



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

TO: P-12 Education Committee

FROM: Cosimo Tangorra, Jr. 

SUBJECT: Renewal Decisions for Charter Schools Authorized by the Board of Regents

DATE: March 9, 2015

AUTHORIZATION(S): 

SUMMARY

Issue for Decision

Should the Regents approve the proposed four renewal charters for the following charter schools authorized by the Board of Regents pursuant to Article 56 of the Education Law (the NYS Charter Schools Act):

- Brighter Choice Elementary Charter School for Boys (Albany)
- Brighter Choice Elementary Charter School for Girls (Albany)
- Charter School for Applied Technologies (Buffalo)
- Southside Charter School (Syracuse)

Reason(s) for Consideration

Required by New York State law.

Proposed Handling

This issue will be before the Board of Regents P-12 Education Committee and the Full Board for action at the March 2015 Regents meeting.

Background – Performance Framework

In June of 2010, the New York State Board of Regents (the “Regents”), and the New York State Education Department (the “Department”) embarked on a new approach to charter school authorizing, aligning the Regents’ and Department’s work with the best practices of the highest quality authorizers nationally. A key component of this approach is the Performance Framework (the “Framework”) for charter schools authorized by the Regents, which outlines quality benchmarks for charter schools that represent the high-levels of performance necessary to earn charter renewal.

The Framework, which is part of the Oversight Plan included in the Charter Agreement for each school, outlines three key areas of charter school performance: (1) Educational/Academic Success; (2) Organizational Soundness; and (3) Faithfulness to Charter and Law. The Framework also contains ten (10) performance benchmarks in each area, as follows:

Performance Area 1 - Educational Success

Benchmark 1: Student Performance: The school has met or come close to meeting student achievement goals for academic growth, proficiency, and college and career readiness on state standards and achievement goals outlined in the school’s charter.

Benchmark 2: Teaching and Learning: School leaders have systems in place designed to cultivate shared accountability and high expectations and that lead to students’ well-being, improved academic outcomes, and educational success. The school has rigorous and coherent curriculum and assessments that are aligned to the Common Core Learning Standards (CCLS) for all students. Teachers engage in strategic practices and decision-making in order to address the gap between what students know and need to learn so that all students experience consistent high levels of engagement, thinking and achievement.

Benchmark 3: Culture, Climate, and Family Engagement: The school has systems in place to support students’ social and emotional health and to provide for a safe and respectful learning environment. Families, community members and school staff work together to share in the responsibility for student academic progress and social-emotional growth and well-being. Families and students are satisfied with the school’s academics and the overall leadership and management of the school.

Performance Area 2 - Organizational Soundness

Benchmark 4: Financial Condition: The school is in sound and stable financial condition as evidenced by performance on key financial indicators.

Benchmark 5: Financial Management: The school operates in a fiscally sound manner with realistic budgets pursuant to a long-range financial plan, appropriate internal controls and procedures, and in accordance with state law and generally accepted accounting practices.

Benchmark 6: Board Oversight and Governance: The board of trustees provides competent stewardship and oversight of the school while maintaining policies, establishing performance goals, and implementing systems to ensure academic success, organizational viability, board effectiveness and faithfulness to the terms of its charter.

Benchmark 7: Organizational Capacity: The school has established a well-functioning organizational structure, clearly delineated roles for staff, management, and board members. The school has systems and protocols that allow for the successful implementation, evaluation, and improvement of its academic program and operations.

Performance Area 3 - Faithfulness to Charter & Law

Benchmark 8: Mission and Key Design Elements: The school is faithful to its mission and has implemented the key design elements included in its charter.

Benchmark 9: Enrollment, Recruitment, and Retention: The school is meeting or making annual progress toward meeting the enrollment plan outlined in its charter and its enrollment and retention targets for students with disabilities, English language learners, and students who are eligible applicants for the free and reduced priced lunch program; or has demonstrated that it has made extensive good faith efforts to attract, recruit, and retain such students.

Benchmark 10: Legal Compliance: The school complies with applicable laws, regulations, and the provisions of its charter.

The Performance Framework applies only to Regents-authorized charter schools opened in 2012 and thereafter, and schools with Renewal Charter Agreements signed in 2012 and thereafter. However, schools authorized or renewed before the development of the Framework were evaluated using similar performance standards.

Additional information regarding the Performance Framework is available on the New York State Education Department's Charter School Office website:

<http://www.p12.nysed.gov/psc/SectionIIIPerformanceFramework.html>

Charter School Renewal Applications

Section 2852(2) of the Charter Schools Act requires the chartering entity (in this case the Board of Regents) to make the following findings when considering a charter renewal application:

- (a) The charter school described in the application meets the requirements set out in this article and all other applicable laws, rules and regulations;
- (b) The applicant can demonstrate the ability to operate the school in an educationally and fiscally sound manner;
- (c) Granting the application is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of this article; and
- (d) In a school district where the total enrollment of resident students attending charter schools in the base year is greater than five percent of the total public school enrollment of the school district in the base year (i) granting the application would have a significant educational benefit to the students expected to attend the proposed charter school or (ii) the school district in which the charter school will be located consents to such application.

In addition, Renewal Guidelines contained in the Regulations of the Commissioner (8 NYCRR 119.7(d)) were adopted by the Board of Regents, and require that the Board further consider the following when evaluating a charter renewal application:

- (a) The information in the renewal application submitted pursuant to paragraph (b)(1) of this section;
- (b) Any additional material or information submitted by the charter school pursuant to paragraph (b)(2) of this section;
- (c) Comments received pursuant to Education Law section 2857(1), as provided for in paragraph (c)(1) of this section;
- (d) Any information relating to the site visit and the site visit report, if any, pursuant to paragraph (c)(2) of this section;
- (e) The charter school's annual reporting results including, but not limited to, student academic achievement;
- (f) The department's renewal recommendation pursuant to paragraph (c)(3) of this section and the charter school's written response, if any, pursuant to subparagraph (c)(3)(ii) of this section; and
- (g) Any other information that the board, in its discretion, may deem relevant to its determination whether the charter should be renewed, including, but not limited to, information related to whether renewal should be denied to protect the interests of students, families and the public including, but not limited to, instances involving criminal violations, fraud, unsafe environment, organizational stability or other serious or egregious violations of law or of the school's charter.

Beyond the requirement to make these required findings and considerations, the Charter Schools Act leaves the decision of whether to renew a charter to the sound discretion of the Board of Regents.

