits were covered by federal depository insurance.

Deposits are presented in the financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 155,449
Statement of Fiduciary Net Position	
Cash and temporary investments	<u>1,143</u>
Total	<u>\$ 156,592</u>

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Leasehold improvements	\$ 364,280	\$ –	\$ (364,280)	\$ –
Furniture and equipment	949,525	52,439	–	1,001,964
Less accumulated depreciation	<u>(1,090,435)</u>	<u>(29,471)</u>	<u>215,200</u>	<u>(904,706)</u>
Capital assets, net of accumulated depreciation	<u>\$ 223,370</u>	<u>\$ 22,968</u>	<u>\$ (149,080)</u>	<u>\$ 97,258</u>

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2014 was charged to the following governmental functions:

District support services	\$ 552
Elementary and secondary regular instruction	18,155
Special education instruction	2,466
Instructional support services	249
Sites and buildings	5,658
Pupil support services	1,176
Community service	<u>1,215</u>
Total depreciation expense	<u><u>\$ 29,471</u></u>

NOTE 4 – NOTE PAYABLE

In fiscal 2013, the Academy received cash totaling \$257,611 from Charter School Capital, Inc. (an independent corporation) in return for a promise to remit specific future collections of state aid receivables. This transaction is reflected in the Academy's basic financial statements as a note payable. The total amount of state aid receivables pledged was \$303,072, which was remitted as payments toward this note payable in monthly installments through July 2013. All discounts and fees on this transaction have been amortized over the period of the note and will be reflected as interest and fiscal charges in the Academy's basic financial statements. This note was obtained to assist the Academy with cash flow.

The note payable activity for the year ended June 30, 2014 is summarized as follows:

<u>Debt Type</u>	<u>Effective Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note payable	18.0%	<u>\$ 257,611</u>	<u>\$ -</u>	<u>\$ 257,611</u>	<u>\$ -</u>

There were no interest and fiscal charges in fiscal 2014 related to this note payable.

NOTE 5 – LINE OF CREDIT

During the year ended June 30, 2014, the Academy had available a \$250,000 line of credit with the Nonprofit Assistance Fund. This line of credit was entered into to assist with cash flow. No draws were made against this line of credit during fiscal 2014. The line of credit expired in July 2014.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Substantially all employees of the Academy are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a state-wide basis. Disclosures relating to these plans are as follows:

Teachers' Retirement Association (TRA)

A. Plan Description

All teachers employed by the Academy are covered by defined benefit plans administered by the TRA. TRA members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. The plans are established and administered in accordance with Minnesota Statutes, Chapter 354 and 356.

The TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for the TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989 receive the greater of the Tier I or Tier II benefits as described:

Tier I

Step Rate Formula	Percentage per Year
Basic Plan	
First 10 years	2.2 percent
All years after	2.7 percent
Coordinated Plan	
First 10 years if service years are prior to July 1, 2006	1.2 percent
First 10 years if service years are July 1, 2006 or after	1.4 percent
All other years of service if service years are prior to July 1, 2006	1.7 percent
All other years of service if service years are July 1, 2006 or after	1.9 percent

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- Three percent per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4.0 to 5.4 percent per year.

Members first employed after June 30, 1989 receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not receiving them are bound by the provisions in effect at the time they last terminated their public service.

The TRA publicly issues a comprehensive annual financial report presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at www.minnesotatra.org. Alternatively, a copy of the report may be obtained by writing the TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-2409 or (800) 657-3669.

B. Funding Policy

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 7.0 percent and 10.5 percent, respectively, of their annual covered salary during fiscal year 2014 as employee contributions. The TRA employer contribution rates are 7.0 percent for Coordinated Plan members and 11.0 percent for Basic Plan members during fiscal year 2014. Total covered payroll salaries for all TRA members state-wide during the fiscal years June 30, 2013, 2012, and 2011, were approximately \$3.92 billion, \$3.87 billion, and \$3.84 billion, respectively.

The Academy's contributions for the years ended June 30, 2014, 2013, and 2012 were \$73,860, \$76,464, and \$75,671, respectively, equal to the required contributions for each year as set by state statutes.

The 2010 Legislature approved employee and employer contribution rate increases to be phased-in over a four-year period beginning July 1, 2011. Employee and employer contribution rates increased by 0.5 percent on July 1 of each year of the four-year period, ending in 2014. Beginning July 1, 2014, TRA Coordinated Plan employee and employer contribution rates will each be 7.5 percent.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (PERA)

A. Plan Description

All non-teacher full-time and certain part-time employees of the Academy are covered by defined benefit plans administered by the PERA. The PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

The PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statutes, and vest after five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for the PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the GERF. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The Academy makes annual contributions to the pension plans equal to the amount required by state statutes. The GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in fiscal 2014. In fiscal 2014, the Academy was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.25 percent for Coordinated Plan members.

The Academy's contributions to the GERP for the years ended June 30, 2014, 2013, and 2012 were \$39,074, \$35,193, and \$44,557, respectively. The Academy's contributions were equal to the required contributions for each year as set by state statutes.

Beginning January 1, 2015, Coordinated Plan contribution rates will increase for employees and employers to 6.50 percent and 7.50 percent, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

A. Space Lease

On July 1, 2013, the Academy entered into an agreement with Edinbrook Church to lease space at 4300 Edinbrook Parkway North, Brooklyn Park, Minnesota for a one-year period due to end June 30, 2014. The Academy paid rent of \$135,900 during the year ended June 30, 2014. The Academy has no future lease payments for the lease with Edinbrook Church.

B. Federal and State Revenues

Amounts receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

C. Legal Claims

The Academy is subject to the usual and customary types of legal claims pending at year-end, mostly of a minor nature and typically covered by insurance. Any losses from these claims cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

D. Space Lease

In September 2013, the Academy entered into a contract with a company to build a school to suit the needs of the Academy. The Academy has committed to enter into additional contracts that would allow the Academy to use the building as its school beginning July 1, 2014.

NOTE 7 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

The term of the lease is for 25 years ending June 30, 2039. Future minimum base rental payments on this lease are as follows:

<u>June 30,</u>	<u>Amount</u>
2015	\$ 140,646
2016	\$ 145,569
2017	\$ 150,664

For fiscal years 2018 to 2039, the base rental payments shall increase by an amount equal to 3 percent more than the base rent payable during the immediately preceding lease year.

E. Technology Equipment

During fiscal 2014, the Academy entered into contracts for the leasing of technology equipment starting July 1, 2014. The future minimum payments on these leases are as follows:

<u>June 30,</u>	<u>Amount</u>
2015	\$ 131,775
2016	\$ 131,775
2017	\$ 131,775

NOTE 8 – SUBSEQUENT EVENT

Loan Agreement

On September 30, 2014, the Academy entered into an agreement with The Charter School Fund – BP LLC for a note payable of \$281,293 to help finance payments on the Academy’s building lease. The loan bears no interest and calls for the entire principal amount to be repaid by September 30, 2015.

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SUPPLEMENTAL INFORMATION

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ATHLOS LEADERSHIP ACADEMY

General Fund
Comparative Balance Sheet
as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	\$ 134,369	\$ 120,961
Receivables		
Accounts	26,100	172
Due from other governmental units	231,341	654,636
Prepaid items	<u>42,625</u>	<u>18,072</u>
 Total assets	 <u>\$ 434,435</u>	 <u>\$ 793,841</u>
Liabilities		
Salaries and benefits payable	\$ 206,825	\$ 193,157
Accounts and interest payable	44,612	48,270
Due to related parties	-	45,417
Note payable	<u>-</u>	<u>257,611</u>
Total liabilities	251,437	544,455
Fund balances		
Nonspendable for prepaid items	42,625	18,072
Unassigned	<u>140,373</u>	<u>231,314</u>
Total fund balances	<u>182,998</u>	<u>249,386</u>
 Total liabilities and fund balances	 <u>\$ 434,435</u>	 <u>\$ 793,841</u>

ATHLOS LEADERSHIP ACADEMY

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Revenue				
Federal sources	\$ 253,208	\$ 268,739	\$ 15,531	\$ 568,610
State sources	2,573,935	2,618,803	44,868	3,051,206
Local sources				
Investment earnings	-	40	40	278
Other	168,187	173,638	5,451	47,736
Total revenue	<u>2,995,330</u>	<u>3,061,220</u>	<u>65,890</u>	<u>3,667,830</u>
Expenditures				
Current				
Administration				
Salaries	173,480	173,126	(354)	146,203
Employee benefits	21,350	25,166	3,816	26,587
Purchased services	40,607	34,271	(6,336)	53,640
Supplies and materials	2,000	2,084	84	6,181
Capital expenditures	-	48	48	-
Other expenditures	-	1,581	1,581	30,508
Total administration	<u>237,437</u>	<u>236,276</u>	<u>(1,161)</u>	<u>263,119</u>
District support services				
Salaries	135,500	147,560	12,060	56,560
Employee benefits	34,800	15,506	(19,294)	19,243
Purchased services	250,726	269,624	18,898	227,287
Supplies and materials	12,200	13,471	1,271	7,253
Capital expenditures	70,500	69,913	(587)	285
Other expenditures	8,000	11,723	3,723	4,784
Total district support services	<u>511,726</u>	<u>527,797</u>	<u>16,071</u>	<u>315,412</u>
Elementary and secondary regular instruction				
Salaries	683,975	721,264	37,289	957,812
Employee benefits	124,710	146,290	21,580	216,120
Purchased services	1,000	3,042	2,042	17,246
Supplies and materials	67,930	69,759	1,829	64,236
Capital expenditures	49,100	50,761	1,661	228
Other expenditures	9,000	9,274	274	16,916
Total elementary and secondary regular instruction	<u>935,715</u>	<u>1,000,390</u>	<u>64,675</u>	<u>1,272,558</u>
Special education instruction				
Salaries	259,525	426,995	167,470	530,638
Employee benefits	78,190	90,494	12,304	102,369
Purchased services	297,903	291,349	(6,554)	261,036
Supplies and materials	15,420	15,324	(96)	12,480
Capital expenditures	12,000	14,163	2,163	1,127
Other expenditures	-	-	-	719
Total special education instruction	<u>663,038</u>	<u>838,325</u>	<u>175,287</u>	<u>908,369</u>

(continued)

ATHLOS LEADERSHIP ACADEMY

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Instructional support services				
Salaries	48,400	51,584	3,184	36,625
Employee benefits	7,250	7,912	662	5,261
Purchased services	12,400	12,713	313	125
Supplies and materials	500	1,130	630	521
Total instructional support services	<u>68,550</u>	<u>73,339</u>	4,789	<u>42,532</u>
Pupil support services				
Salaries	12,600	26,349	13,749	32,502
Employee benefits	3,700	5,224	1,524	5,534
Purchased services	207,000	211,888	4,888	184,867
Supplies and materials	700	905	205	3,572
Total pupil support services	<u>224,000</u>	<u>244,366</u>	20,366	<u>226,475</u>
Sites and buildings				
Purchased services	258,900	205,800	(53,100)	572,660
Supplies and materials	500	491	(9)	11,600
Capital expenditures	-	749	749	-
Other expenditures	-	75	75	-
Total sites and buildings	<u>259,400</u>	<u>207,115</u>	(52,285)	<u>584,260</u>
Debt service				
Interest and fiscal charges	-	-	-	20,696
Total expenditures	<u>2,899,866</u>	<u>3,127,608</u>	227,742	<u>3,633,421</u>
Excess (deficiency) of revenue over expenditures	95,464	(66,388)	(161,852)	34,409
Other financing (uses)				
Transfers out	(17,028)	-	17,028	(386)
Net change in fund balances	<u>\$ 78,436</u>	<u>(66,388)</u>	<u>\$ (144,824)</u>	34,023
Fund balances				
Beginning of year		<u>249,386</u>		<u>215,363</u>
End of year		<u>\$ 182,998</u>		<u>\$ 249,386</u>

ATHLOS LEADERSHIP ACADEMY

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	\$ 15,678	\$ 25,931
Receivables		
Accounts	940	-
Due from other governmental units	<u>6,155</u>	<u>-</u>
Total assets	<u><u>\$ 22,773</u></u>	<u><u>\$ 25,931</u></u>
Liabilities		
Accounts and interest payable	\$ 13,557	\$ -
Due to related parties	<u>-</u>	<u>3,410</u>
Total liabilities	13,557	3,410
Fund balances		
Restricted for food service	<u>9,216</u>	<u>22,521</u>
Total liabilities and fund balances	<u><u>\$ 22,773</u></u>	<u><u>\$ 25,931</u></u>

ATHLOS LEADERSHIP ACADEMY

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014			2013
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Federal sources	\$ 102,564	\$ 108,274	\$ 5,710	\$ 138,773
State sources	4,197	4,497	300	4,607
Local sources				
Other – primarily meal sales	8,925	9,197	272	6,135
Total revenue	<u>115,686</u>	<u>121,968</u>	<u>6,282</u>	<u>149,515</u>
Expenditures				
Current				
Salaries and wages	30,608	21,486	(9,122)	54,147
Employee benefits	7,152	3,608	(3,544)	12,544
Purchased services	20,330	1,463	(18,867)	586
Supplies and materials	74,624	108,716	34,092	86,870
Total expenditures	<u>132,714</u>	<u>135,273</u>	<u>2,559</u>	<u>154,147</u>
Excess (deficiency) of revenue over expenditures	(17,028)	(13,305)	3,723	(4,632)
Other financing sources				
Transfers in	17,028	–	(17,028)	–
Net change in fund balances	<u>\$ –</u>	<u>(13,305)</u>	<u>\$ (13,305)</u>	<u>(4,632)</u>
Fund balances				
Beginning of year		<u>22,521</u>		<u>27,153</u>
End of year		<u>\$ 9,216</u>		<u>\$ 22,521</u>

ATHLOS LEADERSHIP ACADEMY

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	\$ 5,402	\$ 3,789
Receivables		
Due from other governmental units	<u>48,741</u>	<u>30,832</u>
 Total assets	 <u><u>\$ 54,143</u></u>	 <u><u>\$ 34,621</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts and interest payable	\$ 54,128	\$ 40,891
Due to related parties	<u>–</u>	<u>18</u>
Total liabilities	54,128	40,909
 Fund balances (deficit)		
Restricted for community service	15	–
Unassigned	<u>–</u>	<u>(6,288)</u>
Total fund balances (deficit)	<u>15</u>	<u>(6,288)</u>
 Total liabilities and fund balances	 <u><u>\$ 54,143</u></u>	 <u><u>\$ 34,621</u></u>

ATHLOS LEADERSHIP ACADEMY

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014			2013
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Federal sources	\$ 328,234	\$ 397,847	\$ 69,613	\$ 250,478
Expenditures				
Current				
Salaries and wages	34,975	53,852	18,877	34,425
Employee benefits	5,168	7,786	2,618	4,607
Purchased services	278,191	327,888	49,697	205,720
Supplies and materials	9,900	2,018	(7,882)	2,019
Other expenditures	-	-	-	9,995
Total expenditures	<u>328,234</u>	<u>391,544</u>	<u>63,310</u>	<u>256,766</u>
Excess (deficiency) of revenue over expenditures	-	6,303	6,303	(6,288)
Other financing sources				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>386</u>
Net change in fund balances	<u>\$ -</u>	<u>6,303</u>	<u>\$ 6,303</u>	<u>(5,902)</u>
Fund balances (deficit)				
Beginning of year		<u>(6,288)</u>		<u>(386)</u>
End of year		<u>\$ 15</u>		<u>\$ (6,288)</u>

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

ATHLOS LEADERSHIP ACADEMY

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
U.S. Department of Education		
Passed through Minnesota Department of Education		
Special education cluster		
Special Education – Grants to States	84.027	\$ 38,586
Special Education – Preschool Grants	84.173	7,660
Total special education cluster		<u>46,246</u>
Title I – Grants to Local Educational Agencies	84.010	92,891
Improving Teacher Quality – State Grants	84.367	10,675
ARRA – School Improvement Grants	84.388	107,088
English Language Acquisition State Grants	84.365	11,839
Twenty-First Century Community Learning Centers	84.287	391,562
U.S. Department of Agriculture		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	34,385
National School Lunch Program	10.555	71,887
Total child nutrition cluster		<u>106,272</u>
Total federal awards		<u>\$ 766,573</u>

Note 1: This Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Academy's basic financial statements.

Note 2: Non-monetary assistance of \$3,403 is reported in this schedule at the fair market value of commodities received and disbursed for the U.S. Department of Agriculture National School Lunch Program (CFDA No. 10.555).

Note 3: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 4: The Academy provided federal awards to subrecipients as follows:

Program Title	Federal CFDA No.	Amount Provided
Twenty-First Century Community Learning Centers	84.287	\$ 161,357

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board and Management of
Athlos Leadership Academy
Minneapolis, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athlos Leadership Academy (the Academy) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 16, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
December 16, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the School Board and Management of
Athlos Leadership Academy
Minneapolis, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Athlos Leadership Academy's (the Academy) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2014. The Academy's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.

(continued)

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
December 16, 2014

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Athlos Leadership Academy
Minneapolis, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athlos Leadership Academy (the Academy) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 16, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. Our audit included both of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Academy's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 16, 2014

ATHLOS LEADERSHIP ACADEMY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified? Yes X None reported

Type of auditor's report issued on compliance for major programs?

Twenty-First Century Community Learning Centers Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes X No

Programs tested as major programs:

Program or Cluster	CFDA No.
The U.S. Department of Education Twenty-First Century Community Learning Centers	84.287

Threshold for distinguishing type A and B programs. \$ 300,000

Does the auditee qualify as a low-risk auditee? Yes X No

ATHLOS LEADERSHIP ACADEMY

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2014

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None.

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT

None.

**E. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

Condition – During our audit, we noted that the quarterly jobs surveys were not completed for the major programs ARRA – School Improvement Grants, CFDA No. 84-388, which resulted in noncompliance with a type of federal compliance requirement that could have a direct and material effect on these programs. This is also considered a material weakness in the internal controls of this program.

Recommendation – We recommend that in the future Athlos Leadership Academy submit complete quarterly jobs surveys to report the number of the jobs created and retained as a result of funding received through the ARRA.

Current Status – This is not a finding in the current year.

ATHLOS LEADERSHIP ACADEMY

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2014

	Audit	UFARS	Audit – UFARS
General Fund			
Total revenue	\$ 3,061,220	\$ 3,061,221	\$ (1)
Total expenditures	\$ 3,127,608	\$ 3,127,608	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 42,625	\$ 42,625	\$ –
Restricted/reserve			
403 Staff development	\$ –	\$ –	\$ –
405 Deferred maintenance	\$ –	\$ –	\$ –
406 Health and safety	\$ –	\$ –	\$ –
407 Capital projects levy	\$ –	\$ –	\$ –
408 Cooperative revenue	\$ –	\$ –	\$ –
411 Severance pay	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
414 Operating debt	\$ –	\$ –	\$ –
416 Levy reduction	\$ –	\$ –	\$ –
417 Taconite building maintenance	\$ –	\$ –	\$ –
423 Certain teacher programs	\$ –	\$ –	\$ –
424 Operating capital	\$ –	\$ –	\$ –
426 \$25 taconite	\$ –	\$ –	\$ –
427 Disabled accessibility	\$ –	\$ –	\$ –
428 Learning and development	\$ –	\$ –	\$ –
434 Area learning center	\$ –	\$ –	\$ –
435 Contracted alternative programs	\$ –	\$ –	\$ –
436 State approved alternative program	\$ –	\$ –	\$ –
438 Gifted and talented	\$ –	\$ –	\$ –
441 Basic skills programs	\$ –	\$ –	\$ –
445 Career and technical programs	\$ –	\$ –	\$ –
446 First grade preparedness	\$ –	\$ –	\$ –
449 Safe schools levy	\$ –	\$ –	\$ –
450 Pre-kindergarten	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
453 Unfunded severance and retirement levy	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ –	\$ –	\$ –
Committed			
418 Committed for separation	\$ –	\$ –	\$ –
461 Committed fund balance	\$ –	\$ –	\$ –
Assigned			
462 Assigned fund balance	\$ –	\$ –	\$ –
Unassigned			
422 Unassigned fund balance	\$ 140,373	\$ 140,373	\$ –
Food Service			
Total revenue	\$ 121,968	\$ 121,969	\$ (1)
Total expenditures	\$ 135,273	\$ 135,273	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 9,216	\$ 9,216	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Community Service			
Total revenue	\$ 397,847	\$ 397,847	\$ –
Total expenditures	\$ 391,544	\$ 391,543	\$ 1
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
426 \$25 taconite	\$ –	\$ –	\$ –
431 Community education	\$ –	\$ –	\$ –
432 ECFE	\$ –	\$ –	\$ –
444 School readiness	\$ –	\$ –	\$ –
447 Adult basic education	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ 15	\$ 16	\$ (1)
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

ATHLOS LEADERSHIP ACADEMY

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2014

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
407 Capital projects levy	\$ –	\$ –	\$ –
409 Alternative facility program	\$ –	\$ –	\$ –
413 Project funded by COP	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
425 Bond refundings	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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**INTERNATIONAL AMERICAN
EDUCATION FEDERATION, INC.**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2014**

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

CERTIFICATE OF BOARD


AUGUST 31, 2014

International American Education Federation
Name of Charter Holder
Federal EIN: 27-4549127

Dallas
County

057-848
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2014, at a meeting of the governing body of the charter holder on the 14th day of January, 2015.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
International American Education Federation, Inc.
Richardson, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of International American Education Federation, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International American Education Federation, Inc. as of August 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 17 through 18 is presented for purposes of additional analysis as required by the Texas Education Agency and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2015, on our consideration of International American Education Federation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering International American Education Federation, Inc.'s internal control over financial reporting and compliance.