The Importance of Enrollment and Retention Targets

As enacted, section 2854(2)(a) of the Education Law required that schools demonstrate good faith efforts to attract and retain a comparable or greater enrollment of students with disabilities and limited English proficient students when compared to the enrollment figures for such students in the school district in which the charter is located.

In 2010, the legislature modified the law to provide more stringent guidance regarding enrollment and retention targets. In addition to requiring a demonstration of efforts, the Charter Schools Act now requires that public charter schools enroll and retain students with disabilities (“SWD”), English language learners (“ELL”), and students eligible for the Federal free and reduced price lunch program (“FRPL”), and charged the Board of Regents (“Regents”) and the Board of Trustees of the State University of New York (“SUNY”) to set specific numeric enrollment and retention targets tailored to each individual charter school.

All charter schools that were initially chartered after August 2010 or renewed after January 1, 2011, are expected to meet or exceed the enrollment and retention targets set by the Regents and SUNY. When submitting an application for renewal of the charter, schools are required to provide information detailing the means by which they will meet the enrollment and retention targets (2851(4)(e)), and this information is considered by the Regents in the review of the school’s performance over the charter term. Schools are also required to submit information regarding the targets in their annual reports 2857(2)(d)). A school’s repeated failure to comply with the requirement to meet or exceed their enrollment and retention targets is cause for termination or revocation of the charter pursuant to section 2855(1)(e) of the Education Law.

State Education Department Renewal Recommendations

The Department considers evidence related to all of the Performance Benchmark areas, for the applicable schools, when making recommendations to the Regents concerning charter renewal applications. However, student academic performance is of paramount importance when evaluating each school. Each of the recommendations below was made after a full due-diligence process over the charter term, including review of the information presented by each school in its Renewal Application, a specific fiscal review, a two-day renewal site visit conducted by a Department team during the fall of 2014, comprehensive analysis of achievement data and consideration of public comment. The attached Renewal Recommendation Reports provide summary information about each of the Renewal Applications that are before the Regents for action today as well as an analysis of the academic and fiscal performance of each school over the charter term.

March 2015 Charter School Renewal Overview

Brighter Choice Charter School for Boys – 3 Years

Board Chair	Martha Snyder
District of Location	City School District of Albany
Opening Date	09/09/2002
Charter Terms	Initial charter term: 01/10/2001 – 01/09/2006 First renewal: 01/10/2006 – 01/09/2011 Second renewal: 01/11/2011 – 06/30/2015
Management Company	None
Partners	The Albany Charter School Network
Facilities	116 North Lake Avenue, Albany, NY 12206
Grades/Maximum Enrollment	Grades K-4, 270 students
Mission Statement (From current charter)	<p>The Mission of the Brighter Choice Charter Schools is to ensure that Brighter Choice Charter School scholars have the same opportunities for future success as scholars attending the best public schools in the region. There are 3 significant components to achieving this mission:</p> <ul style="list-style-type: none"> • Exemplary instruction that ensures competency and mastery in reading, writing and mathematics • Focus on the development of social, behavioral, and organizational skills necessary for future school success • An education beyond the basics that includes performing arts, visual arts, science, and history

Brighter Choice Charter School for Girls – 3 Years

Board Chair	Martha Snyder
District of Location	City School District of Albany
Opening Date	09/09/2002
Charter Terms	Initial charter term: 01/10/2001 – 01/09/2006 First Renewal: 01/10/2006 – 01/09/2011 Second Renewal: 01/11/2011 – 06/30/2015
Management Company	None

Partners	The Albany Charter School Network
Facilities	250 Central Avenue, Albany, NY 12206
Grades/Maximum Enrollment	Grades K-4, 270 students
Mission Statement (From current charter)	<p>The mission of the Brighter Choice Charter Schools is to ensure that Brighter Choice Charter School scholars have the same opportunities for future success as scholars attending the best public schools in the region. There are 3 significant components to achieving this mission:</p> <ul style="list-style-type: none"> • Exemplary instruction that ensures competency and mastery in reading, writing and mathematics • Focus on the development of social, behavioral, and organizational skills necessary for future school success • An education beyond the basics that includes performing arts, visual arts, science, and history

Charter School of Applied Technologies (CSAT) – 5 Years

Board Chair	Robert. Mikulec
District of Location	Buffalo City School District
Opening Date	September 2001
Charter Terms	Initial Charter: January 11, 2001 – January 10, 2006 First Renewal: January 11, 2006 – January 10, 2011 Second Renewal: January 11, 2011 – June 30, 2015
Management Company	None
Partners	None
Facilities	2303 Kenmore Avenue, Buffalo K-5 24 Shoshone Street, Buffalo 6-8 2245 Kenmore Avenue, Buffalo 9-12
Grades/Maximum Enrollment	Grades K-12, 1675 students
Mission Statement	<p>The mission of the Charter School for Applied Technologies (CSAT) is to provide an excellent academic education with skill sets relevant to careers in applied technologies. We will lay a foundation for (i) Industry Partnership; (ii) Family Participation; and (iii) Pride and Success through Craftsmanship.</p>

Southside Academy Charter School – 2 Years

Board Chair	Kevin Walsh
District of Location	Syracuse City School District
Opening Date	September 2, 2002
Charter Terms	Initial charter term: September 2, 2002 – January 16, 2007 First renewal term: January 17, 2007 – June 30, 2007 Second renewal term: July 1, 2007 – June 30, 2010 Third renewal term: July 1, 2010 – June 30, 2015
Management Company	National Heritage Academies, Inc.
Partners	None
Facilities	2200 Onondaga Creek Blvd. Syracuse, NY 13207
Grades/Maximum Enrollment	Grades K-8, 690 students
Mission Statement	“Offering families and students a community public charter school which provides a challenging academic program and focuses on high-achievement and instilling a sense of family, community and leadership within all of our students.”

Renewal Recommendations

VOTED: That the Board of Regents finds that, the **Brighter Choice Elementary Charter School for Boys**: (1) meets the requirements set out in Article 56 of the Education Law, and all other applicable laws, rules and regulations; (2) the applicant can demonstrate the ability to operate the school in an educationally and fiscally sound manner; (3) granting the application is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of this article; and (4) granting the application would have a significant educational benefit to the students expected to attend the charter school, and the Board of Regents therefore approves the renewal application of the Brighter Choice Elementary Charter School for Boys and that a renewal charter be issued, and that its provisional charter be extended for a term up through and including June 30, 2018.