Pattillo, Brown + Hill, L.L.P.

Waco, Texas
January 14, 2015

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GENERAL PURPOSE FINANCIAL STATEMENTS

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2014

ASSETS

CURRENT ASSETS

	<u>2014</u>
Cash and cash equivalents	\$ 1,984,829
Due from other governments	1,656,754
Accounts receivable, net	4,599
Deferred expense	<u>100,000</u>
Total Current Assets	<u>3,746,182</u>
Capitalized bond issuance costs	42,601

PROPERTY AND EQUIPMENT

Furniture and equipment	2,241,614
Vehicles	45,722
Less accumulated depreciation	<u>(454,038)</u>
Total Property and Equipment	<u>1,833,298</u>
Total Assets	<u>\$ 5,622,081</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 479,497
Deferred revenue	700,695
Accrued wages payable	432,115
Payroll deductions and withholdings	39,984
Current portion of long-term debt	<u>660,995</u>
Total Current Liabilities	<u>2,313,286</u>

LONG-TERM LIABILITIES

Long-term debt	<u>4,092,400</u>
Total Long-Term Liabilities	<u>4,092,400</u>
Total Liabilities	<u>\$ 6,405,686</u>

NET ASSETS

Unrestricted	\$(894,045)
Temporarily restricted	<u>110,440</u>
Total Net Assets	<u>(783,605)</u>
Total Liabilities and Net Assets	<u>\$ 5,622,081</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Totals 2014
REVENUE			
Local Revenue:			
Foundations, Other Non-Profit Organizations, Gifts, and Bequests	\$ -	\$ 107,513	\$ 107,513
Food Service Activity	-	157,041	157,041
Athletic Activities	4,970	-	4,970
Other Revenue from local sources	575,267	-	575,267
Total Local Revenue	<u>580,237</u>	<u>264,554</u>	<u>844,791</u>
State Program Revenue:			
Foundation School Program Act Revenue	-	20,417,294	20,417,294
State Program Revenue Distributed by TEA	-	53,050	53,050
Total State Program Revenue	<u>-</u>	<u>20,470,344</u>	<u>20,470,344</u>
Federal Program Revenue:			
National School Breakfast and Lunch Program	-	533,611	533,611
Federal Program Revenue Distributed by TEA	-	711,598	711,598
Total Federal Program Revenue	<u>-</u>	<u>1,245,209</u>	<u>1,245,209</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	21,869,667	(21,869,667)	-
Total Revenue	<u>\$ 22,449,904</u>	<u>\$ 110,440</u>	<u>\$ 22,560,344</u>
EXPENSES			
Program Services:			
Instruction	\$ 11,871,054	\$ -	\$ 11,871,054
Instruction Resources and Media	100,872	-	100,872
Curriculum and Instructional Staff Development	246,127	-	246,127
Instructional Leadership	459,494	-	459,494
School Leadership	1,628,673	-	1,628,673
Guidance, Counseling, and Evaluating Services	406,115	-	406,115
Health Services	276,296	-	276,296
Student Transportation	16,170	-	16,170
Food Services	952,243	-	952,243
Extracurricular Activities	619,451	-	619,451
General Administration	963,711	-	963,711
Facilities Maintenance and Operations	3,641,012	-	3,641,012
Security and Monitoring Services	199,591	-	199,591
Data Processing	302,351	-	302,351
Community Services	289,587	-	289,587
Debt Service	306,798	-	306,798
Fund Raising	22,740	-	22,740
Total Expenses	<u>22,302,285</u>	<u>-</u>	<u>22,302,285</u>
CHANGE IN NET ASSETS	<u>147,619</u>	<u>110,440</u>	<u>258,059</u>
NET ASSETS, BEGINNING	<u>(1,041,664)</u>	<u>-</u>	<u>(1,041,664)</u>
NET ASSETS, END OF YEAR	<u>\$(894,045)</u>	<u>\$ 110,440</u>	<u>\$(783,605)</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2014

	<u>2014</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 258,060
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	454,038
(Increase) decrease in due from TEA	(738,333)
(Increase) decrease in accounts receivable	(4,599)
(Increase) decrease in deferred expenses	(100,000)
Increase (decrease) in accounts payable	185,354
Increase (decrease) in deferred revenue	700,695
Increase (decrease) in wages payable	122,611
Increase (decrease) in payroll deductions and withholdings	39,416
Net Cash Provided (Used) by Operating Activities	<u>917,242</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of land, buildings, and equipment	(2,287,336)
Net Cash Provided (Used) by Investing Activities	<u>(2,287,336)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Capitalization of debt issuance costs	(42,601)
Issuance of long-term debt	3,500,911
Principal payments on debt	(347,516)
Net Cash Provided (Used) by Financing Activities	<u>3,110,794</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,740,700
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>244,129</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,984,829</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

1. Reporting Entity

International American Education Federation, Inc., (the corporation), is a not-for-profit organization incorporated in the State of Texas in 2011 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The corporation is governed by a Board of Directors comprised of 5 members. The Board of Directors is selected pursuant to the bylaws of the corporation and has the authority to make decisions, appoint the chief executive officer of the corporation, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the corporation.

Since the corporation received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

2. Corporate Operations

In 2012, the State Board of Education of the State of Texas granted the corporation an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, International Leadership of Texas Charter School was opened. The Texas State Board of Education issued the initial charter to the corporation for a period of five years from May 21, 2013, to July 31, 2018.

B. Basis of Accounting and Presentation

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenue, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Restricted revenue whose restrictions are met in the same year as received are shown as unrestricted revenue. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization, the charter school, and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted – net assets required to be maintained in perpetuity with only the income to be used for the charter holder’s activities due to donor-imposed restrictions.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Federal Income Tax Status

The Organization is exempt from federal income tax under 501(c)(3) of the Internal Revenue Code and is classified as a public charity under 509(a)(1) and 170(b)(1)(A)(ii). The Organization files annual federal information returns that are subject to routine examinations; however, there are no examinations for any tax periods currently in progress.

E. Contributions

The Organization accounts for contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

No amounts have been reflected in the financial statements for donated materials or services since no objective basis is available to measure the value thereof; however, a substantial number of volunteers donate their time to the school program services and in fund-raising activities.

F. Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the Organization as assets with an estimated useful life of more than one year and a cost of \$5,000 or more. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

H. Capitalized Bond Issuance Costs

Capitalized bond issuance costs represent costs incurred related to the issuance of notes payable and are amortized over the term of the bonds or notes.

I. Personal Leave

All employees of the Organization earn five days of state paid personal and sick leave per year and three days of local paid personal and sick leave per year. There is no material liability for unpaid accumulated sick leave since the schools do not have a policy to pay any amount when the employees separate from service with the schools, and any unused balance of state days is transferable to other schools.

J. Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

II. CASH DEPOSITS

The Organizations funds are deposited and invested with depository banks. The depository bank should deposit for safekeeping and trust with the Organization's agent banks approved pledged securities in an amount sufficient to protect charter school funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Organization ("FDIC") insurance.

At August 31, 2014, the combined carrying amount of the Organization's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) were entirely covered by FDIC insurance or by pledged collateral held by the Organization's agent bank in the Organization's name.

III. INVESTMENTS

The Organization had no investments in marketable securities at August 31, 2014.

IV. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2014, the Organization had no material liability for accrued sick leave or vacation leave.

V. PENSION PLAN OBLIGATIONS

A. Plan Description

International American Education Federation, Inc. contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

B. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements, if as result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Contribution rates and contributions for fiscal year 2014 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employee's salaries that exceeded the statutory minimum.

Year	Member		State		Statutory Minimum Amount
	Rate	Amount	Rate	Amount	
2014	6.4%	\$ 749,421	6.8%	\$ 697,638	\$ -

VI. PUBLIC SCHOOL RETIREE HEALTH PLAN

A. Plan Description

International American Education Federation, Inc. contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

B. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal year 2014.

Year	Active Employees		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 76,113	1.0%	\$ 117,097	0.55%	\$ 64,403

C. Additional Plans

Certain employees of International American Education Federation, Inc. are also provided with Social Security and Medicare coverage. Under provisions of federal law, covered employees contribute 6.2% (Social Security) and 1.45% (Medicare) of their annual covered salary, and the Organization contributes 6.2% (social Security) and 1.45% (Medicare) of the covered payroll.

VII. HEALTH CARE COVERAGE

During the year ended August 31, 2014, full-time employees of International American Education Federation, Inc. were covered by a health insurance plan (the Plan). The Organization contributed \$325 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

VIII. COMMITMENTS AND CONTIGENCIES

International American Education Federation, Inc. receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agencies. The programs administered by the Organization have complex compliance requirements and should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by the Texas Education Agency or the grantor agencies. In the opinion of the Organization, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

IX. CAPITAL ASSETS

Capital assets at August 31, 2014 were as follows:

	Balance 09/01/13	Additions	Deletions	Balance 08/31/14
Vehicles	-	45,722	-	45,722
Furniture and equipment (capital leases)	-	2,241,614	-	2,241,614
Accumulated depreciation	-	(454,038)	-	(454,038)
	<u>\$ -</u>	<u>\$ 1,833,298</u>	<u>\$ -</u>	<u>\$ 1,833,298</u>

X. ECONOMIC DEPENDENCY

During the year ended August 31, 2014, International American Education Federation, Inc. earned revenue of \$20,470,344 from the Texas Education Agency (TEA). These amounts constitute approximately 90.9% of total revenues earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the Organization to continue to provide the current level of services to its students.

XI. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the year ending August 31, 2014 consisted of the following:

	2014
National School Breakfast and Lunch Program	\$ 18,485
Campus Activity Funds	9,302
Confucius Institute	30,978
Ed Rachel Foundation Grant	51,675
	<u>\$ 110,440</u>

XII. DEFERRED REVENUE

Deferred revenue at August 31, 2014 consisted of the following:

	2014
Textbook allotment	\$ 7,695
Foreign student housing	374,938
Foreign student tuition	318,062
	<u>\$ 700,695</u>

XIII. LONG-TERM DEBT

Long-term debt at August 31, 2014 consisted of the following:

	2014
Loans and capital leases consist of the following:	
<p>\$2,200,000 loan, issued by Vintage Bank. The loan bears interest at a rate of 6.0% and is due in monthly installments of \$42,613 with the loan being interest only until March of 2015. The loan expires in February of 2020. The loan was used for start up costs, equipment and materials. The loan is secured by real property.</p>	\$ 2,200,000
<p>\$759,297 loan, issued by Vintage Bank. The loan bears interest at a rate of 6.0% and is due in monthly installments of \$17,859 with the loan being interest only until March of 2015. The loan expires in February of 2019. The loan was used for the purchase of instructional materials. The loan is secured by real property.</p>	759,297
<p>\$2,141,614 capital lease, issued by C2M Tech. The lease bears interest at a rate of 10% and is due in monthly installments of \$45,503. The capital lease expires in August of 2018. The capital lease was used for computer equipment and technology improvements. The capital lease is secured by the equipment.</p>	<u>1,794,098</u>
Total Debt	<u>\$ 4,753,395</u>
Less Current Portion of Long-term Debt	<u>(660,995)</u>
Total Long-term Debt	<u>\$ 4,092,400</u>

Future maturities of long-term debt at August 31, 2014 are as follows:

<u>Year Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 660,995	\$ 338,626	\$ 999,621
2016	1,002,131	269,572	1,271,703
2017	1,083,111	188,593	1,271,704
2018	1,170,618	101,085	1,271,703
2019	585,367	33,146	618,513
Thereafter	251,173	4,505	255,678
Total	<u>\$ 4,753,395</u>	<u>\$ 935,527</u>	<u>\$ 5,688,922</u>

XIV. LEASE COMMITMENTS

International American Education Federation, Inc. leases school and office space and certain equipment under noncancellable operating leases. Future minimum lease payments are due as follows:

<u>Year Ended August 31,</u>	
2015	\$ 7,163,187
2016	7,497,523
2017	7,689,360
2018	7,769,400
2019	7,967,786
Thereafter	8,171,256
Total	<u>\$ 46,258,512</u>

Operating lease expenses were approximately \$2,358,431 for the year ended August 31, 2014.

XVI. SUBSEQUENT EVENTS

The Organization entered into two capital leases with C2M Tech for computer equipment and technology improvements. The leases are dated September 1, 2014 and October 28, 2014 and require monthly installments of \$44,411 and \$2,111. The leases bear interest at a rate of 10% and end on August 28, 2020 and October 28, 2019. The leases are secured by the equipment.

XVII. FAIR VALUE MEASUREMENTS

The Fair Value Measurements provides a framework for measuring fair value under generally accepted accounting principles. Statement No. 157 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in Statement No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the organization uses various methods including market, income, and cost approaches. Based on these approaches, the organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The organization utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories.

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Organization has no financial instruments that are being measured and reported on a fair value basis.

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SPECIFIC-PURPOSE FINANCIAL STATEMENTS

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INTERNATIONAL LEADERSHIP OF TEXAS

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	1,633,476
Due from TEA	1,656,754
Accounts receivable, net	3,350
Deferred expense	100,000
Total Current Assets	<u>3,393,580</u>

Capitalized bond issuance costs 42,601

PROPERTY AND EQUIPMENT

Furniture and equipment	2,241,614
Vehicles	45,722
Less accumulated depreciation	<u>(454,038)</u>
Total Property and Equipment	<u>1,833,298</u>

Total Assets \$ 5,269,479

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 433,839
Deferred revenue	325,757
Accrued wages payable	432,115
Payroll deductions and withholdings	39,767
Current portion of long-term debt	<u>660,995</u>
Total Current Liabilities	<u>1,892,473</u>

LONG-TERM LIABILITIES

Long-term debt	<u>4,057,400</u>
Total Long-Term Liabilities	<u>4,057,400</u>
Total Liabilities	<u>\$ 5,949,873</u>

NET ASSETS

Unrestricted	\$(790,834)
Temporarily restricted	<u>110,440</u>
Total Net Assets	<u>(680,394)</u>
Total Liabilities and Net Assets	<u>\$ 5,269,479</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2014

ASSETS

	<u>2014</u>
CURRENT ASSETS	
Cash and cash equivalents	351,353
Accounts receivable, net	<u>1,249</u>
Total Current Assets	<u>352,602</u>
Total Assets	<u>\$ 352,602</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	45,658
Deferred revenue	374,938
Payroll deductions and withholdings	<u>217</u>
Total Current Liabilities	<u>420,813</u>
LONG-TERM LIABILITIES	
Long-term debt	<u>35,000</u>
Total Long-Term Liabilities	<u>35,000</u>
Total Liabilities	<u>\$ 455,813</u>
NET ASSETS	
Unrestricted	\$(103,211)
Temporarily restricted	<u>-</u>
Total Net Assets	<u>(103,211)</u>
Total Liabilities and Net Assets	<u>\$ 352,602</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL LEADERSHIP OF TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Totals 2014
REVENUE			
Local Revenue:			
Foundations, Other Non-Profit Organizations, Gifts, and Bequests	\$ -	\$ 107,513	\$ 107,513
Food Service Activity	-	157,041	157,041
Athletic Activities	4,970	-	4,970
Other Revenue from local sources	541,182	-	541,182
Total Local Revenue	546,152	264,554	810,706
State Program Revenue:			
Foundation School Program Act Revenue	-	20,417,294	20,417,294
State Program Revenue Distributed by TEA	-	53,050	53,050
Total State Program Revenue	-	20,470,344	20,470,344
Federal Program Revenue:			
National School Breakfast and Lunch Program	-	533,611	533,611
Federal Program Revenue Distributed by TEA	-	711,598	711,598
Total Federal Program Revenue	-	1,245,209	1,245,209
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	21,869,667	(21,869,667)	-
Total Revenue	\$ 22,415,819	\$ 110,440	\$ 22,526,259
EXPENSES			
Program Services:			
Instruction	\$ 11,859,472	\$ -	\$ 11,859,472
Instruction Resources and Media	100,872	-	100,872
Curriculum and Instructional Staff Development	246,127	-	246,127
Instructional Leadership	459,494	-	459,494
School Leadership	1,628,673	-	1,628,673
Guidance, Counseling, and Evaluating Services	406,115	-	406,115
Health Services	276,296	-	276,296
Student Transportation	16,170	-	16,170
Food Services	952,243	-	952,243
Extracurricular Activities	544,933	-	544,933
General Administration	920,895	-	920,895
Facilities Maintenance and Operations	3,637,023	-	3,637,023
Security and Monitoring Services	199,591	-	199,591
Data Processing	302,351	-	302,351
Community Services	289,587	-	289,587
Debt Service	306,798	-	306,798
Fund Raising	22,740	-	22,740
Total Expenses	22,169,380	-	22,169,380
CHANGE IN NET ASSETS	246,439	110,440	356,879
NET ASSETS, BEGINNING	(1,037,273)	-	(1,037,273)
NET ASSETS, END OF YEAR	\$(790,834)	\$ 110,440	\$(680,394)

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2014</u>
REVENUE			
Local Revenue:			
Other Revenue from local sources	\$ 34,085	\$ -	\$ 34,085
Total Local Revenue	<u>\$ 34,085</u>	<u>\$ -</u>	<u>\$ 34,085</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	-	-	-
Total Revenue	<u>\$ 34,085</u>	<u>\$ -</u>	<u>\$ 34,085</u>
EXPENSES			
Program Services:			
Instruction	11,581	\$ -	\$ 11,581
Extracurricular Activities	74,518	-	74,518
General Administration	42,816	-	42,816
Facilities Maintenance and Operations	3,989	-	3,989
Total Expenses	<u>132,904</u>	<u>-</u>	<u>132,904</u>
CHANGE IN NET ASSETS	<u>(98,819)</u>	<u>-</u>	<u>(98,819)</u>
NET ASSETS, BEGINNING	<u>(4,392)</u>	<u>-</u>	<u>(4,392)</u>
NET ASSETS, END OF YEAR	<u>\$(103,211)</u>	<u>\$ -</u>	<u>\$(103,211)</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL LEADERSHIP OF TEXAS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2014

	<u>2014</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 356,879
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	454,038
(Increase) decrease in due from TEA	(738,333)
(Increase) decrease in accounts receivable	(3,350)
(Increase) decrease in deferred expenses	(100,000)
Increase (decrease) in accounts payable	139,696
Increase (decrease) in deferred revenue	325,757
Increase (decrease) in wages payable	122,611
Increase (decrease) in payroll deductions and withholdings	39,767
Net Cash Provided (Used) by Operating Activities	<u>597,065</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of land, buildings, and equipment	(2,287,336)
Net Cash Provided (Used) by Investing Activities	<u>(2,287,336)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Capitalization of debt issuance costs	(42,601)
Issuance of long-term debt	3,500,911
Principal payments on debt	(347,516)
Net Cash Provided (Used) by Financing Activities	<u>3,110,794</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,420,523
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>212,953</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,633,476</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2014

	<u>2014</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$(98,819)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	(1,249)
Increase (decrease) in accounts payable	45,658
Increase (decrease) in deferred revenue	374,938
Increase (decrease) in payroll deductions and withholdings	(351)
Net Cash Provided (Used) by Operating Activities	<u>320,177</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	320,177
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>31,176</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 351,353</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL LEADERSHIP OF TEXAS

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2014

EXPENSES	<u>2014</u>
6100 Payroll Costs	\$ 13,825,242
6200 Professional & Contract Services	5,553,721
6300 Supplies & Materials	1,523,271
6400 Other Operating Costs	960,348
6500 Debt Service	<u>306,798</u>
Total Expenses	<u>\$ 22,169,380</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2014

EXPENSES	<u>2014</u>
6100 Payroll Costs	\$ 41,752
6200 Professional & Contract Services	613
6300 Supplies & Materials	4,163
6400 Other Operating Costs	<u>86,376</u>
 Total Expenses	 <u>\$ 132,904</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL LEADERSHIP OF TEXAS

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2014

	Ownership Interest		
	Local	State	Federal
1541 Vehicles (<\$5,000)	\$ 45,722	\$ -	\$ -
1559 Furniture and Equipment (Capital Leases)	2,241,614	-	-
1570 Accumulated Depreciation	(454,038)	-	-
Total Property and Equipment	\$ 1,833,298	\$ -	\$ -

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2014

	Ownership Interest		
	Local	State	Federal
1510 Land and Improvements	\$ -	\$ -	\$ -
1520 Buildings and Improvements	-	-	-
1531 Vehicles	-	-	-
1539 Furniture and Equipment	-	-	-
1541 Vehicles (<\$5,000)	-	-	-
1549 Furniture and Equipment (<\$5,000)	-	-	-
1551 Building (Capital Leases)	-	-	-
1559 Furniture and Equipment (Capital Leases)	-	-	-
1569 Library Books and Media	-	-	-
1570 Accumulated Depreciation	-	-	-
1590 Other Capital Assets	-	-	-
Total Property and Equipment	\$ -	\$ -	\$ -

See independent auditors' report and notes to financial statements.

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INTERNATIONAL LEADERSHIP OF TEXAS
BUDGET COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2014

	Budget Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUE				
Local Revenue:				
5740 Other Local Revenue	\$ 25,000	\$ 684,899	\$ 648,695	\$(36,204)
5750 Food Service, Cocurricular, & Enterprising	1,000,000	163,060	162,011	(1,049)
Total Local Revenue	<u>1,025,000</u>	<u>847,959</u>	<u>810,706</u>	<u>(37,253)</u>
State Program Revenue:				
5810 Foundation School Program	21,007,236	19,719,317	20,417,294	697,977
5820 State Program Revenue Distributed by TEA	-	76	53,050	52,974
Total State Program Revenue	<u>21,007,236</u>	<u>19,719,393</u>	<u>20,470,344</u>	<u>750,951</u>
Federal Program Revenue:				
5920 Federal Program Revenue Distributed by TEA	705,512	1,442,997	1,245,209	(197,788)
Total Federal Program Revenue	<u>705,512</u>	<u>1,442,997</u>	<u>1,245,209</u>	<u>(197,788)</u>
Total Revenue	<u>\$ 22,737,748</u>	<u>\$ 22,010,349</u>	<u>\$ 22,526,259</u>	<u>\$ 515,910</u>
EXPENSES				
11 Instructional	\$ 11,987,931	\$ 11,706,281	\$ 11,859,472	\$(153,191)
12 Instructional Resources & Media Services	-	107,019	100,872	6,147
13 Curriculum & Instructional Staff Development	25,000	283,027	246,127	36,900
21 Instructional Leadership	228,499	477,570	459,494	18,076
23 School Leadership	1,245,489	1,649,925	1,628,673	21,252
31 Guidance, Counseling, & Evaluation Services	356,260	432,543	406,115	26,428
33 Health Services	286,260	284,950	276,296	8,654
34 Transportation	99,648	20,000	16,170	3,830
35 Food Service	1,705,510	954,428	952,243	2,185
36 Extracurricular	87,538	628,770	544,933	83,837
41 General Administration	681,016	933,705	920,895	12,810
51 Plant Maintenance	3,855,907	3,749,731	3,637,023	112,708
52 Security & Monitoring Services	171,686	203,153	199,591	3,562
53 Data Processing Services	364,081	951,090	302,351	648,739
61 Community Services	261,721	291,470	289,587	1,883
71 Debt Service	387,750	146,107	306,798	(160,691)
81 Fundraising	39,600	23,422	22,740	682
Total Expenses	<u>21,783,896</u>	<u>22,843,191</u>	<u>22,169,380</u>	<u>673,811</u>
CHANGE IN NET ASSETS	<u>953,852</u>	<u>(832,842)</u>	<u>356,879</u>	<u>1,189,721</u>
NET ASSETS, BEGINNING	<u>(1,037,273)</u>	<u>(1,037,273)</u>	<u>(1,037,273)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$(83,421)</u>	<u>\$(1,870,115)</u>	<u>\$(680,394)</u>	<u>\$ 1,189,721</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

BUDGET COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

	Budget Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUE				
Local Revenue:				
5740 Other Local Revenue	\$ -	\$ -	\$ 34,085	\$ 34,085
Total Local Revenue	-	-	34,085	34,085
Total Revenue	\$ -	\$ -	\$ 34,085	\$ 34,085
EXPENSES				
11 Instructional	\$ -	\$ -	\$ 11,581	\$(11,581)
36 Extracurricular	-	-	74,518	(74,518)
41 General Administration	-	-	42,816	(42,816)
51 Plant Maintenance	-	-	3,989	(3,989)
Total Expenses	-	-	132,904	(132,904)
CHANGE IN NET ASSETS	-	-	(98,819)	(98,819)
NET ASSETS, BEGINNING	(4,392)	(4,392)	(4,392)	-
NET ASSETS, END OF YEAR	\$(4,392)	\$(4,392)	\$(103,211)	\$(98,819)

See independent auditors' report and notes to financial statements.

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COMPLIANCE AND INTERNAL CONTROL SECTION

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PATILLO, BROWN & HILL, L.L.P.
 CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
 International American Education Federation, Inc.
 Richardson, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of International American Education Federation, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2014, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered International American Education Federation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of International American Education Federation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of International American Education Federation, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, Item 2014-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether International American Education Federation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

International American Education Federation, Inc.'s Response to Findings

International American Education Federation, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. International American Education Federation, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
January 14, 2015



P A T T I L L O , B R O W N & H I L L , L L P
 CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
 EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
 REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
 International American Education Federation, Inc.
 Richardson, Texas

Report on Compliance for Each Major Federal Program

We have audited International American Education Federation, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of International American Education Federation, Inc.'s major federal programs for the year ended August 31, 2014. International American Education Federation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of International American Education Federation, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about International American Education Federation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of International American Education Federation, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, International American Education Federation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

Report on Internal Control Over Compliance

Management of International American Education Federation, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered International American Education Federation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of International American Education Federation, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, Item 2014-001, to be a significant deficiency.

International American Education Federation, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. International American Education Federation, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown + Hill, L.L.P.

Waco, Texas
January 14, 2015

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2014

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through the Texas Education Agency</u>			
School Breakfast Program	10.553	71401401	\$ 44,008
School Breakfast Program	10.553	71401301	5,493
National School Lunch Program	10.555	71301401	432,698
National School Lunch Program	10.555	71301301	<u>51,412</u>
Subtotal Child Nutrition Cluster			<u>533,611</u>
Total Passed through the Texas Education Agency			<u>533,611</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>533,611</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed through the Texas Education Agency</u>			
IDEA Part - B, Formula	84.027	14660001057848600	<u>311,645</u>
Subtotal Idea, Part-B Cluster			<u>311,645</u>
Total Passed through the Texas Education Agency			<u>311,645</u>
<u>Passed through Region 10 Education Service Center</u>			
ESEA Title I, Part A	84.010A		298,860
Title II, Part A, Teacher & Principal Training	84.367A		74,659
Title III, LEP	84.365		<u>26,434</u>
Total Passed through Region 10 Education Service Center			<u>399,953</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>711,598</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,245,209</u>

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

AUGUST 31, 2014

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of International American Education Federation, Inc. The Corporation's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The accrual basis of accounting is described in Note I of the financial statements.

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2014

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? 2014-001

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? 2014-001

Type of auditors' report issued on compliance
for major programs

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Section
510(a) of OMB Circular A-133?

None

Identification of major programs:

CFDA Number(s)

10.553, 10.555

84.027

Name of Federal Program or Cluster:

Child Nutrition Cluster

IDEA Part B, Formula

Dollar threshold used to distinguish between Type A
and Type B programs

\$300,000

Auditee qualified as low-risk auditee?

No

**Findings Relating to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

Item 2014-001

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

FOR THE YEAR ENDED AUGUST 31, 2014

Findings and Questioned Costs for Federal Awards

Federal Grantor: U.S. Department of Education
U.S. Department of Agriculture

Program: Child Nutrition Cluster, CFDA 10.553 and 10.555
IDEA Part B, CFDA 84.027

Compliance Requirements: Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Procurements and Supervision and Debarment

Item 2014-001

Condition: We noted instances of the Organization not adhering to the purchasing policies that have been adopted and approved by the Organization. The Organization's purchasing policies require approved purchase orders for all nonrecurring expenditures (i.e. utilities) except payroll.

Effect: Without approved purchase orders, there is a chance that a purchase could be made that violates the purchasing policies or an unauthorized purchase could be made.

Cause: This is the first full operating year for the Organization. The controls and policies are new to the Organization and were not always communicated to Organization personnel in a timely manner. There were transactions that occurred as startup expenditures that did not include an approved purchase order. A lot of these transactions involved reimbursements for minor employee reimbursements. The Organization also allowed signed contracts that were approved by appropriate Organization personnel.

Recommendation: Although the Organization outsourced its accounts payable functions and had mitigating controls over material disbursements, standard procedures over all purchases could use improvement. The size of the entity also makes material disbursements stand out to make sure that those are correct. We recommend the Organization review its purchasing procedures and make sure that all transactions are addressed and a system of disbursement is improved. Once the purchasing policy has been updated, the Organization needs to make sure that all employees are aware to the purchasing guidelines are verify that they are being followed prior to making a disbursement.

Management's Response: Management has put in place standard procedures over all purchases in the form of a Fiscal Manual that was approved by out Board of Directors on July 23, 2014, The Fiscal Manual was amended and approved by the Board on September 17, 2014. In order to make sure that all transactions are addressed Management will conduct planning and review sessions on an annual basis to review the Fiscal Manual and recommend to the Board any changes that are deemed necessary.

Contact Person Responsible
For Correction Action: Jerry McCreight, CFO

Anticipated Completion
Date: March 31, 2015

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2014

None.

**INTERNATIONAL AMERICAN
EDUCATION FEDERATION, INC.**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2015**

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

CERTIFICATE OF BOARD

AUGUST 31, 2015

International American Education Federation
Name of Charter Holder
Federal EIN: 27-4549127

Dallas
County

057-848
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2015, at a meeting of the governing body of the charter holder on the 13th day of January, 2016.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
International American Education Federation, Inc.
Richardson, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of International American Education Federation, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International American Education Federation, Inc. as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 17 through 28 is presented for purposes of additional analysis as required by the Texas Education Agency and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016, on our consideration of International American Education Federation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering International American Education Federation, Inc.'s internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
January 12, 2016

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GENERAL PURPOSE FINANCIAL STATEMENTS

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2015

ASSETS

	<u>2015</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 14,296,523
Due from other governments	2,069,720
Accounts receivable, net	<u>12,149</u>
Total Current Assets	<u>16,378,392</u>
Capitalized bond issuance costs	765,400
PROPERTY AND EQUIPMENT	
Land	8,343,537
Building and improvements	82,641,786
Furniture and equipment	4,964,927
Vehicles	45,722
Less accumulated depreciation	<u>(1,352,234)</u>
Total Property and Equipment	<u>94,643,738</u>
Total Assets	<u>111,787,530</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	980,630
Due to other governments	104,919
Deferred revenue	1,638,149
Accrued wages payable	708,959
Payroll deductions and withholdings	287,713
Current portion of long-term debt	<u>7,625</u>
Total Current Liabilities	<u>3,727,995</u>

LONG-TERM LIABILITIES

Long-term debt	<u>108,790,414</u>
Total Long-Term Liabilities	<u>108,790,414</u>
Total Liabilities	<u>112,518,409</u>

NET ASSETS

Unrestricted	(794,228)
Temporarily restricted	<u>63,349</u>
Total Net Assets	<u>(730,879)</u>
Total Liabilities and Net Assets	<u>\$ 111,787,530</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Totals 2015
REVENUE			
Local Revenue:			
Foundations, Other Non-Profit Organizations, Gifts, and Bequests	\$ -	\$ 216,201	\$ 216,201
SSA-Local Revenues from Member Districts	1,052,234	-	1,052,234
Food Service Activity	-	349,859	349,859
Other Revenue from local sources	1,051,232	-	1,051,232
Total Local Revenue	2,103,466	566,060	2,669,526
State Program Revenue:			
Per Capita Apportionment	-	643,403	643,403
Foundation School Program Act Revenue	-	34,698,829	34,698,829
State Program Revenue Distributed by TEA	-	556,004	556,004
State Program Revenue Distributed by State of Texas Government Agency	-	584	584
Total State Program Revenue	-	35,898,820	35,898,820
Federal Program Revenue:			
National School Breakfast and Lunch Program	-	639,967	639,967
Federal Program Revenue Distributed by TEA	-	1,239,975	1,239,975
Federal Program Revenue Distributed Directly from the Federal Government	-	85,306	85,306
Total Federal Program Revenue	-	1,965,248	1,965,248
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	38,477,219	(38,477,219)	-
Total Revenue	40,580,685	(47,091)	40,533,594
EXPENSES			
Program Services:			
Instruction	21,110,533	-	21,110,533
Instruction Resources and Media	90,868	-	90,868
Curriculum and Instructional Staff Development	435,997	-	435,997
Instructional Leadership	378,364	-	378,364
School Leadership	2,657,072	-	2,657,072
Guidance, Counseling, and Evaluating Services	768,063	-	768,063
Social Work Services	679	-	679
Health Services	467,568	-	467,568
Student Transportation	20,017	-	20,017
Food Services	1,307,722	-	1,307,722
Extracurricular Activities	1,515,813	-	1,515,813
General Administration	1,168,388	-	1,168,388
Facilities Maintenance and Operations	8,810,282	-	8,810,282
Security and Monitoring Services	362,985	-	362,985
Data Processing	359,775	-	359,775
Community Services	408,643	-	408,643
Debt Service	618,099	-	618,099
Total Expenses	40,480,868	-	40,480,868
CHANGE IN NET ASSETS	99,817	(47,091)	52,726
NET ASSETS, BEGINNING	(894,045)	110,440	(783,605)
NET ASSETS, END OF YEAR	\$(794,228)	\$ 63,349	\$(730,879)

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>2015</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 52,726
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	898,196
(Increase) decrease in due from TEA	(412,966)
(Increase) decrease in accounts receivable	(7,550)
(Increase) decrease in deferred expenses	100,000
Increase (decrease) in accounts payable	501,133
Increase (decrease) in due to other governments	104,919
Increase (decrease) in deferred revenue	937,454
Increase (decrease) in wages payable	276,844
Increase (decrease) in payroll deductions and withholdings	247,729
Net Cash Provided (Used) by Operating Activities	<u>2,698,485</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of land, buildings, and equipment	(93,708,636)
Net Cash Provided (Used) by Investing Activities	<u>(93,708,636)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Capitalization of debt issuance costs	(722,799)
Issuance of long-term debt	111,412,192
Principal payments on debt	(7,367,548)
Net Cash Provided (Used) by Financing Activities	<u>103,321,845</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,311,694
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,984,829</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,296,523</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

1. Reporting Entity

International American Education Federation, Inc., (the corporation), is a not-for-profit organization incorporated in the State of Texas in 2011 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The corporation is governed by a Board of Directors comprised of 5 members. The Board of Directors is selected pursuant to the bylaws of the corporation and has the authority to make decisions, appoint the chief executive officer of the corporation, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the corporation.

Since the corporation received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

2. Corporate Operations

In 2012, the State Board of Education of the State of Texas granted the corporation an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, International Leadership of Texas Charter School was opened. The Texas State Board of Education issued the initial charter to the corporation for a period of five years from May 21, 2013, to July 31, 2018.

B. Basis of Accounting and Presentation

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenue, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Restricted revenue whose restrictions are met in the same year as received are shown as unrestricted revenue. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization, the charter school, and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted – net assets required to be maintained in perpetuity with only the income to be used for the charter holder’s activities due to donor-imposed restrictions.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Federal Income Tax Status

The Organization is exempt from federal income tax under 501(c)(3) of the Internal Revenue Code and is classified as a public charity under 509(a)(1) and 170(b)(1)(A)(ii). The Organization files annual federal information returns that are subject to routine examinations; however, there are no examinations for any tax periods currently in progress.

E. Contributions

The Organization accounts for contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

No amounts have been reflected in the financial statements for donated materials or services since no objective basis is available to measure the value thereof; however, a substantial number of volunteers donate their time to the school program services and in fund-raising activities.

F. Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the Organization as assets with an estimated useful life of more than one year and a cost of \$5,000 or more. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

H. Capitalized Bond Issuance Costs

Capitalized bond issuance costs represent costs incurred related to the issuance of notes payable and are amortized over the term of the bonds or notes.

I. Personal Leave

All employees of the Organization earn five days of state paid personal and sick leave per year and three days of local paid personal and sick leave per year. There is no material liability for unpaid accumulated sick leave since the schools do not have a policy to pay any amount when the employees separate from service with the schools, and any unused balance of state days is transferable to other schools.

J. Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

II. CASH DEPOSITS

The Organizations funds are deposited and invested with depository banks. The depository bank should deposit for safekeeping and trust with the Organization's agent banks approved pledged securities in an amount sufficient to protect charter school funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Organization ("FDIC") insurance.

At August 31, 2015, the combined carrying amount of the Organization's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) were entirely covered by FDIC insurance or by pledged collateral held by the Organization's agent bank in the Organization's name.

III. INVESTMENTS

The Organization had no investments in marketable securities at August 31, 2015.

IV. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2015, the Organization had no material liability for accrued sick leave or vacation leave.

V. RETIREMENT BENEFITS

Plan Description – The Organization contributes to the Teacher Retirement System of Texas (the System), a public employee’s retirement system. It is a cost-sharing, multiple-employer defined benefit plan. The System provides service retirement and disability retirement benefits, and death benefits, to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in the Texas Government code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature.

Participating employers in the System are legal separate entities from the State and from each other. Contributions to the system by one employer may be used for the benefits of a plan member of another participating employer. The unfunded obligations are passed along to the participant employers. There is not withdrawal penalty for a plan member for leaving the System.

Information with respect to the System is shown in the following table:

Name of Plan	Federal Employer ID/Plan Number	Certified Zone Status	Expiration Date of Collective Bargaining Agreement	Improvement or Rehabilitation Plan	Surcharge Paid	Contributions Made 2014-2015
Teacher Retirements System of Texas	n/a	Unknown	n/a	n/a	\$ 16,372	\$ 445,723
Total contributions made					\$ 16,372	\$ 445,723

Notes to the table:

1. Certified Zone Status (as defined by the Pension Protection Act) represents the level at which the plan is funded. Details of the funding status are as follows:
 - i. Total plan assets - \$157,261,707,241.
 - ii. Accumulated benefit obligations - \$159,496,075,886.
 - iii. The System is 83.25% funded.
2. There is no collective-bargaining agreement.
3. Based on the audited GASB 68 allocation schedules from the TRS website as of August 31, 2014, the year-end of the System, contributions made to the system did not represents more than 5% of the total contributions received by the System.