VOTED: That the Board of Regents finds that, the **Brighter Choice Elementary Charter School for Girls**: (1) meets the requirements set out in Article 56 of the Education Law, and all other applicable laws, rules and regulations; (2) the applicant can demonstrate the ability to operate the school in an educationally and fiscally sound manner; (3) granting the application is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of this article; and (4) granting the application would have a significant educational benefit to the students expected to attend the charter school, and the Board of Regents therefore approves the renewal application of the Brighter Choice

Elementary Charter School for Girls and that a renewal charter be issued, and that is provisional charter be extended for a term up through and including June 30, 2018.

VOTED: That the Board of Regents finds that, the **Charter School for Applied Technologies**: (1) meets the requirements set out in Article 56 of the Education Law, and all other applicable laws, rules and regulations; (2) the applicant can demonstrate the ability to operate the school in an educationally and fiscally sound manner; (3) granting the application is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of this article; and (4) granting the application would have a significant educational benefit to the students expected to attend the charter school, and the Board of Regents therefore approves the renewal application of the Charter School for Applied Technologies and that a renewal charter be issued, and that is provisional charter be extended for a term up through and including June 30, 2020.

VOTED: That the Board of Regents finds that, the **Southside Charter School**: (1) meets the requirements set out in Article 56 of the Education Law, and all other applicable laws, rules and regulations; (2) the applicant can demonstrate the ability to operate the school in an educationally and fiscally sound manner; (3) granting the application is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of this article; and (4) granting the application would have a significant educational benefit to the students expected to attend the charter school, and the Board of Regents therefore approves the renewal application of the Southside Charter School and that a renewal charter be issued, and that is provisional charter be extended for a term up through and including June 30, 2017.

Timetable for Implementation

The Regents action for the above named charter schools will become effective immediately.

Attachments



New York State Education Department

***Charter School Renewal Recommendation Report
Application for Third Charter Renewal***

Brighter Choice Charter School for Boys

March 2015

Introduction

In accordance with Education Law, Article 56, Section 2852(2), Commissioners Regulation 119.7 and the Board of Regents Charter School Renewal Policy (November, 2012), **the Department recommends a renewal term for a period of three years for the Brighter Choice Charter School for Boys. This recommendation is to correct deficiencies in school governance, financial condition and financial management.** The school must also continue to demonstrate good faith efforts to meet or exceed enrollment targets for students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program. The renewal period would begin on July 1, 2015 and expire on June 30, 2018.

This recommendation is based on information provided by the Brighter Choice Charter School for Boys (BCCS Boys) charter renewal application submitted on August 26, 2014, as well as review and analysis of qualitative and quantitative evidence compiled through the Department’s performance oversight process, over the charter term. The Brighter Choice School for Boys is educationally sound, generally meeting student achievement goals for academic proficiency and growth, but falls below expectations for organizational soundness in the areas of financial condition, financial management, and board oversight and governance.

Charter School Summary¹

Name of Charter School	Brighter Choice Charter School for Boys
Board Chair	Martha Snyder
District of Location	City School District of Albany
Opening Date	09/09/2002
Charter Terms	Initial charter term: 01/10/2001 – 01/09/2006 First renewal: 01/10/2006 – 01/09/2011 Second renewal: 01/11/2011 – 06/30/2015
Management Company	None
Partners	The Albany Charter School Network
Facilities	116 North Lake Avenue, Albany, NY 12206
Mission Statement (From current charter)	<p>The Mission of the Brighter Choice Charter Schools is to ensure that Brighter Choice Charter School scholars have the same opportunities for future success as scholars attending the best public schools in the region. There are 3 significant components to achieving this mission:</p> <ul style="list-style-type: none"> • Exemplary instruction that ensures competency and mastery in reading, writing and mathematics • Focus on the development of social, behavioral, and organizational skills necessary for future school success • An education beyond the basics that includes performing arts, visual arts, science, and history

¹ The information in this section was provided by the NYS Education Department Charter School Office.

Enrollment

School Year	Chartered Enrollment	Actual Enrollment	Grades Served
2014 - 2015	270	288	K-4
2013 - 2014	270	273	K-4
2012 - 2013	270	275	K-4
2011 - 2012	270	250	K-4
Maximum enrollment: 270			

Student Demographics: BCCS Boys Compared to District of Location²

	2012-2013			2013-2014			2014-2015		
	Percent of School Enrollment	Percent of Albany CSD Enrollment	Variance ³	Percent of School Enrollment	Percent of Albany CSD Enrollment	Variance	Percent of School Enrollment	Percent of Albany CSD Enrollment	Variance
Special Populations									
Students with Disabilities	2%	14%	-12	3%	14%	-11	4%	N/A	N/A
Limited English Proficient	1%	7%	-6	3%	8%	-5	4%	N/A	N/A
Economically Disadvantaged	90%	74%	16	100%	71%	29	86%	N/A	N/A

Student Retention (Self-Reported by School)

	2010	2011	2012	2013
Number of students enrolled	256	268	272	270
Number of students who left during the school year	30	11	16	15
Number of students who did not re-enroll the next school year and had not completed the highest grade at the school	15	29	20	15
Retention rate	82%	85%	87%	89%

² Section 2852 (9-a)(b)(i): Charter schools must meet or exceed comparable percentages in the same grades served of the district of location's at-risk population of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program (economically disadvantaged). All charter schools are expected to enroll and retain comparable student populations and show good faith efforts toward recruiting and serving these students.

³ Variance is defined as the percent difference of subgroup enrollment between the charter school and district of location.

Current Board of Trustees

Board Member Name	Term	Position/Committees
Martha Snyder	Serving second three-year term (November 2015-November 2017)	Chair
Rebecca Calos	Serving first three-year term (June 2014-June 2017)	Vice Chair
Zoe Nelson	Serving second three-year term (August 2010-August 2016)	Secretary
Shawn Wallace	Serving first three-year term (June 2014-June 2017)	Treasurer
Nilsa Velilla	Served two one-year terms as Parent Rep (August 2010-August 2011, August 2011-August 2012); Serving first three-year term (August 2012-August 2015)	None

School Leaders

School Year	School Leader Names and Titles
2010-2012	Darryl Williams, School Leader
2013–present	Karen McLean, School Leader

School Visit History

NYSED CSO staff conducted site visits to the Brighter Choice Charter School for Boys each year of the charter term, in accordance with the Department Monitoring Plan. One day check-in visits were conducted in 2012 and 2014. A two day full site visit was conducted during the 2012-2013 school year and a two day renewal site visit was conducted on November 3-4, 2014.

Background

In January of 2001, the Regents granted the Brighter Choice Charter School for Boys an initial charter. The school opened in September of 2002. In January of 2006, BCCS Boys was renewed for a term of five years. In January of 2011, it was renewed for four and half years to place the end of the charter at the end of the school year for that and all subsequent renewals. The current charter expires on June 30, 2015.

Summary of Evidence

The summary of evidence presented below is drawn from the school’s record over the term of the charter including New York State assessment data, the renewal application, renewal and monitoring site visit findings, annual reports, independent fiscal audits, Board of Trustees meeting minutes and other documents collected by and about the school.

Educational Success

Student Performance

Brighter Choice Charter School for Boys meets or comes close to meeting student achievement indicators for academic proficiency on state standards and achievement goals outlined in the school's charter. However, despite the fact that the school's proficiency outcomes typically outperform the state mean, the school has not shown much growth in the last three testing years when compared to similar schools.

Growth – Grade 3-4 Outcomes

In a comparative analysis of Brighter Choice for Boys ELA and math growth outcomes, the school showed stagnant growth trends in Common Core mathematics with only moderate increases in Common Core ELA.

Chart 1: Three-year 3rd grade growth

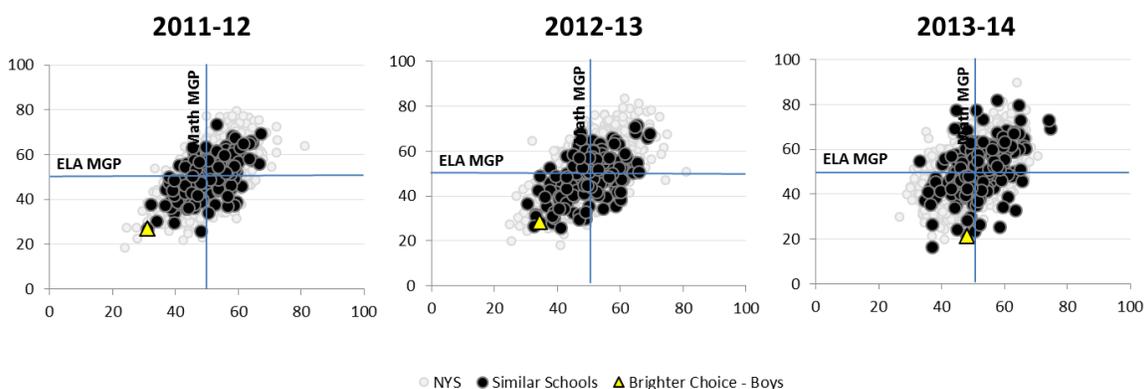


Chart 1: The scatterplots above show the adjusted mean growth percentile of schools with similar grade configuration and demographics to Brighter Choice for Boys K-4th grade continuum. The model requires at least one base year of testing and calculates growth from the base year to the testing year on a per pupil basis. As a result, the growth scores displayed here show growth only from 3rd grade to 4th grade at Brighter Choice for Boys, using the 3rd grade results as a base year. The model also controls for student characteristics, including students with disabilities, English Language Learners, and students in poverty. This allows for all students in all schools to be compared fairly. Each mark represents a school's adjusted mean growth percentile in ELA and math. The crosshairs on the plot represents the state average for growth in ELA and math in that testing year.

Proficiency – Grade 3-4 Outcomes

Though Brighter Choice for Boys did not demonstrate comparative growth in the last three years, the school did significantly outperform the Albany CSD in all years of analysis and outperformed the state mean in all years except 2013-2014 (see Chart 2).

Chart 2: Four-year Gr 3-4 Brighter Choice Charter School for Boys proficiency outcomes compared to Albany CSD and NYS Mean; Compares district to NYS mean

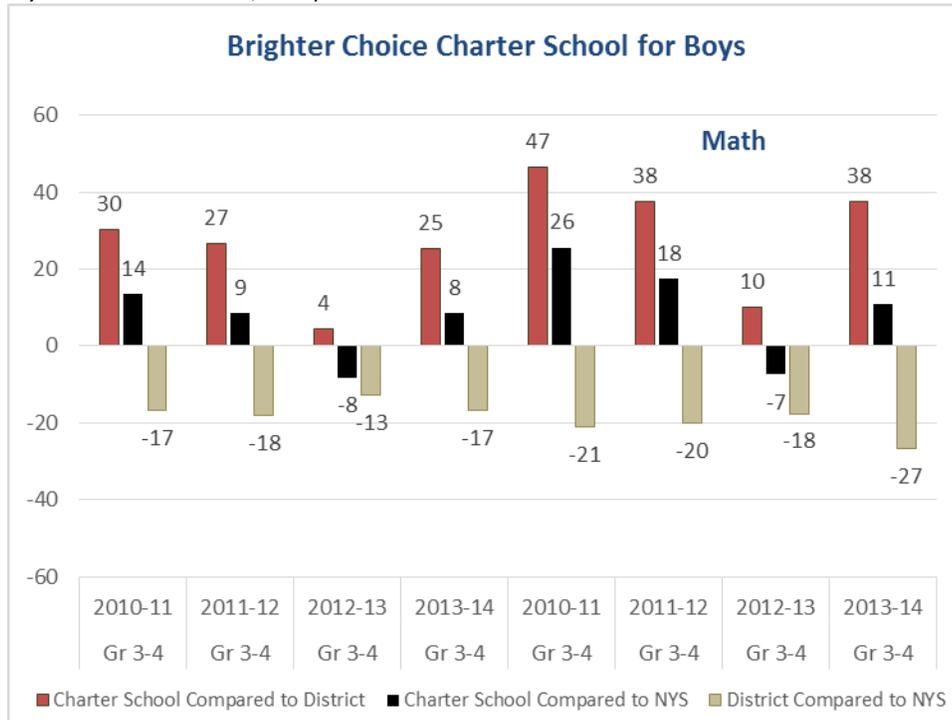


Chart 2: The above histogram compares the school's 3-4th grade proficiency outcomes with that of the district of location and the NYS mean in comparable grades tested. The district's proficiency outcomes are also compared to the NYS mean to gauge whether or not a school's comparison to the state mean mirrors trends seen in the district or if the school is able to overcome the district's academic and socioeconomic challenges. Where (x=0), this line serves as the mean for the school's comparison to the district mean, state mean, or the district's comparison to the state mean. Marks above or below this line indicate how far each comparison has been calculated from the associated mean.