4. Contribution Rates:

	<u>2015</u>	<u>2014</u>
Member	6.7%	6.4%
State	6.8%	6.8%
Employer	6.8%	6.8%

There have been no changes that would affect the comparison of employer contributions from year to year. The System's annual financial report and other required disclosure information are available by writing the General Accounting Department, Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698.

In addition, employees may contribute 0.65% of their salary and the Organization must contribute 0.55% of the salary of each active employee to TRS-Care (The TRS health plan for retired employees). The total amount contributed to TRS-Care for the year was \$250,510 which is equal to the employees' contributions and the Organization's required contributions for the year.

VI. HEALTH CARE COVERAGE

During the year ended August 31, 2015, full-time employees of International American Education Federation, Inc. were covered by a health insurance plan (the Plan). The Organization contributed \$325 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

VII. COMMITMENTS AND CONTINGENCIES

International American Education Federation, Inc. receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agencies. The programs administered by the Organization have complex compliance requirements and should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by the Texas Education Agency or the grantor agencies. In the opinion of the Organization, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

VIII. CAPITAL ASSETS

Capital assets at August 31, 2015 were as follows:

	Balance 09/01/14	Additions	Deletions	Balance 08/31/15
Land	\$ -	\$ 8,343,537	\$ -	\$ 8,343,537
Building and improvements	-	82,641,786	-	82,641,786
Vehicles	45,722	-	-	45,722
Furniture and equipment (capital leases)	2,241,614	2,723,313	-	4,964,927
Accumulated depreciation	(454,038)	(898,196)	-	(1,352,234)
	<u>\$ 1,833,298</u>	<u>\$ 92,810,440</u>	<u>\$ -</u>	<u>\$ 94,643,738</u>

IX. ECONOMIC DEPENDENCY

During the year ended August 31, 2015, International American Education Federation, Inc. earned revenue of \$35,898,820 from the Texas Education Agency (TEA). These amounts constitute approximately 88.7% of total revenues earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the Organization to continue to provide the current level of services to its students.

X. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the year ending August 31, 2015 consisted of the following:

	2015
Road Scholars	\$ 9,984
Confucius Institute	50,744
Ed Rachel Foundation Grant	2,621
	<u>\$ 63,349</u>

XI. DEFERRED REVENUE

Deferred revenue at August 31, 2015 consisted of the following:

	2015
Grants	\$ 2,550
Student activities	259,439
Foreign student housing	693,165
Foreign student tuition	682,995
	<u>\$ 1,638,149</u>

XII. LONG-TERM DEBT

Long-term debt at August 31, 2015 consisted of the following:

	<u>2015</u>
Bonds and capital leases consist of the following:	
\$105,680,000 Education Revenue Bonds Series A, issued by Clifton Higher Education Finance Corporation. The bonds bear interest at a rate of 4.625%-5.75% and are interest only until August of 2020. The bonds mature in August of 2045. The bonds were used to purchase school buildings. The bonds are secured by real property.	\$ 105,680,000
\$5,360,000 Taxable Education Revenue Bonds Series B, issued by Clifton Higher Education Finance Corporation. The bonds bear interest at a rate of 6.125% and are interest only until August of 2018. The bonds mature in August of 2020. The bonds were used to purchase school buildings. The bonds are secured by real property.	5,360,000
\$22,500 capital lease, issued by C2M Tech. The lease bears interest at a rate of 6.5% and is due in monthly installments of \$689. The capital lease expires in July of 2018. The capital lease was used for lawn equipment. The capital lease is secured by the equipment.	<u>22,500</u>
Total Debt	<u>111,062,500</u>
Less Unamortized Discount	<u>(2,264,461)</u>
Less Current Portion of Long-term Debt	<u>(7,625)</u>
Total Long-term Debt	<u>\$ 108,790,414</u>

Future maturities of long-term debt at August 31, 2015 are as follows:

<u>Year Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 7,625	\$ 5,918,573	\$ 5,926,198
2017	7,530	6,122,020	6,129,550
2018	1,817,345	6,121,516	7,938,861
2019	1,920,000	6,010,413	7,930,413
2020	2,040,000	5,892,813	7,932,813
2021-2025	11,845,000	27,823,656	39,668,656
2026-2030	14,975,000	24,683,325	39,658,325
2031-2035	19,365,000	20,296,288	39,661,288
2036-2040	25,435,000	14,225,213	39,660,213
2041-2045	<u>33,650,000</u>	<u>6,020,250</u>	<u>39,670,250</u>
Total	<u>\$ 111,062,500</u>	<u>\$ 123,114,067</u>	<u>\$ 234,176,567</u>

XII. LEASE COMMITMENTS

International American Education Federation, Inc. leases school and office space and certain equipment under noncancellable operating leases. Future minimum lease payments are due as follows:

<u>Year Ended August 31,</u>	
2016	\$ 989,391
2017	1,037,899
2018	953,586
2019	975,416
2020	1,002,784
Thereafter	<u>22,812,621</u>
Total	<u>\$ 27,771,697</u>

Operating lease expenses were approximately \$6,604,171 for the year ended August 31, 2015.

XIII. NEW DEBT

The Organization issued \$105,680,000 Education Revenue Bonds Series 2015A and \$5,360,000 Taxable Education Revenue Bonds Series 2015B on August 27, 2015. The bonds will be used for the purposes of financing the cost of acquisition, improvement, construction, renovation and equipping of certain educational facilities, classrooms and administrative spaces and for open-enrollment charter schools located in Fort Worth, Garland and Arlington, Texas, providing capitalized interest of \$2,300,000, funding a debt service reserve fund, refinancing two loans held by Vintage Bank and three capital leases held by C2M Tech, and paying the costs of issuing the Bonds. The bonds bear interest at rates of 4.625%-5.75% and 6.125% and end on August 15, 2020 and August 15, 2045 respectively.

XIV. FAIR VALUE MEASUREMENTS

The Fair Value Measurements provides a framework for measuring fair value under generally accepted accounting principles. Statement No. 157 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in Statement No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the organization uses various methods including market, income, and cost approaches. Based on these approaches, the organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The organization utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories.

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Organization has no financial instruments that are being measured and reported on a fair value basis.

XV. EVALUATION OF SUBSEQUENT EVENTS

The Organization entered into a capital lease with C2M Tech for computer equipment and technology improvements. The lease is dated September 28, 2015 and requires monthly installments of \$11,963 and carries an interest rate of 10%. The lease expires on September 28, 2020. The lease is secured by the equipment.

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SPECIFIC-PURPOSE FINANCIAL STATEMENTS

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INTERNATIONAL LEADERSHIP OF TEXAS

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2015

ASSETS

	<u>2015</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 13,687,500
Due from TEA	2,069,720
Accounts receivable, net	<u>12,149</u>
Total Current Assets	<u>15,769,369</u>
Capitalized bond issuance costs	765,400
PROPERTY AND EQUIPMENT	
Land	8,343,537
Building and improvements	82,641,786
Furniture and equipment	4,964,927
Vehicles	45,722
Less accumulated depreciation	<u>(1,352,234)</u>
Total Property and Equipment	<u>94,643,738</u>
Total Assets	<u>111,178,507</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	932,339
Due to other governments	104,919
Deferred revenue	944,984
Accrued wages payable	708,959
Payroll deductions and withholdings	287,235
Current portion of long-term debt	<u>7,625</u>
Total Current Liabilities	<u>2,986,061</u>
LONG-TERM LIABILITIES	
Long-term debt	<u>108,790,414</u>
Total Long-Term Liabilities	<u>108,790,414</u>
Total Liabilities	<u>111,776,475</u>
NET ASSETS	
Unrestricted	(661,317)
Temporarily restricted	<u>63,349</u>
Total Net Assets	<u>(597,968)</u>
Total Liabilities and Net Assets	<u>\$ 111,178,507</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2015

ASSETS

	<u>2015</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 609,023
Total Current Assets	<u>609,023</u>
Total Assets	<u>609,023</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	48,291
Deferred revenue	693,165
Payroll deductions and withholdings	<u>478</u>
Total Current Liabilities	<u>741,934</u>
Total Liabilities	<u>741,934</u>
NET ASSETS	
Unrestricted	(132,911)
Total Net Assets	<u>(132,911)</u>
Total Liabilities and Net Assets	<u>\$ 609,023</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL LEADERSHIP OF TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Totals 2015
REVENUE			
Local Revenue:			
Foundations, Other Non-Profit Organizations, Gifts, and Bequests	\$ -	\$ 216,201	\$ 216,201
SSA-Local Revenues from Member Districts	479,881	-	479,881
Food Service Activity	-	349,859	349,859
Other Revenue from local sources	1,048,778	-	1,048,778
Total Local Revenue	1,528,659	566,060	2,094,719
State Program Revenue:			
Per Capita Apportionment	-	643,403	643,403
Foundation School Program Act Revenue	-	34,698,829	34,698,829
State Program Revenue Distributed by TEA	-	556,004	556,004
State Program Revenue Distributed by State of Texas Government Agency	-	584	584
Total State Program Revenue	-	35,898,820	35,898,820
Federal Program Revenue:			
National School Breakfast and Lunch Program	-	639,967	639,967
Federal Program Revenue Distributed by TEA	-	1,239,975	1,239,975
Federal Program Revenue Distributed Directly from the Federal Government	-	85,306	85,306
Total Federal Program Revenue	-	1,965,248	1,965,248
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	38,477,219	(38,477,219)	-
Total Revenue	40,005,878	(47,091)	39,958,787
EXPENSES			
Program Services:			
Instruction	21,073,471	-	21,073,471
Instruction Resources and Media	90,868	-	90,868
Curriculum and Instructional Staff Development	435,997	-	435,997
Instructional Leadership	378,364	-	378,364
School Leadership	2,657,072	-	2,657,072
Guidance, Counseling, and Evaluating Services	768,063	-	768,063
Social Work Services	679	-	679
Health Services	467,568	-	467,568
Student Transportation	20,017	-	20,017
Food Services	1,274,413	-	1,274,413
Extracurricular Activities	1,229,627	-	1,229,627
General Administration	934,267	-	934,267
Facilities Maintenance and Operations	8,802,199	-	8,802,199
Security and Monitoring Services	362,985	-	362,985
Data Processing	359,775	-	359,775
Community Services	407,330	-	407,330
Debt Service	613,666	-	613,666
Total Expenses	39,876,361	-	39,876,361
CHANGE IN NET ASSETS	129,517	(47,091)	82,426
NET ASSETS, BEGINNING	(790,834)	110,440	(680,394)
NET ASSETS, END OF YEAR	\$(661,317)	\$ 63,349	\$(597,968)

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2015</u>
REVENUE			
Local Revenue:			
SSA-Local Revenues from Member Districts	\$ 572,355	\$ -	\$ 572,355
Other Revenue from local sources	<u>2,452</u>	<u>-</u>	<u>2,452</u>
Total Local Revenue	<u>574,807</u>	<u>-</u>	<u>574,807</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>574,807</u>	<u>-</u>	<u>574,807</u>
EXPENSES			
Program Services:			
Instruction	37,062	-	37,062
Food Services	33,309	-	33,309
Extracurricular Activities	286,186	-	286,186
General Administration	234,121	-	234,121
Facilities Maintenance and Operations	8,083	-	8,083
Community Services	1,313	-	1,313
Debt Service	<u>4,433</u>	<u>-</u>	<u>4,433</u>
Total Expenses	<u>604,507</u>	<u>-</u>	<u>604,507</u>
CHANGE IN NET ASSETS	<u>(29,700)</u>	<u>-</u>	<u>(29,700)</u>
NET ASSETS, BEGINNING	<u>(103,211)</u>	<u>-</u>	<u>(103,211)</u>
NET ASSETS, END OF YEAR	<u>\$(132,911)</u>	<u>\$ -</u>	<u>\$(132,911)</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL LEADERSHIP OF TEXAS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>2015</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 82,426
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	898,196
(Increase) decrease in due from TEA	(412,966)
(Increase) decrease in accounts receivable	(8,799)
(Increase) decrease in deferred expenses	100,000
Increase (decrease) in accounts payable	498,500
Increase (decrease) in due to other governments	104,919
Increase (decrease) in deferred revenue	619,227
Increase (decrease) in wages payable	276,844
Increase (decrease) in payroll deductions and withholdings	247,468
Net Cash Provided (Used) by Operating Activities	<u>2,405,815</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of land, buildings, and equipment	(93,708,636)
Net Cash Provided (Used) by Investing Activities	<u>(93,708,636)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Capitalization of debt issuance costs	(722,799)
Issuance of long-term debt	111,412,192
Principal payments on debt	(7,332,548)
Net Cash Provided (Used) by Financing Activities	<u>103,356,845</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,054,024
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,633,476</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,687,500</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>2015</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$(29,700)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	1,249
Increase (decrease) in accounts payable	2,633
Increase (decrease) in deferred revenue	318,227
Increase (decrease) in payroll deductions and withholdings	<u>261</u>
Net Cash Provided (Used) by Operating Activities	<u>292,670</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on debt	<u>(35,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>(35,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	257,670
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>351,353</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 609,023</u>

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INTERNATIONAL LEADERSHIP OF TEXAS

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2015

EXPENSES	<u>2015</u>
6100 Payroll Costs	\$ 23,201,476
6200 Professional & Contract Services	11,227,539
6300 Supplies & Materials	2,949,881
6400 Other Operating Costs	1,883,799
6500 Debt Service	<u>613,666</u>
Total Expenses	<u>\$ 39,876,361</u>

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2015

EXPENSES	<u>2015</u>
6100 Payroll Costs	\$ 110,049
6200 Professional & Contract Services	30,412
6300 Supplies & Materials	38,636
6400 Other Operating Costs	420,977
6500 Debt Service	<u>4,433</u>
Total Expenses	<u>\$ 604,507</u>

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INTERNATIONAL LEADERSHIP OF TEXAS

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2015

	Ownership Interest		
	Local	State	Federal
1510 Land and Improvements	\$ 8,343,537	\$ -	\$ -
1520 Buildings and Improvements	82,641,786	-	-
1531 Vehicles	45,722	-	-
1559 Furniture and Equipment (Capital Leases)	4,964,927	-	-
1570 Accumulated Depreciation	(1,352,234)	-	-
Total Property and Equipment	<u>\$ 94,643,738</u>	<u>\$ -</u>	<u>\$ -</u>

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2015

	Ownership Interest		
	Local	State	Federal
1510 Land and Improvements	\$ -	\$ -	\$ -
1520 Buildings and Improvements	-	-	-
1531 Vehicles	-	-	-
1539 Furniture and Equipment	-	-	-
1541 Vehicles (<\$5,000)	-	-	-
1549 Furniture and Equipment (<\$5,000)	-	-	-
1551 Building (Capital Leases)	-	-	-
1559 Furniture and Equipment (Capital Leases)	-	-	-
1569 Library Books and Media	-	-	-
1570 Accumulated Depreciation	-	-	-
1590 Other Capital Assets	-	-	-
Total Property and Equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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INTERNATIONAL LEADERSHIP OF TEXAS
BUDGET COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2015

	Budget Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUE				
Local Revenue:				
5722 SSA-Local Revenues from Member				
Districts	-	466,376	479,881	13,505
5740 Other Local Revenue	150,000	1,910,477	1,264,979	(645,498)
5750 Food Service, Cocurricular, & Enterprising	-	329,334	349,859	20,525
Total Local Revenue	<u>150,000</u>	<u>2,706,187</u>	<u>2,094,719</u>	<u>(611,468)</u>
State Program Revenue:				
5810 Foundation School Program	37,025,019	34,773,138	34,698,829	(74,309)
5811 Per Capita Apportionment	-	643,403	643,403	-
5820 State Program Revenue Distributed by TEA	-	368,893	556,004	187,111
5839 State Revenues from State of Texas				
Government Agency	-	584	584	-
Total State Program Revenue	<u>37,025,019</u>	<u>35,786,018</u>	<u>35,898,820</u>	<u>112,802</u>
Federal Program Revenue:				
5920 Federal Program Revenue Distributed by TEA	1,125,000	2,242,733	1,965,248	(277,485)
Total Federal Program Revenue	<u>1,125,000</u>	<u>2,242,733</u>	<u>1,965,248</u>	<u>(277,485)</u>
Total Revenue	<u>38,300,019</u>	<u>40,734,938</u>	<u>39,958,787</u>	<u>(776,151)</u>
EXPENSES				
11 Instructional	21,071,086	21,616,490	21,073,471	543,019
12 Instructional Resources & Media Services	-	91,040	90,868	172
13 Curriculum & Instructional Staff Development	474,483	588,707	435,997	152,710
21 Instructional Leadership	226,464	399,738	378,364	21,374
23 School Leadership	2,988,787	2,670,521	2,657,072	13,449
31 Guidance, Counseling, & Evaluation Services	805,925	798,257	768,063	30,194
32 Social Work Services	-	1,000	679	321
33 Health Services	422,922	464,658	467,568	(2,910)
34 Transportation	50,000	28,907	20,017	8,890
35 Food Service	1,252,807	1,339,107	1,274,413	64,694
36 Extracurricular	135,436	1,850,208	1,229,627	620,581
41 General Administration	1,011,777	957,724	934,267	23,457
51 Plant Maintenance	8,041,748	8,980,538	8,802,199	178,339
52 Security & Monitoring Services	413,612	371,750	362,985	8,765
53 Data Processing Services	958,030	398,077	359,775	38,302
61 Community Services	194,206	422,040	407,330	14,710
71 Debt Service	428,267	655,463	613,666	41,797
99 Other Intergovernmental Charges	60,000	220,000	-	220,000
Total Expenses	<u>38,535,550</u>	<u>41,854,225</u>	<u>39,876,361</u>	<u>1,977,864</u>
CHANGE IN NET ASSETS	<u>(235,531)</u>	<u>(1,119,287)</u>	<u>82,426</u>	<u>1,201,713</u>
NET ASSETS, BEGINNING	<u>(680,394)</u>	<u>(680,394)</u>	<u>(680,394)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$(915,925)</u>	<u>\$(1,799,681)</u>	<u>\$(597,968)</u>	<u>\$ 1,201,713</u>

See independent auditors' report and notes to financial statements.

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INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

BUDGET COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

	Budget Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUE				
Local Revenue:				
5740 Other Local Revenue	\$ -	\$ -	\$ 574,807	\$ 574,807
Total Local Revenue	-	-	574,807	574,807
Total Revenue	-	-	574,807	574,807
EXPENSES				
11 Instructional	-	-	37,062	(37,062)
35 Food Service	-	-	33,309	(33,309)
36 Extracurricular	-	-	286,186	(286,186)
41 General Administration	-	-	234,121	(234,121)
51 Plant Maintenance	-	-	8,083	(8,083)
61 Community Services	-	-	1,313	(1,313)
71 Debt Service	-	-	4,433	(4,433)
Total Expenses	-	-	604,507	(604,507)
CHANGE IN NET ASSETS	-	-	(29,700)	(29,700)
NET ASSETS, BEGINNING	(103,211)	(103,211)	(103,211)	-
NET ASSETS, END OF YEAR	<u>\$(103,211)</u>	<u>\$(103,211)</u>	<u>\$(132,911)</u>	<u>\$(29,700)</u>

See independent auditors' report and notes to financial statements.

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COMPLIANCE AND INTERNAL CONTROL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
International American Education Federation, Inc.
Richardson, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of International American Education Federation, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2015, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered International American Education Federation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of International American Education Federation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of International American Education Federation, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether International American Education Federation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
January 12, 2016



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
International American Education Federation, Inc.
Richardson, Texas

Report on Compliance for Each Major Federal Program

We have audited International American Education Federation, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of International American Education Federation, Inc.'s major federal programs for the year ended August 31, 2015. International American Education Federation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of International American Education Federation, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about International American Education Federation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of International American Education Federation, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, International American Education Federation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of International American Education Federation, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered International American Education Federation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of International American Education Federation, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
January 12, 2016

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2015

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through the Texas Education Agency</u>			
School Breakfast Program	10.553	71401401	\$ 7,680
School Breakfast Program	10.553	71401501	47,796
National School Lunch Program	10.555	71301401	56,269
National School Lunch Program	10.555	71301501	<u>487,184</u>
Total Passed through the Texas Education Agency			<u>598,929</u>
<u>Passed through Texas Department of Agriculture:</u>			
Commodities - Noncash Assistance			<u>41,038</u>
Total Passed through Texas Department of Agriculture			<u>41,038</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>639,967</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed through the Texas Education Agency</u>			
IDEA Part - B, Formula	84.027	15660001057848600	<u>610,919</u>
Subtotal Idea, Part-B Cluster			<u>610,919</u>
Total Passed through the Texas Education Agency			<u>610,919</u>
<u>Passed through Region 10 Education Service Center</u>			
ESEA Title I, Part A	84.010A		623,554
Title II, Part A, Teacher & Principal Training	84.367A		85,306
Title III, LEP	84.365		<u>5,502</u>
Total Passed through Region 10 Education Service Center			<u>714,362</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>714,362</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,965,248</u>

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

AUGUST 31, 2015

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of International American Education Federation, Inc. The Corporation's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The accrual basis of accounting is described in Note I of the financial statements.

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2015

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Type of auditors' report issued on compliance
for major programs

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Section
510(a) of OMB Circular A-133?

None

Identification of major programs:

CFDA Number(s)

10.553, 10.555

84.010A

Name of Federal Program or Cluster:

Child Nutrition Cluster

Title I, Part A

Dollar threshold used to distinguish between Type A
and Type B programs

\$300,000

Auditee qualified as low-risk auditee?

No

**Findings Relating to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for
Federal Awards**

None

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2015

Findings and Questioned Costs for Federal Awards

Federal Grantor: U.S. Department of Education
U.S. Department of Agriculture

Program: Child Nutrition Cluster, CFDA 10.553 and 10.555
IDEA Part B, CFDA 84.027

Compliance Requirements: Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Procurements and Supervision and Debarment

Item 2014-001

Condition: We noted instances of the Organization not adhering to the purchasing policies that have been adopted and approved by the Organization. The Organization's purchasing policies require approved purchase orders for all nonrecurring expenditures (i.e. utilities) except payroll.

Effect: Without approved purchase orders, there is a chance that a purchase could be made that violates the purchasing policies or an unauthorized purchase could be made.

Cause: This is the first full operating year for the Organization. The controls and policies are new to the Organization and were not always communicated to Organization personnel in a timely manner. There were transactions that occurred as startup expenditures that did not include an approved purchase order. A lot of these transactions involved reimbursements for minor employee reimbursements. The Organization also allowed signed contracts that were approved by appropriate Organization personnel.

Recommendation:

Although the Organization outsourced its accounts payable functions and had mitigating controls over material disbursements, standard procedures over all purchases could use improvement. The size of the entity also makes material disbursements stand out to make sure that those are correct. We recommend the Organization review its purchasing procedures and make sure that all transactions are addressed and a system of disbursement is improved. Once the purchasing policy has been updated, the Organization needs to make sure that all employees are aware what the purchasing guidelines are and verify that they are being followed prior to making a disbursement.

Current Status:

This matter has been resolved.

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

JUBILEE ACADEMIC CENTER, INC.

San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

Year Ended August 31, 2015

207 Arden Grove
San Antonio, TX 78215
210/227-1389
Fax 227-0716

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

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JUBILEE ACADEMIC CENTER, INC.

BEXAR

015-822

Name of School District

County

Co. Dist. Number

We, the undersigned, certify that the attached annual financial and compliance report of Jubilee Academic Center, Inc. was reviewed and (check one) ___ approved ___ disapproved for the year ended August 31, 2015, at a meeting of the governing body of said charter school on the ____ day of January 2016.

Signature of the Board Secretary

Signature of the Board President

Note: If the governing body of the charter school does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Jubilee Academic Center, Inc., (a nonprofit organization) (the Center), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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210/227-1389
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Budgetary Comparative Schedule, required by the Texas Education Agency, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



January 22, 2016

FINANCIAL STATEMENTS

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENTS OF FINANCIAL POSITION

August 31, 2015

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 4,337,034
Accounts Receivable	37,202
Due from Texas Education Agency	3,413,142
Other Assets	<u>71,280</u>
Total Current Assets	<u>7,858,658</u>
Inventory	193,854
Cost of Debt Issuance	225,309
Property and Equipment - Net	<u>3,854,711</u>
TOTAL ASSETS	<u>\$ 12,132,532</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 581,361
Accrued Payroll and Payroll Liabilities	1,518,604
Due to State	-
Notes Payable	206,264
Accrued Interest	9,227
Other Liabilities	<u>138,681</u>
Total Current Liabilities	<u>2,454,137</u>
Non Current Liabilities	
Long Term Debt	<u>3,044,485</u>
Total Liabilities	<u>5,498,622</u>
Net Assets	
Temporarily Restricted	2,098,975
Unrestricted	<u>4,534,935</u>
Total Net Assets	<u>6,633,910</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,132,532</u>

The accompanying notes are an integral part of these financial statements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENTS OF ACTIVITIES

Year Ended August 31, 2015

	Unrestricted Funds	Temporarily Restricted	Totals
REVENUES			
Local Support and Gains			
Revenue From Cocurricular, Enterprising Services	\$ 565,322	\$ -	\$ 565,322
Other Revenue From Local Sources	49,072	-	49,072
Total Local Support and Gains	<u>614,394</u>	<u>-</u>	<u>614,394</u>
State Program Revenues			
Foundation School Program	-	33,037,537	33,037,537
Other State Aid	-	456,969	456,969
Total State Program Revenues	<u>-</u>	<u>33,494,506</u>	<u>33,494,506</u>
Federal Program Revenues			
National School Lunch Program	-	1,169,597	1,169,597
School Breakfast Program	-	509,199	509,199
USDA, Donated Commodities	-	74,846	74,846
IDEA B, Formula, FY5	-	363,175	363,175
IDEA B, Preschool, FY5	-	392	392
SUMMER SCHOOL LEP	-	4,452	4,452
ESEA Title III, Part A	-	38,641	38,641
ESEA Title II, Part A	-	159,602	159,602
ESEA Title I 1003 (A)-Priority and Focus Grant	-	1,158	1,158
ESEA Title I, Part A	-	692,294	692,294
Total Federal Program Revenues	<u>-</u>	<u>3,013,356</u>	<u>3,013,356</u>
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	<u>36,660,402</u>	<u>(36,660,402)</u>	<u>-</u>
TOTAL REVENUES	<u>37,274,796</u>	<u>(152,540)</u>	<u>37,122,256</u>
EXPENSES			
Program Services			
Instruction and Instructional Related Services	17,240,416	-	17,240,416
Instruction and Social Leadership	2,946,858	-	2,946,858
Support Services			
Student (Pupil)	3,413,404	-	3,413,404
Administrative	2,345,563	-	2,345,563
Non-Student Based	10,276,451	-	10,276,451
Community Service	144,443	-	144,443
Debt Service	293,267	-	293,267
Total Expenses	<u>36,660,402</u>	<u>-</u>	<u>36,660,402</u>
Changes in Net Assets	<u>614,394</u>	<u>(152,540)</u>	<u>461,854</u>
Net Assets - Beginning of Year	<u>3,920,541</u>	<u>2,251,515</u>	<u>6,172,056</u>
Net Assets - End of Year	<u>\$ 4,534,935</u>	<u>\$ 2,098,975</u>	<u>\$ 6,633,910</u>

The accompanying notes are an integral part of these financial statements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2015

	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Foundation School Program	\$ 32,281,575
Grants - Federal Programs	2,943,039
Local Sources	1,034,931
Interest Revenue	5,783
Interest Expense	(293,267)
Payments to Vendors for Goods and Services Rendered	(15,498,506)
Payments to Charter School Personnel for Services Rendered & for Benefits	(20,882,332)
Net Cash Used by Operating Activities	(408,777)
CASH FLOWS FROM FINANCING ACTIVITIES	
Lease Proceeds	286,756
Loan Proceeds	3,200,000
Debt Extinguishment	(3,344,600)
Loan Payments	(197,400)
Lease Payments	(38,607)
Net Cash Used by Financing Activities	(93,851)
CASH FLOWS FROM INVESTING ACTIVITIES	
Buildings and Improvements Purchased	(286,755)
Vehicles Purchased	(42,100)
Furniture and Equipment Purchased	(157,264)
Net Cash Used by Financing Activities	(486,119)
Net Decrease in Cash	(988,747)
Cash at Beginning of Year	5,325,781
Cash at Ending of Year	\$ 4,337,034
RECONCILIATION OF CHANGE IN NET ASSET TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Assets	\$ 461,854
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Net Cash Provided by Operating Activities	
Depreciation Expense	239,164
Amortization of Debt Issuance Cost	(78,165)
(Increase) Decrease in Assets	
Due from State	(750,422)
Accounts Receivable	(18,671)
Inventory	(74,847)
other assets	1,431,535
Increase (Decrease) in Liabilities	
Accounts Payable	(1,858,349)
Accrued Wages Payable	292,339
Accrued interest	(83,369)
Other Liabilities	43,142
Due to State	(12,988)
Net Cash Provided by Operating Activities	\$ (408,777)

The accompanying notes to the financial statements
form an integral part of this statement.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jubilee Academic Center, Inc., a Texas non-profit organization operating Texas charter schools, (the Center) were prepared in conformity with accounting principles generally accepted in the United States. The financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity

In 2000, the State Board of Education of the State of Texas granted the Center an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, Jubilee Academic Center opened on September 13, 2000. The Center was organized to provide educational services to at-risk students and its programs, services, activities and functions are governed by no fewer than three (3) members of the Center's Board of Directors (the executive board). The Board of Directors is selected pursuant to the by-laws of the Center and has the authority to make decisions, appoint the chief executive officer of the Center, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Center.

The bylaws were amended on January 25, 2011 to provide for the creation of committees (school boards) by the president of the Board to perform the duties and functions assigned or delegated in furtherance of the Board objectives. Effective August 1, 2011 three such committees were created: the Jubilee Academic Center School Board, the Coastal Bend Charter District School Board, and the Rio Grande Valley Charter District School Board. The board president of the executive board is also the board president on each of the school boards.

The charter holder only operates nine (9) campuses charter schools and does not conduct any other charter or non-charter activities.

Income Taxes

The Center is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. No provision for income taxes has been made in the financial statements. Income tax filings are up to date. The Center is subject to routine audits by taxing jurisdictions; however, there are no audits in progress. The Center believes it is no longer subject to income tax examinations for years ending prior to 2010.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The accounting system is organized under the Special Supplement to Financial Accounting and Reporting – Non Profit Charter School Chart of Accounts, a module of the Texas Education Agency Financial Accountability Resource Guide.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted – net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Center and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund annual operations. As of August 31, 2014, the Center did not hold any assets that were designated as permanently restricted.

Cash and Cash Equivalents

For financial statement purposes, the Center considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Contributions

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-55, Financial Statements of Not-For-Profit Organizations. Under ASC 958-205-55, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Center did not receive any permanently restricted contributions in the current year.

Grant Funds

Grant funds are considered to be earned when eligibility requirements have been met and to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require a refund of all or part of the unused amount.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Revenues

Revenues from the State's available school fund are based on instructional days, average daily attendance, and other factors. Funds received are recognized as revenue in the period earned. The academic year for the Center typically begins several days before the beginning of the fiscal year (September 1). During these days expenses are incurred that relate directly to revenues received in the following year. As such, revenue is recognized for days of instruction in August of each fiscal year. In addition, receivables/payables to the State are recognized based on the near final summary of finances report.

Property and Equipment

Property and Equipment, which include buildings and improvements, furniture and equipment, and other personal property, are reported in the financial statements. Property and equipment are defined by the Center as assets with an individual cost of more than \$5,000. Such assets are recorded as historical cost. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost. Property and equipment are being depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Vehicles	5 Years
Furniture	5 Years
Buildings & Improvement	39 Years
Computers	5 Years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Debt Issuance Cost

The debt issuance costs are amortized over the life of the debt using the straight-line method.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

2. CASH AND INVESTMENTS

As of August 31, 2015, cash and cash equivalents consisted of:

	<u>Amount</u>
Cash in Bank	\$ 2,368,880
Cash – Debt Service	353,843
Cash Equivalents	
Tex Pool Investment Pool	17,955
Certificate of Deposit	495,537
Money Market Funds	<u>1,100,819</u>
Total	<u>\$ 4,337,034</u>

Deposits

At August 31, 2015, the carrying amount of the Center's deposits was \$2,368,880 and the bank balance was \$2,668,482. All deposits are adequately insured with FDIC coverage at August 31, 2015.

Investments

State statutes govern the Center's investment policies. State authorized investments include obligations of the U.S. Treasury and U.S. Government agencies, commercial paper and repurchase agreements. Realized and unrealized gains and losses on investments are reported as investment income. Investments are valued at fair value.

Credit Risk – The Center's investment policy requires that obligations of other governments be rated by a nationally recognized rating firm no less than A rated, and that mutual funds be rated no less than AAA. The Center's money market funds are rated Aaa (Moody's) and AAAm (S&P).

Interest Rate Risk – As required by state law and the Center's investment policy, investments in obligations are limited to having maturities at the date of purchase of no more than 10 years.

Concentration of Credit Risk – The Center places no limit on the amount the Center may invest in any one issuer. 100% of the Center's total investments are held in money market funds. The money market funds hold: Agency Notes/bonds, Agency Floaters, Agency Repurchase Agreements, Agency Discount Notes, and FDIC Guaranteed Notes.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

3. PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2015 are comprised as follows:

Land	\$	500,000
Buildings and Improvements		3,899,472
Vehicles		165,513
Furniture and Equipment		548,045
Total Property and Equipment		5,113,030
Accumulated Depreciation		(1,258,319)
Property and Equipment Net of Accumulated Depreciation	\$	3,854,711

Depreciation expense as of August 31, 2015 is \$246,987.

4. OWNERSHIP IN PROPERTY AND EQUIPMENT

Property and equipment acquired with public funds received by the Center for the operation of Jubilee Academic Center, Inc. constitute public property pursuant to Chapter 12 of the Texas Education Code.

	Ownership Interest	
	State	Federal
Land	\$ 500,000	\$ -
Buildings and Improvements	3,843,249	56,223
Vehicles	156,345	9,168
Furniture and Equipment	424,443	123,602
Total Property and Equipment	\$ 4,924,037	\$ 188,993

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

5. LEASES

A. BUILD TO SUIT LEASES – ATHLOS SCHOOLS

In the 2014 Jubilee Academic Center Inc. entered into three build to suit lease agreements for three school buildings facilities, including furniture and equipment. The constructed schools are located in San Antonio, Austin, and Brownsville, Texas. Total current year lease expense for the three schools is \$4,446,390. The lease agreements provide for the following minimum lease payments during the twenty five year term of the lease. Lease payments are as follows:

Lease Year	San Antonio	Austin	Brownsville
2 nd	\$ 1,555,758	\$ 1,563,047	\$ 1,424,998
3 rd	1,582,983	1,593,225	1,498,985
4 th	1,614,643	1,640,363	1,527,235
5 th	1,646,936	1,687,500	1,565,415
6 th	7,929,320	8,002,885	7,415,273

Upon the sixth anniversary of the lease inception date, and on each anniversary of the inception date thereafter, base rent will increase by an amount equal to two and one half percent (2.5%) more than the base rent payable during the immediately preceding lease year.

Purchase Price option

The school facilities lease agreements have purchase options that may be exercised through April 2018. Purchase price options are as follows: "The purchase price for the Premises shall be equal to the capitalized value of the base rent to be in effect in the lease year in which the closing occurs, calculated with a discount rate of seven and one-half percent (7.5%) cap rate (the "Option Price"). Management intends to exercise its purchase options in 2016.

B. OPERATING LEASES

The Center had commitments under thirteen operating leases for various school buildings. Lease terms for all leases were from one to three years. Rent expense for the various leases was \$1,090,252 and utilities and other costs (garbage disposal, improvements, etc.) under the leases were \$314,390.

Future minimum lease payments at August 31, 2015 were as follows:

Year	Amount
2016	\$ 993,032
2017	875,948
2018	875,948
	<u>\$ 2,744,928</u>

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

5. LEASES

C. TECHNOLOGY EQUIPMENT LEASES

On November 20, 2014 the Center entered into three operating lease agreements for various technology and network communication equipment. All three leases have a five year term consisting of 20 quarterly payments. Lease expense for the equipment in 2015 was \$164,833.

Future minimum lease payments as of August 31, 2015 are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 219,778
2017	219,778
2018	219,778
2019	219,778
2020	54,944
	<u>\$ 934,056</u>

6. SCHEDULE OF EXPENSES

The following schedule shows expenses by object code of the Center for the years ended August 31, 2015.

Expenses	
6100 Payroll Costs	\$ 21,174,672
6200 Professional and Contracted Services	11,227,478
6300 Supplies and Materials	2,923,438
6400 Other Operating Costs	1,041,547
6500 Debt	293,267
Total Expenses	<u>\$ 36,660,402</u>

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

6. SCHEDULE OF EXPENSES (Continued)

The following schedule shows expenses of the Center by function code for the years ended August 31, 2015.

Expenses	
11 Instructional	\$ 16,286,218
12 Instructional and Media Services	78,570
13 Curriculum Development and Instructional Staff Development	875,628
21 Instructional Leadership	103
23 School Leadership	2,946,755
31 Guidance, Counseling and Evaluation Services	418,943
32 Social Work Services	5,975
33 Health Services	118,746
34 Student Transportation	125,911
35 Food Services	2,367,121
36 Cocurricular/Extracurricular Activities	376,708
41 General Administration	2,345,563
51 Plant Maintenance and Operations	9,540,873
52 Security and Monitoring Services	376,422
53 Data Processing Services	359,156
61 Community Services	144,443
71 Debt Services	293,267
Total Expenses	<u>\$ 36,660,402</u>

7. PENSION PLAN OBLIGATIONS

Plan Description

The School contributes to the Teacher Retirement System of Texas ("TRS"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan (Plan) with one exception: all risks and costs are not shared by the School, but are the liability of the state of Texas. The TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. The TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas legislature. The TRS' annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701, by calling 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us, under the TRS Publications heading.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

7. PENSION PLAN OBLIGATIONS (Continued)

Funding Policy

Under provisions in state law, plan members and the State are each required to contribute 6.7% and 6.8% of their annual covered salary, respectively; and, in certain instances, the School is required to make all or a portion of the member's contribution and on the portion of the employees' salaries that exceed the statutory minimum. The School contributed \$1,199,323 on behalf of its employees, to TRS for the year ended August 31, 2015, the required contributions for the year. The State also contributes to TRS on behalf of charter school employees; however, these contributions are not recognized in the School's financial statements under FASB accounting. The School's contributions to the Plan did not represent more than 5% of the total contributions to the Plan. There have been no changes that would affect the comparison of employer contributions from year to year.

	Contribution Rates	
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Legal Name of Plan	Texas Retirement System of Texas
Plan's Employer Identification Number	N/A
Total Plan Assets	\$157,261,707,241
Accumulated Benefit Obligations	\$159,496,075,886
Percentage Plan was Funded	83.25% funded
Expiration Date of Collective-Bargaining Agreement	N/A
Funding Improvement Plan or Rehabilitation Plan Implemented or Pending	N/A
Employer Contributions Made for the Non-OASDI Participating Surcharge	\$268,466.35

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

8. LONG TERM DEBT

Description	Balance Outstanding 9/1/2014	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2015	Amounts Due Within One Year
Note- September 9, 2014	\$ -	\$ 3,200,000	\$ 197,400	\$ 3,002,600	\$ 152,500
Note- January 1, 2008	3,344,600	-	3,344,600	-	-
Capital Lease	-	286,756	38,608	248,148	53,764
Total	\$ 3,344,600	\$ 3,486,756	\$ 3,580,608	\$ 3,250,748	\$ 206,264

On September 9, 2014, Jubilee Academic Center (the “School”) secured total financing of \$3,200,000 from BBVA Compass (the bank) to refinance the loan with La Vernia Higher Education finance Corporation (existing loan) that was used to finance the 4434 Roland Avenue San Antonio facility. As of that date the existing loan had a principal balance of \$3,344,600. The loan is exclusively secured by state funding per pupil and a first mortgage on the property at 4434 Roland Avenue. The Pottsboro Higher Education Finance Corporation will be acting as a conduit issuer and the bank will not have legal recourse against the City in the event of non-payment by the School. This financing assumes a tax-exempt/taxable debt structure to comply with Federal tax law requirements that only 2% of a tax-exempt loan issue can be used for costs of issuance. (Tax-exempt \$3,090,000/Taxable \$110,000). The refinancing is necessary to remove restrictive covenants on the existing loan and to provide for cash flow savings in fiscal 2015 and 2016. The bank debt issue is estimated to be a fixed, tax exempt rate for three years at 3.18% based on a with a 20-year amortization for the first two years. If the loan is not refunded by the 3rd year, the rate will be based off a spread to LIBOR and reset annually or refinanced. Management intends to refinance the loan prior to the end of the third year.