Teaching and Learning

BCCS Boys provides an academic experience that goes “beyond the basics” as promised in its charter, to include the arts, music, physical education, the sciences and social studies in addition to the core (tested) academic areas of reading and mathematics. For the majority of the charter term, the instructional model has been ‘direct instruction’ which site visit team members observed being implemented consistently but with variable effectiveness by a novice and early-career teaching staff.

The school is in the early stages of implementing changes to their curriculum and instruction that are intended to cultivate critical thinking in students. While monitoring teams have observed many examples of high quality instruction during visits throughout the charter term, there have also examples of lower level questioning. The full site visit report of the May 2013 visit, noted that lesson content was often at the recall level of cognitive demand. Beginning in the spring of 2014 and continuing to the present, including two weeks of intensive summer work, teachers from both Brighter Choice elementary schools (Boys and Girls) have collaborated to incorporate four characteristic elements into their curriculum units: inquiry-based, knowledge-driven, expression-focused, and performance oriented. These components are designed to ensure that the revised curriculum is reoriented away from simply

covering content to uncovering deeper understanding and in-depth meaning of the content and skills students are learning.

BCCS Boys staff uses a variety of formative and summative assessments to gauge student learning, including AIMSweb, STEP Literacy and interim assessments. AIMSweb and STEP are administered three times per year, as are interim assessments prepared by the assessment coordinator for all four schools in the Brighter Choice group. Annual NYS assessments provide data to show whether scholars are achieving the Common Core Learning Standards and meeting learning goals. Teachers use data from the varied assessments to diagnose strengths and areas of need for each scholar at the school.

School leaders monitor results from assessments to determine effectiveness of school programs. Changes have been made to the school's curriculum, including the shift to thematic units that include more opportunities for writing across the curriculum since writing was identified, through assessment data analysis, as a weak area for many students. A review of TerraNova assessment results indicated that the test itself is not well-aligned with the New York State assessments and, thus, not predictive of student achievement. A decision has been made to abandon that assessment. In addition, a decrease in state assessment student proficiency levels from grade 3 to grade 4 prompted further analysis. School leaders hypothesized that a re-assignment of certain teachers to different grades would benefit the students and those changes were made.

The school is making progress toward meeting its charter-specific performance goals, and according to the New York State Education Department's (NYSED) accountability designations, BCCS Boys has been in *good standing* throughout its charter term.

Culture, Climate and Family Engagement

BCCS Boys has established a calm, orderly, caring environment that reflects the values, ideals and intentions of its mission and design. School leaders and staff members enforce consistent rules of behavior with uniformly applied consequences. The school allocates considerable resources to allow staff to manage the programs necessary to maintain a safe, secure environment and to support families in need. The supportive climate at BCCS Boys offers the potential for students to achieve their highest academic goals if presented with a rigorous learning experience in the classroom.

The school addresses the social, emotional, and health needs of students in a variety of ways. Besides teachers and school leaders who address student needs, other members of the staff are focused on the social, emotional, and health needs of students, including a full-time school nurse, a social worker, a behavior specialist, and parent liaison. Most classrooms have a "recovery area" for students who may need time alone to reflect and re-focus on academics. The school has an Inspiration Room where a caring adult can speak with a student to address their personal issues. The Behavior Intervention Team monitors students who are "at-risk" and develops a behavior plan for them as needed.

Organizational Soundness

Financial Condition

The Brighter Choice Charter School for Boys is not in sound and stable financial condition as evidenced by performance on key financial indicators derived from the school's independently audited financial

statements. The Department reviews the financial performance and management of charter schools using quantitative and qualitative methods. Quantitative reporting is done through the fiscal dashboard (see appendix).

The dashboard presents several near-term and long-term financial performance indicators.⁴ Near-term indicators, such as the current ratio and unrestricted days cash, are measures of liquidity and of the charter school's capacity to maintain operations. Long-term indicators, such as total margin and debt-to-asset ratio, are measures of the charter school's capacity to remain viable and to meet financial obligations.

Many of the school's financial indicators as explained below pose a moderate or high fiscal risk.

Overall Financial Health

A *composite score* is an overall measure of financial health calculated by the NYSED Office of Audit Services. This score is based on a weighting of primary reserves, equity and net income. A charter school with a score between 1.5 and 3.0 is considered in strong financial health. The table below shows the school's composite scores from 2010-2011 through 2013-2014. Brighter Choice Charter School for Boy's composite score for 2013-2014 is (.80).

**Brighter Choice Charter School for Boys Composite Scores
2010-2011 to 2013-2014**

<i>Year</i>	<i>Composite Score</i>
2013-2014	(.80)
2012-2013	(.60)
2011-2012	(.60)
2010-2011	(.20)

Source: NYSED Office of Audit Services

Near Term Indicators

The *current ratio* is a financial ratio that measures whether or not a school has enough resources to pay its debts over the next 12 months. The ratio is mainly used to give an idea of the school's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the school is of paying obligations, with a ratio under 1.0 indicating concern. Brighter Choice Charter School for Boy's ratio for 2013-2014 was 0.6x.

Unrestricted cash measures in days whether the school can meet operating expenses without receiving new income. Schools typically strive to maintain at least 90 days cash on hand. For 2013-14 Brighter Choice Charter School for Boys operated with 8.7 days unrestricted cash.

Enrollment stability measures whether or not a school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Schools typically strive to have low variability in enrollment over time. Actual enrollment that is over 85 percent is considered reasonable. For 2013-2014 and 2012-2013 enrollment stability was 100 percent.

⁴ These rigorous indicators of fiscal soundness are aligned with those recommended by the National Association of Charter School Authorizers, and are also used by the Trustees at the State University of New York (SUNY) in their capacity as a charter school authorizer (SUNY-CSI) in New York State.

Long Term Indicators

A school's *debt to asset ratio* measures the extent to which the school relies on borrowed funds to finance its operations. It is calculated as total liabilities divided by total assets. A ratio of 0.9 or less meets a standard of low risk. Brighter Choice Charter School for Boy's debt to asset ratio was 1.15x.

Total margin measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Total margin is calculated as net income divided by total revenue. A total margin that is positive indicates low risk. For 2013-2014 the school's total margin was (-5.0%).