The Center is contractually required as part of the agreement for the loan mentioned to comply with the following debt covenants:

- Fixed Charge Coverage Ratio- Maintain, as of the end of each fiscal quarter, a fixed charge coverage ratio of 1.2 times measure on a trailing four-quarter basis. The fixed charge ratio is required to be calculated as the change in unrestricted net assets plus depreciation, amortization, rent and interest expense, for the 12 month period ending with the fiscal quarters to scheduled annual payments of principal and interest on all debt of the Center plus rent expense.
- Liquidity- Maintain unrestricted cash on hand equal to no less than 70 days of annual operating expense. Measure semi-annual each February 28 and August 31, beginning February 28, 2015.

As of the end of the year, the Center does not comply with the fixed charge coverage ratio nor the liquidity ratio.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

8. LONG TERM DEBT (Continued)

The following is a schedule of required payments for the loan:

Year Ended August 31,	Principal	Interest	Total
2016	\$ 152,500	\$ 90,182	\$ 242,682
2017	2,850,100	91,693	2,941,798
	<u>\$ 3,002,600</u>	<u>\$ 181,875</u>	<u>\$ 3,184,475</u>

Capital Lease

On November 20, 2015, the Center entered into three master lease/purchase agreements in the original amount of \$286,756 with Presidio Technology Capital for the purchase of information technology infrastructure equipment. The leases are payable over five (5) years in twenty (20) quarterly payments of \$16,294. The lease agreements contain a bargain purchase option that allows the Center to purchase the equipment at the end of the lease term for \$1.

The technology infrastructure equipment is included in capital assets as property under capital lease in the amount of \$286,756 and the related amortization is included in accumulated depreciation/amortization in the amount of \$57,351.

Future minimum payments on the capital leases payable at August 31, 2015 are as follows:

Year Ending August 31,	Principal	Interest	Total
2016	\$ 53,764	\$ 11,410	\$ 65,174
2017	56,503	8,671	65,174
2018	59,382	5,792	65,174
2019	62,407	2,767	65,174
2020	16,092	202	16,294
	<u>\$ 248,148</u>	<u>\$ 28,842</u>	<u>\$ 276,990</u>

Interest paid relating to capital lease for the year ended August 31, 2015 totaled \$10,275.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

9. COMMITMENTS AND CONTINGENCIES

The Center receives funds through the state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Center have should state or federal auditors discover areas on noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

10. HEALTHCARE COVERAGE

During the years ended August 31, 2015, employees of the Center were covered by a health insurance plan (the plan). The Center contributed \$250 per month, per employee, respectively to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

11. RELATED PARTY AND COMMON CONTROL

For the year ended August 31, 2015, Jubilee Academic Center, Inc. had one (1) board member who was paid a salary for services as Director of Administration in the amount of \$143,263.

The Jubilee Academic Foundation (the "Foundation"), a not-for-profit entity was organized to provide support to Jubilee School parent teacher organizations. The members of the Foundation Board are comprised of appointees by the Center's Board. The Foundations assets and liabilities are included in the Center's financial statements as cash and other liabilities

12. LEGAL PROCEEDINGS

From time to time the Center is a defendant in legal proceedings relating to its operations as a Charter District. In the best judgment of the Center's management, the outcome of any present legal proceedings will not have any material adverse effect on the financial condition of the Center. Accordingly, no provisions for losses have been recorded in the accompanying financial statements for such contingencies.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2015

13. SHARED SERVICES ARRANGEMENT

During the current year, Jubilee Academic Center, Inc. (the Center) was a member of the San Antonio Charter Schools Special Education Co-op shared services arrangement (SSA). The Southwest Preparatory Charter School is the Fiscal Agent for the SSA. As a member of the SSA, the Center received special education (IDEA B Formula) services in the amount of \$363,175 as reported to the Center by the fiscal agent. In accordance with the guidance provided in the TEA Special Supplement to the Financial Accountability System Resource Guide, Charter Schools, the Center has accounted for the special education expenditures within their financial statements.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events up through January 22, 2015, the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

Budgetary Comparison Schedule

Year Ended August 31, 2015

	BUDGETED AMOUNTS		ACTUAL ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		BUDGET /ACTUAL
				FAVORABLE/ (UNFAVORABLE)
REVENUES				
5720 Revenue From Services to Other Charter Schools	\$ -	\$ -	\$ -	\$ -
5740 Other Revenue From Local Sources	350,000	355,256	49,072	(306,184)
5750 Rev. From Cocurricular, Enterprising Services	215,000	230,000	565,322	335,322
5819 Other Foundation School Program Act Revenues:	30,248,534	33,580,000	33,037,537	(542,463)
5829 State Prog. Revenues distributed by TEA:	356,000	263,176	456,969	193,793
5929 Federal Revenues distributed by TEA:	3,081,116	2,968,461	3,013,356	44,895
Total Revenues	34,250,650	37,396,893	37,122,256	(274,637)
Expenses				
11 Instructional	15,456,420	16,314,907	16,286,218	28,689
12 Instructional and media services	95,361	85,000	78,570	6,430
13 Curriculum Development and Inst. Staff Development	1,250,848	885,000	875,628	9,372
21 Instructional Leadership	-	-	103	(103)
23 School Leadership	3,300,106	3,050,000	2,946,755	103,245
31 Guidance, Counseling and Evaluation	321,672	425,000	418,943	6,057
32 Social Work Services	2,500	6,500	5,975	525
33 Health Services	150,000	125,000	118,746	6,254
34 Student Transportation	110,000	130,000	125,911	4,089
35 Food Service	2,054,000	2,400,000	2,367,121	32,879
36 Cocurricular/Extracurricular Activities	390,991	385,000	376,708	8,292
41 General Administration	2,779,772	2,470,000	2,345,563	124,437
51 Plant Maintenance and Monitoring Services	6,587,242	9,600,000	9,540,873	59,127
52 Security and Monitoring Services	215,000	385,000	376,422	8,578
53 Data Processing Services	275,000	390,000	359,156	30,844
61 Community Services	160,000	150,000	144,443	5,557
71 Debt Service	225,000	290,000	293,267	(3,267)
Total Expenses	33,373,912	37,091,407	36,660,402	(431,005)
Change In Net Assets	\$ 876,738	\$ 305,486	\$ 461,854	\$ 156,368

FUNCTION	EXPLANATION
	Explanations of variances exceeding 10% for final budget to actual:
21	Variance is related to a new position added.
	Explanations of variances exceeding 10% for original budget to final budget:
12, 13, 33, 41	Total Expenses planned for the new locations were not incurred during the 2014-2015 fiscal year.
51	Jubilee Academic Center entered into three Build to Suit Leases in the 2014-2015 school year that were determined to be operating and not capital leases.
31, 32, 34, 35, 52, 53	Additional monies were budgeted to assist with additional needs at three new sites.
71	Additional expenses were incurred due to the refinance of Jubilee site.

COMPLIANCE AND INTERNAL CONTROL

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jubilee Academic Center, Inc. (a non-profit organization) (the Center) which comprise the statement of financial position as of August 31, 2015, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Laura Gonzalez
& Associates

January 22, 2016

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Jubilee Academic Center, Inc. (the Center's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended August 31, 2015. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended August 31, 2015.


Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or its employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Gary B. Langley
& Associate

January 22, 2016

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2015

SECTION I --- SUMMARY OF AUDITORS' RESULTS

<i>Financial Statements</i>			
	Type of auditor's report issued:	<u>Unmodified</u>	
	Internal control over financial reporting: • Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No
	• Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
	Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

<i>Federal Awards</i>			
	Internal control over major programs: • Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No
	• Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
	Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
	Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section. 510(a)?	<u> </u> Yes	<u> X </u> No

<i>Identification of Major Programs</i>			
	CFDA Numbers(s)	Name of Federal Program or Cluster	
	84.010	Title I Grants to Local Educational Agencies Title I Part A- Improving Basic Programs Title I 1003(A)- Priority and Focus Grant	
	84.367	Improving Teacher Quality State Grant	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000	
	Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2015

SECTION II --- FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

JUBILEE ACADEMIC CENTER
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2015

DATA CONTROL CODES	FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
211	Passed Through State Department of Education ESEA Title I Part A- Improving Basic Programs, FY4	84.010A	\$ 11,446
211	Passed Through State Department of Education ESEA Title I Part A- Improving Basic Programs, FY5	84.010A	680,848
211	Passed Through State Department of Education ESEA Title I 1003(A)- Priority and Focus Grant, FY4	84.010A	1,158
224	IDEA Part B, Formula	84.027	363,175
225	IDEA B, Preschool	84.027	392
255	ESEA Title II Part A- Teacher & Principal Training & Recruiting	84.367A	159,602
263	Title III, Part A-Immigrant	84.365A	38,641
289	Summer School LEP	84.369A	4,452
	Total Passed Through State Department of Education		<u>1,259,714</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,259,714</u>
U.S. DEPARTMENT OF AGRICULTURE			
240	Passed Through State Department of Education School Breakfast Program*	10.553	509,199
240	National School Lunch Program *	10.555	1,169,597
240	USDA Donated Commodities	10.559	74,846
	Total Passed Through State Department of Education		<u>1,753,642</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,753,642</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,013,356</u>

*Indicates clustered program under OMB Circular A-133 compliance Supplement

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2015

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jubilee Academic Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The expenditures for the nutrition cluster are reported to the extent of program reimbursements.

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

JUBILEE ACADEMIC CENTER, INC. San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

Year Ended August 31, 2013

207 Arden Grove
San Antonio, TX 78215
210/227-1389
Fax 227-0716

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

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JUBILEE ACADEMIC CENTER, INC.

BEXAR

015-822

Name of School District

County

Co. Dist. Number

We, the undersigned, certify that the attached annual financial and compliance report of Jubilee Academic Center, Inc. was reviewed and (check one) ___ approved ___ disapproved for the year ended August 31, 2013, at a meeting of the governing body of said charter school on the ____ day of January 2014.

Signature of the Board Secretary

Signature of the Board President

Note: If the governing body of the charter school does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Jubilee Academic Center, Inc., (a nonprofit organization) (the Center), which comprise the statement of financial position as of August 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of August 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Budgetary Comparative Schedule, required by the Texas Education Agency, and the Schedule of Expenditures of Federal Awards, as required by Office Of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2014 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



January 20, 2014

FINANCIAL STATEMENTS

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENTS OF FINANCIAL POSITION

August 31, 2013

ASSETS	
Current Assets	
Cash and CashEquivalents	\$ 2,799,638
Accounts Receivable	81,815
Due from Texas Education Agency	2,193,745
Other Assets	<u>5,251</u>
Total Current Assets	<u>5,080,449</u>
Inventory	43,444
Cost of Debt Issuance	153,362
Property and Equipment - Net	<u>4,625,226</u>
TOTAL ASSETS	<u>\$ 9,902,481</u>

LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 626,960
Accrued Payroll and Payroll Liabilities	1,074,206
Due to State	1,748
Notes Payable	80,794
Accrued Interest	94,171
Other Liabilities	63,308
Total Current Liabilities	<u>1,941,187</u>
Non Current Liabilities	
Long Term Debt	3,669,890
Total Liabilities	<u>5,611,077</u>
Net Assets	
Temporarily Restricted	1,084,069
Unrestricted	3,207,335
Total Net Assets	<u>4,291,404</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,902,481</u>

The accompanying notes are an integral part of these financial statements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENTS OF ACTIVITIES

Year Ended August 31, 2013

	Unrestricted Funds	Temporarily Restricted	Totals
REVENUES			
Local Support			
Revenue From Services to Other Charter Schools	\$ 687,075	\$ -	\$ 687,075
Revenue From Cocurricular, Enterprising Services	61,497	-	61,497
Other Revenue From Local Sources	252,470	-	252,470
Total Local Support	<u>1,001,042</u>	<u>-</u>	<u>1,001,042</u>
State Program Revenues			
Foundation School Program	-	17,784,940	17,784,940
Other State Aid	-	87,181	87,181
Total State Program Revenues	<u>-</u>	<u>17,872,121</u>	<u>17,872,121</u>
Federal Program Revenues			
National School Lunch Program	-	684,911	684,911
School Breakfast Program	-	301,458	301,458
USDA, Donated Commodities	-	22,081	22,081
IDEA B Formula, FY3	-	268,874	268,874
IDEA B, Formula, FY4	-	25,996	25,996
IDEA B, Preschool	-	342	342
ESEA Title III, Part A	-	1,031	1,031
ESEA Title II, Part A	-	96,081	96,081
ESEA Title I, Part A	-	430,982	430,982
Total Federal Program Revenues	<u>-</u>	<u>1,831,755</u>	<u>1,831,755</u>
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	<u>19,204,040</u>	<u>(19,204,040)</u>	<u>-</u>
TOTAL REVENUES	<u>20,205,082</u>	<u>499,836</u>	<u>20,704,918</u>
EXPENSES			
Program Services			
Instruction and Instructional Related Services	9,911,237	-	9,911,237
Instruction and Social Leadership	1,964,854	-	1,964,854
Support Services			
Student (Pupil)	2,397,133	-	2,397,133
Administrative	1,727,553	-	1,727,553
Non-Student Based	2,836,310	-	2,836,310
Community Service	113,284	-	113,284
Debt Service	253,668	-	253,668
Fund Raising	-	-	-
Total Expenses	<u>19,204,040</u>	<u>-</u>	<u>19,204,040</u>
Changes in Net Assets	<u>1,001,042</u>	<u>499,836</u>	<u>1,500,878</u>
Net Assets - Beginning of Year	<u>2,206,293</u>	<u>584,233</u>	<u>2,790,526</u>
Net Assets - End of Year	<u>\$ 3,207,335</u>	<u>\$ 1,084,069</u>	<u>\$ 4,291,404</u>

The accompanying notes are an integral part of these financial statements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2013

	2013
CASH FLOWS FROM OPERATING ACTIVITIES	
Foundation School Program Payments	\$ 17,283,380
Grant Payments - Federal Programs	1,615,763
Local Sources	1,077,618
Interest Income	4,200
Interest expense	(253,668)
Payments to Vendors for Goods and Services Rendered	(5,226,063)
Payments to Charter School Personnel for Services Rendered & for Benefits	(12,905,756)
Net Cash Provided by Operating Activities	1,595,474
CASH FLOWS FROM FINANCING ACTIVITIES	
Debt Payments	(74,937)
Net Cash Used by Financing Activities	(74,937)
CASH FLOWS FROM INVESTING ACTIVITIES	
Buildings and Improvements Purchased	(212,633)
Net Cash Used by Financing Activities	(212,633)
Net Increase in Cash	1,307,904
Cash at Beginning of Year	1,491,734
Cash at Ending of Year	\$ 2,799,638
RECONCILIATION OF CHANGE IN NET ASSET TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Assets	\$ 1,500,878
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Net Cash Provided by Operating Activities	
Depreciation Expense	196,486
Amortization of Debt Issuance Cost	6,218
(Increase) Decrease in Assets	
Due from State	(645,245)
Accounts Receivable	(57,939)
Inventory	(22,081)
other assets	1,307
Increase (Decrease) in Liabilities	
Accounts Payable	272,687
Accrued Wages Payable	331,267
Accrued interest	(1,479)
Other Liabilities	13,374
Due to State	-
Net Cash Provided by Operating Activities	\$ 1,595,474

The accompanying notes to the financial statements
form an integral part of this statement.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jubilee Academic Center, Inc., a Texas non-profit organization operating Texas charter schools, (the Center) were prepared in conformity with accounting principles generally accepted in the United States. The financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity

In 2000, the State Board of Education of the State of Texas granted the Center an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, Jubilee Academic Center opened on September 13, 2000. The Center was organized to provide educational services to at-risk students and its programs, services, activities and functions are governed by no fewer than three (3) members of the Center's Board of Directors (the executive board). The Board of Directors is selected pursuant to the by-laws of the Center and has the authority to make decisions, appoint the chief executive officer of the Center, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Center.

The bylaws were amended on January 25, 2011 to provide for the creation of committees (school boards) by the president of the Board to perform the duties and functions assigned or delegated in furtherance of the Board objectives. Effective August 1, 2011 three such committees were created: the Jubilee Academic Center School Board, the Coastal Bend Charter District School Board, and the Rio Grande Valley Charter District School Board. The board president of the executive board is also the board president on each of the school boards.

The charter holder only operates nine (9) campuses charter schools and does not conduct any other charter or non-charter activities.

Income Taxes

The Center is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. No provision for income taxes has been made in the financial statements. Income tax filings are up to date. The Center is subject to routine audits by taxing jurisdictions; however, there are no audits in progress. The Center believes it is no longer subject to income tax examinations for years ending prior to 2010.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The accounting system is organized under the Special Supplement to Financial Accounting and Reporting – Non Profit Charter School Chart of Accounts, a module of the Texas Education Agency Financial Accountability Resource Guide.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted – net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Center and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund annual operations. As of August 31, 2013, the Center did not hold any assets that were designated as permanently restricted.

Cash and Cash Equivalents

For financial statement purposes, the Center considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Contributions

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-55, (formerly SFAS No. 117), Financial Statements of Not-For-Profit Organizations. Under ASC 958-205-55, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Center did not receive any permanently restricted contributions in the current year.

Grant Funds

Grant funds are considered to be earned when eligibility requirements have been met and to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require a refund of all or part of the unused amount.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Revenues

Revenues from the State's available school fund are based on instructional days, average daily attendance, and other factors. Funds received are recognized as revenue in the period earned. The academic year for the Center typically begins several days before the beginning of the fiscal year (September 1). During these days expenses are incurred that relate directly to revenues received in the following year. As such, revenue is recognized for days of instruction in August of each fiscal year. In addition, receivables/payables to the State are recognized based on the near final summary of finances report.

Property and Equipment

Property and Equipment, which include buildings and improvements, furniture and equipment, and other personal property, are reported in the financial statements. Property and equipment are defined by the Center as assets with an individual cost of more than \$5,000. Such assets are recorded as historical cost. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost. Property and equipment are being depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Vehicles	5 Years
Furniture	5 Years
Buildings & Improvement	39 Years
Computers	5 Years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Debt Issuance Cost

The note payable issuance costs are amortized over the life of the debt using the straight-line method.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

2. CASH AND INVESTMENTS

As of August 31, 2013, cash and cash equivalents consisted of:

	<u>Amount</u>
Cash in Bank	\$ 1,480,542
Cash Equivalents	
Tex Pool Investment Pool	597,157
Certificate of Deposit	248,692
Money Market Funds –	
First American Government Obligations Fund	<u>473,247</u>
Total	<u>\$ 2,799,638</u>

Money Market funds above include U. S Bank accounts required to be separately held as follows: \$117,508 Debt Service Account, \$277,200 Debt Reserve Account; \$8,523 Project Account and \$70,016 Rental and Replacement Account. These funds are held in trust accounts and are required to be used solely in accordance with the purposes specified in a loan agreement with La Vernia Higher Education Finance Corporation, a non-profit education facilities corporation created under the laws of the State of Texas, and Tax-free Fund for Utah, a municipal bond mutual fund, and US Bank National Association, as trustee.

Deposits

At August 31, 2013, the carrying amount of the Center's deposits was \$1,480,542 and the bank balance was \$1,709,403. All deposits are adequately insured with FDIC coverage at August 31, 2013.