Brighter Choice Charter School for Boys near-term indicators (current ratio and unrestricted cash) and long-term indicators (debt to asset ratio and total margin) are below acceptable thresholds and present financial risk.

New York State Office of State Controller Audit

The 2013 NYS Office of State Controller (OSC) audit recommendations that the school has not adequately addressed include 1) that the school determine if there is a more cost effective means to receive the desired services currently being provided by the Foundation and 2) that the school ensure that contracts with the Foundation contain sufficient descriptions to determine the benefits, rights and responsibilities of all parties to the contract, and that the board should use this information to monitor compliance with the contract. The OSC audit also determined that the school did not budget properly. The school failed to accurately budget a number of expense accounts, including failing to budget some account codes and using unrealistic amounts in others. In addition, the school does not modify its budget during the year.

2013-2014 Audited Financial Statements

The 2013-2014 management letter was issued on November 24, 2014 to management of Brighter Choice Charter School for Boys by the independent auditor and included nine findings and uncorrected misstatements as shown below:

- 2014-1 Going Concern Issue
- 2014-2 Timeliness of Financial Statements
- 2014-3 Missing Information
- 2014-4 Due to/from Related School
- 2014-5 Merit Pay Accruals
- 2014-6 Salary Reclassifications
- 2014-7 Fixed Assets
- 2014-8 NY Nonprofit Revitalization Act of 2013
- 2014-9 Related School Receivables/Payables
- Uncorrected misstatements

Finding 2014-1 refers to a going concern issue. A *going concern* is an entity that functions without the threat of liquidation for the foreseeable future. The use of the term *going concern issue* means that the entity may need to liquidate or curtail materially the scale of its operations.

A corrective action plan for the management letter findings and uncorrected misstatements was requested on December 8, 2014. This letter also stated that for the going concern issue, the corrective action plan must include measures the board has formally taken by Friday, January 9, 2015 to address the going concern issue. Clear actions must be taken by the Board to meet covenants in bond agreements and to function as a *going concern*.

The school submitted corrective action plans on January 6, 2015. However, the plans have not been implemented by the school as they have anticipated completion dates ranging from January 31, 2015 to March 18, 2015.

2013-2014 Audited Financial Statements- Statement of Activities

The percentage of expenses for the past two years that are for management services (not program related) are higher than the New York State average for charter schools. In the audited Statement of Activities for 2013-2014 the management expenses were 33 percent of all expenses. In the audited Statement of Activities for 2012-2013 the management expenses were 37 percent of all expenses. The 2012-2013 New York State average for management expenses was 15 percent.

Financial Management

The Brighter Choice Charter School for Boys does not consistently operate in a fiscally sound manner, with realistic budgets pursuant to a long-range financial plan. There is also a lack of appropriate internal controls and procedures in accordance with the terms of the charter agreement, state law and generally accepted accounting procedures. During the charter term, the board of trustees did not act in a timely manner to correct financial management policies and procedures in accordance with recommendations by the NYS Comptroller, the school's independent auditor, and the requirements of the New York State Education Department Charter School Audit Guide.

The school changed independent auditors for the 2013-2014 audit year and the school was unable to respond to auditor inquiries in a timely manner. The school submitted the 2013-2014 audited financial Statements to the Charter School Office on November 25, 2014, which is considered a late submission as the statements are due November 1. We also noted that the 2013-2014 Schedule of Functional Expenses did not follow the template categories provided in the Charter School Audit Guide, as required.

Board Oversight and Governance

The board lacks adequate skill sets and expertise for effective governance and structural continuity. The board recognizes that there are areas of expertise that are not represented in the current configuration of members. They are actively seeking additional members and have identified skill sets they feel are important, including financial expertise as well as an individual who understands the legal issues around school governance. The board appears to rely on The Network for guidance in many if not most areas, including curriculum, finances, and board member recruitment. However, the contract/MOU between the school and The Network does not specify the services that The Network will provide.

The board continues to work in collaboration with The Network to receive professional development in board oversight and governance. Through the strategic planning process facilitated by The Network, the board has identified five obligations including: helping the school shape and pursue its core purpose; prioritizing recruitment, development, and performance evaluation for board members and school leaders; holding school leaders accountable for the school's academic goals and the accountability plan

outlined by the NYS Education Department; oversee internal controls, budgeting, cash management and accounting; and fund raising beyond per-pupil allocation from the public school.

Organizational Capacity

The organizational chart for BCCS Boys includes staff employed solely by the school and staff shared among the four Brighter Choice elementary and middle schools. The leadership team consists of the school leader, the Director of School Quality (who oversees all four Brighter Choice schools) and the director of curriculum, instruction, and assessment (the assistant principal). Shared staff includes the director of school quality, assessment coordinator, the English language learner (ELL) coordinator, and the director of operations. The roles and responsibilities of staff shared among the four Brighter Choice schools are not clear. No details about the terms and oversight of shared staff are provided in contracts. With the exception of the ELL coordinator, whose FTE beginning in 2014-2015 is determined by caseload, the school is paying for one quarter of each shared staff member. It is unclear how they will ensure that they are consistently receiving one fourth of the services of each shared staff member.

A comprehensive process is in place for evaluation of school leaders. The board of trustees directly assesses the performance of the director of school quality whose responsibility is the oversight of all four Brighter Choice schools. The same rubric is used by the director of school quality to evaluate the school leaders. The director of school quality also evaluates the director of operations, and both the assessment and ESL coordinators.

There has been minimal turnover in teachers and leaders over the majority of the charter term, with the greatest number of departures in 2013-2014, when seven out of 32 teachers left or were not asked to return.

Faithfulness to the Charter and Law

Mission and Key Design Elements

The school is focused on its mission as evidenced by its curriculum development, instructional practices, behavioral expectations, and fostering a caring climate and culture. The key design elements have been faithfully implemented. BCCS Boys maintains a serious focus on academic achievement as evidenced in the classroom and in the continued effort used to ensure that the rigorous K-4 curriculum is aligned with standards. There is an equally rigorous standard for behavior. Students have internalized the norms for acceptable conduct in classrooms and hallways. Teachers incorporate core values into their interactions with students. One example seen during a classroom visit was a teacher praising a Kindergarten student for his leadership qualities as he helped others complete their work. Parents were in agreement that the single-gender instruction and mandatory uniforms helped students maintain focus on their learning. They also felt that the longer school day (8:00 AM to 3:30 PM) as well as the longer school year (the day after Labor Day until the beginning of July) enabled students to be exposed to more instruction and achieve at higher levels. Finally, frequent testing beginning in Kindergarten ensures that school leaders and teachers can continuously monitor student progress and implement interventions immediately to support struggling students.

Enrollment, Recruitment and Retention

While the percentage of economically disadvantaged students at BCCS Boys exceeds the Albany City School District (90% at BCCS Boys compared to 74% in Albany City School District in 2012-13), BCCS Boys

enrolls significantly fewer students with disabilities than Albany City School District (2% at BCCS Boys compared to 14% in the Albany City School District in 2012-2013).⁵ Although there have been minor fluctuations from year to year, the percentage of students with disabilities enrolled in BCCS Boys does not appear to be trending upward.

The school has enrolled a lower rate than the district throughout all three charter terms. The board and leaders stated that, through effective instruction and a robust Response to Intervention program, BCCS Boys addresses student learning issues effectively and early enough to limit the need for referral to Committee on Special Education (CSE).

In its Application for Charter Renewal, the school states that it has made good faith efforts to attract and retain students with disabilities, English language learners, and students who are eligible for the free and reduced price lunch program. According to the Renewal Application, those efforts have included the following:

- The following disclaimer is on school's website and most brochures/flyers: *Brighter Choice Charter School for Boys accommodates students with disabilities, English language learners and participates in the free and reduced meals program.*
- A non-discrimination statement is on the school's website and admission applications.
- Discussions occur during meetings with current families and multi-lingual staff, as needed.
- Discussions occur during tours with interested families and multi-lingual staff, as needed.
- Discussions occur during door-to-door campaigns within the community.
- Outreach occurs to specialized feeder schools and programs.
- Outreach occurs to community by multi-lingual staff.
- Outreach occurs to immigrant communities.
- Outreach occurs to shelters and food pantries.
- Flyers and applications are provided to current ELL families for distribution.
- Translation of advertisements and school materials is available.
- Translation feature on the school's website is available.
- Advertising material and school brochures are available in languages other than English.
- Support is available for all families when completing necessary paperwork to apply and/or enroll in the school and the school's programs.

Going forward in 2014-15, Brighter Choice for Boys will incorporate the following additional efforts:

- All school advertisements will include the disclaimer that the school accommodates students with disabilities, English language learners and participates in the free and reduced lunch program.

Legal Compliance

The Charter School Office has cited BCCS Boys for several compliance issues over the course of the charter. The Charter School Office issued the school a Corrective Action Letter in July 2013 to cease immediately the actual and/or perceived practice of operating more than one charter school, including the practice of holding one board meeting to address the oversight of four schools and having a shared executive director of all four schools. The board, although still composed of the same members and

⁵ See *Student Demographics* table, pg.4

using the same governance protocols for all schools, now holds separate meetings with separate agendas for each school.

The board was out of compliance on the number of board meetings held during the year. The school's board of trustees had been meeting bi-monthly or six times per year throughout the school's current charter term as evidenced in the Department's 2010 renewal site report, the school's current bylaws, and minutes of the board's bi-monthly meetings. The board responded to this citation by scheduling the required monthly meetings immediately following the July 2013 Corrective Action Letter.

Board membership has not been maintained according to bylaws. There has been turnover among board members. During the 2013-14 school year, the chair of the board and one additional member resigned. As a result, the board did not have the required number of trustees between September 2013 and June 2014, which was a violation of Ed Law Section 226 and the school's own bylaws. The board is currently composed of five members, the minimum number.

BCCS Boys was out of compliance with financial reporting requirements for the 2013-2014 school year, and did not meet the November 1st statutory deadline for submitting an external 2013-2014 audit. After multiple requests from SED-CSO staff, the audit was submitted on November 25, 2014.

Proposed Revision Requests

BCCS Boys is replacing their goals from the previous term with those of the Performance Framework Benchmark 1. The school has also revised their mission statement and key design elements, presented below, to align with recent changes in curriculum and instruction.

Mission Statement

The Mission of the Brighter Choice Charter Schools is to ensure that BRIGHTER CHOICE CHARTER SCHOOL scholars have the same opportunities for future success as scholars attending the best public schools in the region. There are 3 significant components to achieving this mission:

- Exemplary instruction that prepares scholars to think critically, problem-solve effectively, and to become engaged and responsible learners, successfully prepared for middle school, high school, and college
- Focus on the development of social, behavioral, and organizational skills necessary for future school success
- An education beyond the basics that includes performing arts, visual arts, science, and history

Key Design Elements

Upon acceptance to the BRIGHTER CHOICE CHARTER SCHOOLS, our families commit themselves to a unique and exceptional program, and at registration accept the policies of the school as listed here, as well as in other school publications.

The distinctive, non-negotiable features of a BRIGHTER CHOICE CHARTER SCHOOLS education:

High Impact Professional Development for Educators

BCCS Boys considers teacher quality and performance as important factors to scholars' competency and mastery in reading, writing and mathematics. Building the capacity of teachers to deliver quality

instruction will begin prior to the start of the academic year and will continue throughout the school year with targeted professional development experiences.

Engaging Academic Program

BCCS Boys educational program will be aligned to the Common Core State Standards, using a thematic approach to learning. The educational program will be designed to inspire and motivate learning, engage teachers and scholars in new levels of focus and effort, and create a place where scholars take ownership of their own learning. Through a thematic approach to learning, scholars will learn to work collaboratively and develop their problem solving and thinking skills while achieving academic excellence.

Integrated Studies

Integrated study will form the instructional core of learning and teaching at BCCS Boys. Connecting together reading, writing, science, social studies, and, where appropriate, math under thematic units will motivate BCCS Boys to learn and want to learn. All thematic units will follow the Understanding by Design Framework, where effective curriculum is planned backward from long-term desired results through a three-stage design process (Desired Results, Evidence, and Learning Plan).

Data Driven Instructions

In order to achieve the school's mission of preparing scholars to think critically, problem-solve effectively, and to become engaged and responsible learners, BCCS Boys will create and maintain a school culture where data analysis is viewed as an essential piece of the teaching and learning process. Formative, interim, and summative assessments will be used to increase instructional effectiveness, adjust individual scholar learning goals, and provide meaningful feedback to teachers.