Investments

State statutes govern the Center's investment policies. State authorized investments include obligations of the U.S. Treasury and U.S. Government agencies, commercial paper and repurchase agreements. Realized and unrealized gains and losses on investments are reported as investment income. Investments are valued at fair value.

Credit Risk – The Center's investment policy requires that obligations of other governments be rated by a nationally recognized rating firm no less than A rated, and that mutual funds be rated no less than AAA. The Center's money market funds are rated Aaa (Moody's) and AAAM (S&P).

Interest Rate Risk – As required by state law and the Center's investment policy, investments in obligations are limited to having maturities at the date of purchase of no more than 10 years.

Concentration of Credit Risk – The Center places no limit on the amount the Center may invest in any one issuer. 100% of the Center's total investments are held in money market funds. The money market funds hold: Agency Notes/bonds, Agency Floaters, Agency Repurchase Agreements, Agency Discount Notes, and FDIC Guaranteed Notes.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

3. PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2013 are comprised as follows:

Land	\$	1,079,566
Buildings and Improvements		3,895,016
Vehicles		106,476
Furniture and Equipment		378,182
Total Property and Equipment		<u>5,459,240</u>
Accumulated Depreciation		<u>(834,014)</u>
Property and Equipment Net of Accumulated Depreciation	\$	<u><u>4,625,226</u></u>

Depreciation expense as of August 31, 2013 is \$196,486.

4. OWNERSHIP IN PROPERTY AND EQUIPMENT

Property and equipment acquired with public funds received by the Center for the operation of Jubilee Academic Center, Inc. constitute public property pursuant to Chapter 12 of the Texas Education Code.

	Ownership Interest	
	State	Federal
Land	\$ 1,079,566	\$ -
Buildings and Improvements	3,838,793	56,223
Vehicles	97,308	9,168
Furniture and Equipment	285,924	92,258
Total Property and Equipment	<u>\$ 5,301,591</u>	<u>\$ 157,649</u>

5. LEASES

The Center had commitments under nine operating leases for various school buildings. Lease terms for all leases were from one to three years. Rent expense for the various leases was \$958,583 and utilities and other costs (garbage disposal, improvements, etc.) under the leases were \$243,771.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

5. LEASES (Continued)

Future minimum lease payments at August 31, 2013 were as follows:

Year	Amount
2014	\$ 1,331,279
2015	1,299,279
2016	1,299,279
	\$ 3,929,837

6. SCHEDULE OF EXPENSES

The following schedule shows expenses of the Center for the years ended August 31, 2013.

Expenses	
6100 Payroll Costs	\$ 13,237,023
6200 Professional and Contracted Services	2,852,435
6300 Supplies and Materials	2,285,448
6400 Other Operating Costs	575,466
6500 Debt	253,668
Total Expenses	\$ 19,204,040

The following schedule shows expenses of the Center by function code for the years ended August 31, 2013.

Expenses	
11 Instructional	\$ 9,442,110
12 Instructional and Media Services	28,231
13 Curriculum Development and Instructional Staff Development	440,896
23 School Leadership	1,964,854
31 Guidance, Counseling and Evaluation Services	124,047
32 Social Work Services	3,674
33 Health Services	59,350
34 Student Transportation	57,871
35 Food Services	1,939,749
36 Cocurricular/Extracurricular Activities	212,443
41 General Administration	1,727,553
51 Plant Maintenance and Operations	2,659,343
52 Security and Monitoring Services	36,148
53 Data Processing Services	140,819
61 Community Services	113,284
71 Debt Services	253,668
Total Expenses	\$ 19,204,040

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

7. PENSION PLAN OBLIGATIONS

Plan Description

The Charter School contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the Charter School, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 223-8778. Payments made by the State on behalf of the Charter School are not reflected in the accompanying financial statements. All employees of the Charter School were covered by the System for the year ended August 31, 2013.

Funding Policy

Under provisions in State law, the State of Texas contributes an amount equal to 6.644 percent of the aggregate annual compensation of all member of the System and 1.0 percent to the retirement health insurance plan, except for employees paid from federal and private grants. Plan members are required to contribute 6.4 percent of their gross earnings and 0.65 percent to a retirement health insurance plan. The Charter School's employees' contributions to the System for the year ended August 31, 2013 was \$723,564, equal to the required contributions. Other contribution made from federal and private grants, the retirement health insurance plan, the State's contribution for new members, and a monthly surcharge for each retiree working in a TRS-covered position for the year ended August 31, 2013 was \$184,921 equal to the required contributions.

8. LONG TERM DEBT

Description	Balance Outstanding 9/1/2012	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2013	Amounts Due Within One Year
Loan- June 25, 2009	\$ 370,720	\$ -	\$ 22,042	\$ 348,678	\$ 23,389
Note- January 1, 2008	3,454,900	-	53,400	3,401,500	56,900
Total	\$ 3,825,620	\$ -	\$ 75,442	\$ 3,750,178	\$ 80,289

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

8. LONG TERM DEBT (Continued)

On January 1, 2008, the Center entered into a loan agreement with La Vernia Higher Education Finance Corporation, a non-profit education facilities corporation created under the laws of the State of Texas, and Tax-free Fund for Utah, a municipal bond mutual fund, and US Bank National Association. Under the agreement the Tax Free Fund for Utah loaned the Center the principal sum of \$3,617,000, at an interest rate of 6.5% per annum over the original thirty (30) year amortization period due and payable semiannually on March 15 and September 15, each year.

Collateral for the note is 1.988 Acre and Lot 1, Block 5, New City Block 13844, Jubilee Outreach Subdivision, San Antonio, Texas. The purpose of the loan is to finance the costs of a project consisting of: 1) the refinancing of existing debt on educational facilities, 2) demolition and construction of improvements to a campus 3) paying costs of issuance, 4) Paying a credit monitoring fee and funding the Debt Service Reserve fund.

The following is a schedule of required payments for the loan:

Year Ended August 31,	Principal	Interest	Total
2014	\$ 56,900	\$ 223,253	\$ 280,153
2015	60,600	219,445	280,045
2016	64,600	215,973	280,573
2017	68,900	211,060	279,960
2018	73,500	206,444	279,944
2019-2023	446,900	952,128	1,399,028
2024-2028	615,500	781,648	1,397,148
2029-2033	847,500	545,898	1,393,398
2033-2038	1,167,100	221,920	1,389,020
	<u>\$ 3,401,500</u>	<u>\$ 3,577,769</u>	<u>\$ 6,979,269</u>

On June 25, 2009, the Center entered into a loan agreement with Broadway National Bank, City Base Landing, 1177 N.E. Loop 410, San Antonio, Texas 78209. Under this agreement Broadway National Bank lent the Center \$431,000 at an interest rate 5.95% per annum over the 15 year amortization period due and payable monthly beginning on August 1, 2009 and continuing regularly thereafter until July 1, 2014 (the "Maturity Date"), when a balloon payment equal to the entire amount of unpaid principal and all accrued interest but unpaid interest shall be due and payable.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

8. LONG TERM DEBT (Continued)

The following is a schedule of required payments for the loan:

Year Ended August 31	Principal	Interest	Total
2014	\$ 23,389	\$ 20,115	\$ 43,504
2015	24,820	18,685	43,505
2016	26,337	17,167	43,504
2017	27,948	15,557	43,505
2018	29,657	13,848	43,505
2018-2023	177,809	39,714	217,523
2024	38,718	1,161	39,879
	<u>\$ 348,678</u>	<u>\$ 126,247</u>	<u>\$ 474,925</u>

9. COMMITMENTS AND CONTINGENCIES

The Center receives funds through the state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Center have should state or federal auditors discover areas on noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

10. HEALTHCARE COVERAGE

During the years ended August 31, 2013, employees of the Center were covered by a health insurance plan (the plan). The Center contributed \$150 per month, per employee, respectively to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependants. All premiums were paid to licensed insurers.

11. RELATED PARTY AND COMMON CONTROL

For the year ended August 31, 2013, Jubilee Academic Center, Inc. had one (1) board member who was paid a salary for services as Director of Administration in the amount of \$135,000.

The Jubilee Academic Foundation (the "Foundation"), a not-for-profit entity was organized to provide support to Jubilee School parent teacher organizations. The members of the Foundation Board are comprised of appointees by the Center's Board. The Foundations assets and liabilities are included in the Center's financial statements as cash and other liabilities in the amount of \$36,382.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2013

12. LINE OF CREDIT

The Center has available a \$600,000 line-of-credit with Broadway National Bank, City Base Landing, 1177 N.E. Loop 410 at Nacogdoches, P.O. Box 171250, San Antonio, Texas 78217. As of August 31, 2013, the Center had a balance outstanding of \$-0-.

13. LEGAL PROCEEDINGS

From time to time the Center is a defendant in legal proceedings relating to its operations as a Charter District. In the best judgment of the Center's management, the outcome of any present legal proceedings will not have any material adverse effect on the financial condition of the Center. Accordingly, no provisions for losses have been recorded in the accompanying financial statements for such contingencies.

14. SHARED SERVICES ARRANGEMENT

During the current year, Jubilee Academic Center, Inc. (the Center) was a member of the San Antonio Charter Schools Special Education Co-op shared services arrangement (SSA). The Southwest Preparatory Charter School is the Fiscal Agent for the SSA. As a member of the SSA, the Center received special education (IDEA B Formula) services in the amount of \$295,212 as reported to the Center by the fiscal agent. In accordance with the guidance provided in the TEA Special Supplement to the Financial Accountability System Resource Guide, Charter Schools, the Center has accounted for the special education expenditures within their financial statements.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events up through January 20, 2014, the date through the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

Budgetary Comparison Schedule

Year Ended August 31, 2013

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE BUDGET /ACTUAL
	ORIGINAL	FINAL		
REVENUES				
5720 Revenue From Services to Other Charter Schools	\$ -	\$ 680,000	\$ 687,075	\$ 7,075
5740 Other Revenue From Local Sources	162,500	165,000	252,470	87,470
5750 Rev. From Cocurricular, Enterprising Services	1,150,000	125,000	61,497	(63,503)
5819 Other Foundation School Program Act Revenues:	16,650,321	17,325,000	17,784,940	459,940
5829 State Prog. Revenues distributed by TEA:	2,204	85,541	87,181	1,640
5929 Federal Revenues distributed by TEA:	1,621,928	1,815,000	1,831,755	16,755
	<u>19,586,953</u>	<u>20,195,541</u>	<u>20,704,918</u>	<u>509,377</u>
Total Revenues				
Expenses				
11 Instructional	9,723,859	10,347,650	9,442,110	905,540
12 Instructional and media services	36,000	30,000	28,231	1,769
13 Curriculum Development and Inst. Staff Development	542,573	445,500	440,896	4,604
23 School Leadership	1,824,000	1,895,250	1,964,854	(69,604)
31 Guidance, Counseling and Evaluation	50,000	125,000	124,047	953
32 Social Work Services	-	140	3,674	(3,534) (1)
33 Health Services	70,000	62,000	59,350	2,650
34 Student Transportation	70,000	55,500	57,871	(2,371)
35 Food Service	2,184,704	1,905,000	1,939,749	(34,749)
36 Cocurricular/Extracurricular Activities	150,000	193,000	212,443	(19,443) (2)
41 General Administration	1,708,879	1,659,000	1,727,553	(68,553)
51 Plant Maintenance and Monitoring Services	2,352,500	2,682,600	2,659,343	23,257
52 Security and Monitoring Services	25,000	52,000	36,148	15,852 (3)
53 Data Processing Services	110,000	135,000	140,819	(5,819)
61 Community Services	128,000	127,500	113,284	14,216 (4)
71 Debt Service	265,000	250,000	253,668	(3,668)
	<u>19,240,515</u>	<u>19,965,140</u>	<u>19,204,040</u>	<u>761,099</u>
Total Expenses				
Change In Net Assets	<u>\$ 346,438</u>	<u>\$ 230,401</u>	<u>\$ 1,500,878</u>	<u>\$ (251,722)</u>

Explanations of variances exceeding 10% for final budget to actual:

- (1) Expenses for matching local grant were incurred and reimbursed from Region 20 for Homeless Children. Expenses were not anticipated earlier in the year.
- (2) Additional Expenses were incurred in local funds to offset fundraising activities and local revenues received due to the growth of student enrollment by 28% from prior year.
- (3) Additional Expenses were budgeted, but not incurred for the opening of five new sites.
- (4) Additional Expenses were budgeted, but not incurred for Title I expenditures in the fiscal year 2012-2013.

Explanations of variances exceeding 10% for original budget to final budget:

- (1) Additional Library expenses for supplies were not incurred.
- (2) Additional Curriculum Development and Staff Development expenses for staff and other expenses were anticipated for the growth, but not required.
- (3) Additional Guidance and Counseling positions were hired in 2012-2013.
- (4) New local grant opportunity was provided during the year to assist Homeless children.
- (5) Additional expenses were not needed for the Southwest Winners Health Coop that were anticipated for the new growth.
- (6) Additional transportation costs were lower than anticipated with the 28% increase in average daily attendance.
- (7) Additional expenses in Food Service were lower than anticipated with the 28% increase in average daily attendance.
- (8) Additional fundraising and extracurricular expenses were incurred due to the growth in student enrollment.
- (9) Additional Expenses were budgeted and incurred due to anticipated growth for the 2013-2014 school year.
- (10) Additional Expenses were budgeted, but not required in anticipation of the new schools for the 2013-2014.
- (11) Additional Staff expenses were incurred due to a new hire in Technology Department to assist with District needs due to growth.

COMPLIANCE AND INTERNAL CONTROL

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jubilee Academic Center, Inc. (a non-profit organization) (the Center) which comprise the statement of financial position as of August 31, 2013, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Matters

We noted a certain matter that we reported to management of the Center in a separate letter dated January 20, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



George J. Gonzalez
CPA

January 20, 2014

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Jubilee Academic Center, Inc (the Center's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended August 31, 2013. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended August 31, 2013.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or its employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in cursive script, appearing to read "George Gonzalez".

January 20, 2014

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2013

SECTION I --- SUMMARY OF AUDITORS' RESULTS

<i>Financial Statements</i>		
Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting: • Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

<i>Federal Awards</i>		
Internal control over major programs: • Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section. 510(a)?	<u> </u> Yes	<u> X </u> No

<i>Identification of Major Programs</i>		
CFDA Numbers(s)	Name of Federal Program or Cluster	
84.010A 84.367A	ESEA Title I Part A- Improving Basic Programs ESEA Title II Part A- Teacher & Principal Training & Recruiting	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000	
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2013

SECTION II --- FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

JUBILEE ACADEMIC CENTER
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2013

DATA CONTROL CODES	1 FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	2 FEDERAL CFDA NUMBER	3 FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
211	Passed Through State Department of Education ESEA Title I Part A- Improving Basic Programs	84.010A	\$ 430,982
224	IDEA Part B, Formula, FY4	84.027	25,996
224	IDEA Part B, Formula, FY3	84.027	268,874
225	IDEA B, Preschool	84.027?	342
255	ESEA Title II Part A- Teacher & Principal Training & Recruiting	84.367A	96,081
263	Title III, Part A-Immigrant	84.365A	1,031
Total Passed Through State Department of Education			823,305
TOTAL U.S. DEPARTMENT OF EDUCATION			823,305
U.S. DEPARTMENT OF AGRICULTURE			
240	Passed Through State Department of Education School Breakfast Program*	10.553	301,458
240	National School Lunch Program *	10.555	684,911
240	USDA Donated Commodities	10.559	22,081
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,008,450
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,831,754

*Indicates clustered program under OMB Circular A-133 compliance Supplement

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2013

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jubilee Academic Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, And Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

JUBILEE ACADEMIC CENTER, INC.

San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

Year Ended August 31, 2014

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

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JUBILEE ACADEMIC CENTER, INC.

BEXAR

015-822


Name of School District

County

Co. Dist. Number

We, the undersigned, certify that the attached annual financial and compliance report of Jubilee Academic Center, Inc. was reviewed and (check one) approved ___ disapproved for the year ended August 31, 2014, at a meeting of the governing body of said charter school on the 24 day of January 2015.


Signature of the Board Secretary


Signature of the Board President

Note: If the governing body of the charter school does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Jubilee Academic Center, Inc., (a nonprofit organization) (the Center), which comprise the statement of financial position as of August 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of August 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Budgetary Comparative Schedule, required by the Texas Education Agency, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2015 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



January 22, 2015

FINANCIAL STATEMENTS

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENTS OF FINANCIAL POSITION

August 31, 2014

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 5,325,781
Accounts Receivable	18,531
Due from Texas Education Agency	2,662,720
Other Assets	<u>1,502,815</u>
Total Current Assets	<u>9,509,847</u>
Inventory	119,007
Cost of Debt Issuance	147,144
Property and Equipment - Net	<u>3,607,756</u>
TOTAL ASSETS	<u>\$ 13,383,754</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 2,439,710
Accrued Payroll and Payroll Liabilities	1,226,265
Due to State	12,988
Notes Payable	60,600
Accrued Interest	92,596
Other Liabilities	<u>95,539</u>
Total Current Liabilities	<u>3,927,698</u>
Non Current Liabilities	
Long Term Debt	<u>3,284,000</u>
Total Liabilities	<u>7,211,698</u>
Net Assets	
Temporarily Restricted	2,251,515
Unrestricted	<u>3,920,541</u>
Total Net Assets	<u>6,172,056</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,383,754</u>

The accompanying notes are an integral part of these financial statements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENTS OF ACTIVITIES

Year Ended August 31, 2014

	Unrestricted Funds	Temporarily Restricted	Totals
REVENUES			
Local Support and Gains			
Revenue From Services to Other Charter Schools	\$ 572,314	\$ -	\$ 572,314
Revenue From Cocurricular, Enterprising Services	365,029	-	365,029
Other Revenue From Local Sources	27,514	-	27,514
Gain/Loss on Sale of Assets	49,475	-	49,475
Total Local Support and Gains	1,014,332	-	1,014,332
State Program Revenues			
Foundation School Program	-	22,827,656	22,827,656
Other State Aid	-	146,713	146,713
Total State Program Revenues	-	22,974,369	22,974,369
Federal Program Revenues			
National School Lunch Program	-	838,902	838,902
School Breakfast Program	-	394,692	394,692
USDA, Donated Commodities	-	75,563	75,563
IDEA B Formula, FY4	-	286,880	286,880
IDEA B, Formula, FY5	-	15,344	15,344
IDEA B, Preschool, FY5	-	529	529
SUMMER SCHOOL LEP	-	3,320	3,320
ESEA Title III, Part A	-	52,931	52,931
ESEA Title II, Part A	-	104,578	104,578
ESEA Title I 1003 (A)-Priority and Focus Grant	-	10,511	10,511
ESEA Title I, Part A	-	508,404	508,404
Total Federal Program Revenues	-	2,291,654	2,291,654
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	24,098,577	(24,098,577)	-
TOTAL REVENUES	25,112,909	1,167,446	26,280,355
EXPENSES			
Program Services			
Instruction and Instructional Related Services	12,097,391	-	12,097,391
Instruction and Social Leadership	2,491,746	-	2,491,746
Support Services			
Student (Pupil)	2,695,820	-	2,695,820
Administrative	2,507,040	-	2,507,040
Non-Student Based	4,245,537	-	4,245,537
Community Service	125,001	-	125,001
Debt Service	237,168	-	237,168
Fund Raising	-	-	-
Total Expenses	24,399,703	-	24,399,703
Changes in Net Assets	713,206	1,167,446	1,880,652
Net Assets - Beginning of Year	3,207,335	1,084,069	4,291,404
Net Assets - End of Year	\$ 3,920,541	\$ 2,251,515	\$ 6,172,056

The accompanying notes are an integral part of these financial statements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2014

	2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Foundation School Program	\$ 22,518,360
Grant - Federal Programs	2,047,204
Local Sources	1,189,597
Interest Income	5,703
Interest Expense	(237,168)
Payments to Vendors for Goods and Services Rendered	(7,070,257)
Payments to Charter School Personnel for Services Rendered & for Benefits	(16,377,376)
Net Cash Provided by Operating Activities	2,076,063
CASH FLOWS FROM FINANCING ACTIVITIES	
Debt Payments	(406,084)
Net Cash Used by Financing Activities	(406,084)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds on Sale of Land and Portable Buildings	903,000
Furniture and Equipment Purchased	(46,837)
Net Cash Used by Financing Activities	856,163
Net Increase in Cash	2,526,142
Cash at Beginning of Year	2,799,639
Cash at Ending of Year	\$ 5,325,781
RECONCILIATION OF CHANGE IN NET ASSET TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Assets	\$ 1,880,652
Net Gain on Sale of Property	(49,475)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Net Cash Provided by Operating Activities	
Depreciation Expense	210,783
Amortization of Debt Issuance Cost	6,218
(Increase) Decrease in Assets	
Due from State	(468,976)
Accounts Receivable	63,284
Inventory	(75,563)
other assets	(1,497,564)
Increase (Decrease) in Liabilities	
Accounts Payable	1,812,750
Accrued Wages Payable	152,059
Accrued interest	(1,575)
Other Liabilities	32,231
Due to State	11,240
Net Cash Provided by Operating Activities	\$ 2,076,063

The accompanying notes to the financial statements
form an integral part of this statement.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jubilee Academic Center, Inc., a Texas non-profit organization operating Texas charter schools, (the Center) were prepared in conformity with accounting principles generally accepted in the United States. The financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity

In 2000, the State Board of Education of the State of Texas granted the Center an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, Jubilee Academic Center opened on September 13, 2000. The Center was organized to provide educational services to at-risk students and its programs, services, activities and functions are governed by no fewer than three (3) members of the Center's Board of Directors (the executive board). The Board of Directors is selected pursuant to the by-laws of the Center and has the authority to make decisions, appoint the chief executive officer of the Center, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Center.

The bylaws were amended on January 25, 2011 to provide for the creation of committees (school boards) by the president of the Board to perform the duties and functions assigned or delegated in furtherance of the Board objectives. Effective August 1, 2011 three such committees were created: the Jubilee Academic Center School Board, the Coastal Bend Charter District School Board, and the Rio Grande Valley Charter District School Board. The board president of the executive board is also the board president on each of the school boards.

The charter holder only operates fourteen (14) campuses charter schools and does not conduct any other charter or non-charter activities.

Income Taxes

The Center is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. No provision for income taxes has been made in the financial statements. Income tax filings are up to date. The Center is subject to routine audits by taxing jurisdictions; however, there are no audits in progress. The Center believes it is no longer subject to income tax examinations for years ending prior to 2010.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The accounting system is organized under the Special Supplement to Financial Accounting and Reporting – Non Profit Charter School Chart of Accounts, a module of the Texas Education Agency Financial Accountability Resource Guide.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted – net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Center and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund annual operations. As of August 31, 2014, the Center did not hold any assets that were designated as permanently restricted.

Cash and Cash Equivalents

For financial statement purposes, the Center considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value in the statements of financial position. Unrealized gains and losses are included in the statements of activities and net assets.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market (net realizable value).

Revenue Recognition

Capitation received, including base capitation, entitlements, and special services, is recognized in the period services are provided. Revenues from the State of Texas are earned based on reported attendance. Public and private grants received are recognized in the period received and when the terms of the grant are met.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-55, Financial Statements of Not-For-Profit Organizations. Under ASC 958-205-55, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Center did not receive any permanently restricted contributions in the current year.

Grant Funds

Grant funds are considered to be earned when eligibility requirements have been met and to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require a refund of all or part of the unused amount.

State Revenues

Revenues from the State's available school fund are based on instructional days, average daily attendance, and other factors. Funds received are recognized as revenue in the period earned. The academic year for the Center typically begins several days before the beginning of the fiscal year (September 1). During these days expenses are incurred that relate directly to revenues received in the following year. As such, revenue is recognized for days of instruction in August of each fiscal year. In addition, receivables/payables to the State are recognized based on the near final summary of finances report.

Property and Equipment

Property and Equipment, which include buildings and improvements, furniture and equipment, and other personal property, are reported in the financial statements. Property and equipment are defined by the Center as assets with an individual cost of more than \$5,000. Such assets are recorded as historical cost. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost. Property and equipment are being depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Vehicles	5 Years
Furniture	5 Years
Buildings & Improvement	39 Years
Computers	5 Years

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Center reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. The Center did not recognize an impairment loss during the year ended August 31, 2014.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Debt Issuance Cost

The note payable issuance costs are amortized over the life of the debt using the straight-line method.

Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification (“ASC”) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. *Fair Value Measurements and Disclosures* also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At August 31, 2014, the Center had no investments.

The fair value of the Center's cash and cash equivalents, due from government agencies, payables, prepaid expenses, and other receivables approximates the carrying amounts of such instruments due to their short-term maturity. The fair value of the debt approximates the carrying amount because the rate and terms currently available to the School approximate the rate and terms on the existing debt.

2. CASH AND INVESTMENTS

As of August 31, 2014, cash and cash equivalents consisted of:

	<u>Amount</u>
Cash in Bank	\$ 538,780
Cash Equivalents	
Tex Pool Investment Pool	3,819,377
Certificate of Deposit	494,480
Money Market Funds –	
First American Government Obligations Fund	<u>473,144</u>
Total	<u>\$ 5,325,781</u>

Money Market funds above include U. S Bank accounts required to be separately held as follows: \$117,431 Debt Service Account, \$277,188 Debt Reserve Account; \$8,524 Project Account and \$70,002 Rental and Replacement Account. These funds are held in trust accounts and are requires to be used solely in accordance with the purposes specified in a loan agreement with La Vernia Higher Education Finance Corporation, a non-profit education facilities corporation created under the laws of the State of Texas, and Tax-free Fund for Utah, a municipal bond mutual fund, and US Bank National Association, as trustee.

Deposits

At August 31, 2014, the carrying amount of the Center's deposits was \$538,780 and the bank balance was \$706,755.98. All deposits are adequately insured with FDIC coverage at August 31, 2014.

Investments

State statues govern the Center's investment policies. State authorized investments include obligations of the U.S. Treasury and U.S. Government agencies, commercial paper and repurchase agreements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

3. PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2014 are comprised as follows:

Land	\$	500,000
Buildings and Improvements		3,612,718
Vehicles		123,413
Furniture and Equipment		390,780
Total Property and Equipment		<u>4,626,911</u>
Accumulated Depreciation		<u>(1,019,155)</u>
Property and Equipment Net of Accumulated Depreciation	\$	<u>3,607,756</u>

Depreciation expense as of August 31, 2014 is \$208,479.

4. OWNERSHIP IN PROPERTY AND EQUIPMENT

Property and equipment acquired with public funds received by the Center for the operation of Jubilee Academic Center, Inc. constitute public property pursuant to Chapter 12 of the Texas Education Code.

	Ownership Interest	
	State	Federal
Land	\$ 500,000	\$ -
Buildings and Improvements	3,556,495	56,223
Vehicles	114,245	9,168
Furniture and Equipment	100,730	290,050
Total Property and Equipment	<u>\$ 4,271,470</u>	<u>\$ 355,441</u>

5. OTHER ASSETS

Related to the Build to Suit Leases entered into in the current year, the Center is to receive \$595,000 from the lessor as an allowance for furniture, fixtures and equipment for each of the three (3) schools. A total of \$1,795,000 is to be provided. As of August 31, 2014, Jubilee has acquired furniture, fixtures and equipment with a total cost of \$1,502,815. Under the terms of the lease agreement title to such furniture, fixtures and equipment is retained by the lessor. As such, furniture, fixture and equipment items have not been capitalized.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

6. BUILD TO SUIT LEASES

In the current year, the Jubilee Academic Center Inc. entered into three build to suit lease agreements for three school buildings facilities, including furniture and equipment. The newly constructed schools are located in San Antonio, Austin, and Brownsville, Texas. The three schools began to be occupied in August 2014. Total current year lease expense for the three schools is \$163,420. The lease agreements provide for the following minimum lease payments during the twenty five year term of the lease:

Lease Year	San Antonio	Austin	Brownsville
1 st	\$ 1,529,000	\$ 1,518,750	\$ 1,398,640
2 nd	1,555,758	1,563,047	1,424,998
3 rd	1,582,983	1,593,225	1,498,985
4 th	1,614,643	1,640,363	1,527,235
5 th	1,646,936	1,687,500	1,565,415

Upon the sixth anniversary of the lease inception date, and on each anniversary of the inception date thereafter, base rent will increase by an amount equal to two and one half percent (2.5%) more than the base rent payable during the immediately preceding lease year.

Purchase Price option

The school facilities have purchase options that may be exercised through April 2018. Purchase price options are as follows: "The purchase price for the Premises shall be equal to the capitalized value of the base rent to be in effect in the lease year in which the closing occurs, calculated with a discount rate of seven and one-half percent (7.5%) cap rate (the "Option Price"). The Brownsville and the San Antonio leases have "Reduced Price" options if options are exercised by May 2015. The prices are: \$18,838,837 and 20,386,667, respectively. As of the date of this report management has not determined the date it will exercise the purchase options.

7. OPERATING LEASES

The Center had commitments under nine operating leases for various school buildings. Lease terms for all leases were from one to three years. Rent expense for the various leases was \$1,261,357 and utilities and other costs (garbage disposal, improvements, etc.) under the leases were \$406,188.

Future minimum lease payments at August 31, 2014 were as follows:

Year	Amount
2015	\$ 1,166,855
2016	1,166,855
2017	1,166,855
	\$ 3,500,565

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

8. SCHEDULE OF EXPENSES

The following schedule shows expenses of the Center for the years ended August 31, 2014.

Expenses		
6100 Payroll Costs	\$	16,529,435
6200 Professional and Contracted Services		4,519,117
6300 Supplies and Materials		2,349,915
6400 Other Operating Costs		764,068
6500 Debt		237,168
		<hr/>
Total Expenses	\$	24,399,703

The following schedule shows expenses of the Center by function code for the years ended August 31, 2014.

Expenses		
11 Instructional	\$	11,350,380
12 Instructional and Media Services		35,050
13 Curriculum Development and Instructional Staff Development		711,961
23 School Leadership		2,491,746
31 Guidance, Counseling and Evaluation Services		140,522
32 Social Work Services		6,731
33 Health Services		111,971
34 Student Transportation		68,405
35 Food Services		2,167,702
36 Cocurricular/Extracurricular Activities		200,489
41 General Administration		2,507,040
51 Plant Maintenance and Operations		3,967,430
52 Security and Monitoring Services		46,918
53 Data Processing Services		231,189
61 Community Services		125,001
71 Debt Services		237,168
		<hr/>
Total Expenses	\$	24,399,703

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

9. PENSION PLAN OBLIGATIONS

Plan Description

The Charter School contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the Charter School, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 223-8778. Payments made by the State on behalf of the Charter School are not reflected in the accompanying financial statements. All employees of the Charter School were covered by the System for the year ended August 31, 2014.

Funding Policy

Under provisions in State law, the State of Texas contributes an amount equal to 6.644 percent of the aggregate annual compensation of all member of the System and 1.0 percent to the retirement health insurance plan, except for employees paid from federal and private grants. Plan members are required to contribute 6.4 percent of their gross earnings and 0.65 percent to a retirement health insurance plan. The Charter School's employees' contributions to the System for the year ended August 31, 2014 was \$908,662, equal to the required contributions. Other contribution made from federal and private grants, the retirement health insurance plan, the State's contribution for new members, and a monthly surcharge for each retiree working in a TRS-covered position for the year ended August 31, 2014 was \$265,481 equal to the required contributions.

10. LONG TERM DEBT

Description	Balance Outstanding 9/1/2013	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2014	Amounts Due Within One Year
Loan- June 25, 2009	\$ 348,678	\$ -	\$ 348,678	\$ -	\$ -
Note- January 1, 2008	3,401,500	-	56,900	3,344,600	60,600
Total	\$ 3,750,178	\$ -	\$ 405,578	\$ 3,344,600	\$ 60,600

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

10. LONG TERM DEBT (Continued)

On January 1, 2008, the Center entered into a loan agreement with La Vernia Higher Education Finance Corporation, a non-profit education facilities corporation created under the laws of the State of Texas, and Tax-free Fund for Utah, a municipal bond mutual fund, and US Bank National Association. Under the agreement the Tax Free Fund for Utah loaned the Center the principal sum of \$3,617,000, at an interest rate of 6.5% per annum over the original thirty (30) year amortization period due and payable semiannually on March 15 and September 15, each year.

Collateral for the note is 1.988 Acre and Lot 1, Block 5, New City Block 13844, Jubilee Outreach Subdivision, San Antonio, Texas. The purpose of the loan is to finance the costs of a project consisting of: 1) the refinancing of existing debt on educational facilities, 2) demolition and construction of improvements to a campus 3) paying costs of issuance, 4) Paying a credit monitoring fee and funding the Debt Service Reserve fund.

The following is a schedule of required payments for the loan:

Year Ended August 31,	Principal	Interest	Total
2015	\$ 60,600	\$ 219,445	\$ 280,045
2016	64,600	215,973	280,573
2017	68,900	211,060	279,960
2018	73,500	206,444	279,944
2019	78,300	201,525	279,825
2020-2024	476,500	922,664	1,399,164
2025-2029	656,200	739,966	1,396,166
2030-2034	903,400	489,147	1,392,547
2035-2038	962,600	148,293	1,110,893
	\$ 3,344,600	\$ 3,354,517	\$ 6,699,117

On June 25, 2009, the Center entered into a loan agreement with Broadway National Bank, City Base Landing, 1177 N.E. Loop 410, San Antonio, Texas 78209. Under this agreement Broadway National Bank lent the Center \$431,000 at an interest rate 5.95% per annum over the 15 year amortization period due and payable monthly beginning on August 1, 2009 and continuing regularly thereafter until July 1, 2014 (the "Maturity Date"), when a balloon payment equal to the entire amount of unpaid principal and all accrued interest but unpaid interest shall be due and payable.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

11. COMMITMENTS AND CONTINGENCIES

The Center receives funds through the state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Center have should state or federal auditors discover areas on noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

12. HEALTHCARE COVERAGE

During the years ended August 31, 2014, employees of the Center were covered by a health insurance plan (the plan). The Center contributed \$150 per month, per employee, respectively to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

13. RELATED PARTY AND COMMON CONTROL

For the year ended August 31, 2014, Jubilee Academic Center, Inc. had one (1) board member who was paid a salary for services as Director of Administration in the amount of \$137,700.

The Jubilee Academic Foundation (the "Foundation"), a not-for-profit entity was organized to provide support to Jubilee School parent teacher organizations. The members of the Foundation Board are comprised of appointees by the Center's Board. The Foundations assets and liabilities are included in the Center's financial statements as cash and other liabilities in the amount of \$59,973.

14. LEGAL PROCEEDINGS

From time to time the Center is a defendant in legal proceedings relating to its operations as a Charter District. In the best judgment of the Center's management, the outcome of any present legal proceedings will not have any material adverse effect on the financial condition of the Center. Accordingly, no provisions for losses have been recorded in the accompanying financial statements for such contingencies.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2014

15. SHARED SERVICES ARRANGEMENT

During the current year, Jubilee Academic Center, Inc. (the Center) was a member of the San Antonio Charter Schools Special Education Co-op shared services arrangement (SSA). The Southwest Preparatory Charter School is the Fiscal Agent for the SSA. As a member of the SSA, the Center received special education (IDEA B Formula) services in the amount of \$302,753 as reported to the Center by the fiscal agent. In accordance with the guidance provided in the TEA Special Supplement to the Financial Accountability System Resource Guide, Charter Schools, the Center has accounted for the special education expenditures within their financial statements.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events up through January 22, 2015, the date through the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE BUDGET /ACTUAL
	ORIGINAL	FINAL		
REVENUES				
5720 Revenue From Services to Other Charter Schools	\$ 400,000	\$ 575,000	\$ 572,314	\$ (2,686)
5740 Other Revenue From Local Sources	188,518	319,804	76,989	(242,815)
5750 Rev. From Cocurricular, Enterprising Services	135,000	160,000	365,029	205,029
5819 Other Foundation School Program Act Revenues:	20,401,989	22,834,722	22,827,656	(7,066)
5829 State Prog. Revenues distributed by TEA:	99,000	99,000	146,713	47,713
5929 Federal Revenues distributed by TEA:	2,167,094	2,253,497	2,291,654	38,157
Total Revenues	<u>23,391,601</u>	<u>26,242,023</u>	<u>26,280,355</u>	<u>38,332</u>
Expenses				
11 Instructional	11,648,207	12,537,676	11,350,380	1,187,296
12 Instructional and media services	35,000	36,073	35,050	1,023
13 Curriculum Development and Inst. Staff Development	747,098	756,378	711,961	44,417
23 School Leadership	2,399,867	2,591,177	2,491,746	99,431
31 Guidance, Counseling and Evaluation	140,223	132,792	140,522	(7,730)
32 Social Work Services	250	2,500	6,731	(4,231)
33 Health Services	80,000	112,325	111,971	354
34 Student Transportation	60,500	82,402	68,405	13,997
35 Food Service	1,676,000	2,161,302	2,167,702	(6,400)
36 Cocurricular/Extracurricular Activities	187,000	223,625	200,489	23,136
41 General Administration	2,160,971	2,472,512	2,507,039	(34,527)
51 Plant Maintenance and Monitoring Services	3,350,658	3,681,029	3,967,430	(286,401)
52 Security and Monitoring Services	70,000	43,782	46,919	(3,137)
53 Data Processing Services	227,285	226,132	231,189	(5,057)
61 Community Services	151,122	154,168	125,001	29,167
71 Debt Service	250,000	230,000	237,168	(7,168)
Total Expenses	<u>23,184,181</u>	<u>25,443,873</u>	<u>24,399,703</u>	<u>1,044,170</u>
Change In Net Assets	<u>\$ 207,420</u>	<u>\$ 798,150</u>	<u>\$ 1,880,652</u>	<u>\$ 1,082,502</u>

Explanations of variances exceeding 10% for final budget to actual:

Function 32 - Variance is related to expenses for a local grant through Region 20, TEXSHEP Program for the Homeless.

Explanations of variances exceeding 10% for original budget to final budget:

None.

COMPLIANCE AND INTERNAL CONTROL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jubilee Academic Center, Inc. (a non-profit organization) (the Center) which comprise the statement of financial position as of August 31, 2014, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 22, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Jubilee Academic Center, Inc. (the Center's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended August 31, 2014. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended August 31, 2014.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or its employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Liza Lomaly
& Associate

January 22, 2015

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2014

SECTION I --- SUMMARY OF AUDITORS' RESULTS

<i>Financial Statements</i>		
Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting: • Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

<i>Federal Awards</i>		
Internal control over major programs: • Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section. 510(a)?	<u> </u> Yes	<u> X </u> No

<i>Identification of Major Programs</i>		
CFDA Numbers(s)	Name of Federal Program or Cluster	
10.553 10.555 84.027	Child Nutrition Cluster School Breakfast Program National School Lunch Program Special Education Cluster Idea Part B, Formula Idea B, Preschool	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000	
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2014

SECTION II --- FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2014

DATA CONTROL CODES	1 FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	2 FEDERAL CFDA NUMBER	3 FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
	Passed Through State Department of Education		
211	ESEA Title I Part A- Improving Basic Programs	84.010A	\$ 508,404
211	ESEA Title I 1003(A) - Priority and Focus Grant	84.010A	10,511
224	IDEA Part B, Formula	84.027	286,880
224	IDEA Part B, Formula	84.027	15,344
225	IDEA B, Preschool	84.027	529
255	ESEA Title II Part A- Teacher & Principal Training & Recruiting	84.367A	104,578
263	Title III, Part A-Immigrant	84.365A	52,931
289	Summer School LEP	84.369A	3,320
	Total Passed Through State Department of Education		982,497
	TOTAL U.S. DEPARTMENT OF EDUCATION		982,497
U.S. DEPARTMENT OF AGRICULTURE			
	Passed Through State Department of Education		
240	School Breakfast Program*	10.553	394,692
240	National School Lunch Program *	10.555	838,902
240	USDA Donated Commodities	10.559	75,563
	Total Passed Through State Department of Education		1,309,157
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,309,157
	TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 2,291,654

* Indicates clustered program under OMB Circular A-133 compliance Supplement

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2014

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jubilee Academic Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.