Focus on Character Development and Problem Solving Skills

BCCS Boys will adhere to high expectations for scholar conduct and will teach and reinforce strategies to increase scholar motivation, focus, cooperation, and collaboration. A curriculum for character development surrounding our core values; citizenship, integrity, scholarship, and perseverance will be used to grow and develop our scholars' social and behavioral skills. Scholars will be engaged in tasks and activities that would allow them to problem solve whether or not actions are appropriate or inappropriate to different situations.

Parent and Community Partnerships

Scholar achievement is strengthened by parent and community involvement. BCCS Boys will connect parents and caregivers with their scholar's education by means of frequent calls home, progress reports, a school newsletter and website. Scholars and families will benefit from our strong school partnerships with family service agencies and community organizations that aid with challenging or on-going problematic scholar behaviors.

More time on task

In keeping with the mission of BCCS Boys, a longer school day and school year will help scholars achieve mastery of concepts in an academically rigorous curriculum.

Summary of Public Comment

The Board of Education of the City School District of Albany, NY held a public hearing on Thursday, October 2, 2014. Two comments in opposition were recorded.

Charter School:	Brighter Choice Charter School for Boys
Report as of:	2014



General Information:			
School District:	Albany CSD	Years in Operation:	12
		Grade(s) Served:	K-4
		Actual Enrollment:	273
		Budgeted Enrollment:	270

Income Statement:

Total Revenues:	\$ 4,452,233
Expenses:	
Enrollment Stability	
Total Program Services	\$ 3,103,138
Management and General	\$ 1,571,073
Development	\$ -
Fundraising	\$ -
Disposal Losses	\$ -
Other	\$ -
Total Expenses:	\$ 4,674,211
Operating Deficit	(\$221,978)
% Management & General	33.61%
Statewide Average	15.24%
% Programmatic Services	66.39%
Statewide Average	84.12%

Balance Sheet & Cash Flow:

Assets:	
Cash - Unrestricted	\$111,736
Cash in Escrow	\$0
Other Current Assets	\$464,599
Investments & PP&E	\$6,356,253
Other Long Term Assets	\$1,253,965
Total Assets:	\$ 8,186,553
Liabilities:	
Current Liabilities	\$1,043,341
Long Term Liabilities	\$8,361,905
Total Liabilities:	\$9,405,246
Net Assets:	(\$1,218,693)
Total Liab. & Net Assets:	\$8,186,553
Change in Cash	\$105,686

Key Performance Metrics:

Near-Term Metrics:	
Current Ratio	0.6x
Unrestricted Days Cash	8.7
Enrollment Stability	101.1%
Total Revenue Per Student:	\$16,309
Total Expenses Per Student:	\$17,122
Sustainable Metrics:	
Total Margin	(5.0%)
Debt to Asset Ratio	1.15x
Debt Service Coverage Ratio	(0.0)
Composite Score	(0.80)

Performance Evaluation Master

Symbol Legend:

	Meets Standard (Low Risk)
	Adequate (Moderate Risk)
	Requires Review (High Risk)

Financial Indicator:

Near-Term Indicators:

1a.	Current Ratio
1b.	Unrestricted Days Cash
1c.	Enrollment Stability

Financial Composite Score:

1d.	Composite Score
------------	------------------------

Long-Term Indicators:

2a.	Total Margin
2b.	Debt to Asset Ratio
2c.	Debt Service Coverage Ratio

2014 Key Inputs:

Target School:	Brighter Choice Charter School for Boys
Time Period:	2014

Target: Brighter Choice Charter School for Boys

Current Metric:	Performance:		
0.6			
8.7			
101.1%			

Current Metric:	Performance:		
-0.8x			

Current Metric:	Performance:		
(5.0%)			
1.15x			
0.0x			

Near-Term Performance Evaluation: Brighter Choice Charter School for Boys

	2014	2013	2012	Average
1a. Current Ratio	0.55x	0.98x	1.13x	0.89x

Explanation: Current Ratio (CR) is a measure of operational efficiency and short-term financial health. CR is calculated as current assets divided by current liabilities.



Meets Standard - Low Risk (if satisfies any of the following two):

<input type="checkbox"/>	CR is greater than or equal to 1.1
<input type="checkbox"/>	CR is between 1.0 and 1.1 and one-year trend is positive (current year ratio is higher than last year's)



Adequate - Moderate Risk (if satisfies any of the following two):

<input type="checkbox"/>	Current Ratio is between 0.9 and 1.0 or equal to 1.0
<input type="checkbox"/>	CR is between 1.0 and 1.1 and one-year trend is negative



Requires Review - High Risk:

<input checked="" type="checkbox"/>	Current ratio is less than or equal to 0.9
-------------------------------------	--

	2014	2013	2012	Average
1b. Unrestricted Days Cash	8.7	0.5	29.2	12.8

2c.



Meets Standard - Low Risk (if satisfies any of the following two):

<input type="checkbox"/>	30 days or more of cash
--------------------------	-------------------------



Adequate - Moderate Risk (if satisfies any of the following two):

<input type="checkbox"/>	Days Cash is between 15 and 30 days
--------------------------	-------------------------------------



Requires Review - High Risk:

<input checked="" type="checkbox"/>	Less than 15 Days Cash
-------------------------------------	------------------------

	2014	2013	2012	Average
1c. Enrollment Stability	101.1%	101.1%	101.9%	101.4%

Explanation: Enrollment stability tells authorizers whether or not the school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Actual Enrollment divided by Enrollment Projection in Charter School Budget.



Meets Standard - Low Risk:

<input checked="" type="checkbox"/>	Enrollment Variance equals or exceeds 95% in most recent year
-------------------------------------	---



Adequate - Moderate Risk (if satisfies any of the following two):

<input type="checkbox"/>	Enrollment Variance is between 85% and 95% in the most recent year
--------------------------	--



Requires Review - High Risk:

<input type="checkbox"/>	Enrollment Variance is equal to or less than 85% in most recent year
--------------------------	--

2c.

Financial Composite Score: Brighter Choice Charter School for Boys

Financial Composite Score	Current
	(0.80)

Explanation: Accounting for an Institution's Total Financial Condition. We evaluate the financial health of schools using a blended score that measures institutions' performances on key financial indicators. The blended score allows an institution's sources of financial strength to offset areas of financial weakness. To calculate: Step 1: Calculate Three Financial Ratios from Financial Statements (Primary Reserve Ratio, Equity Ratio, and Net Income Ratio). Step 2: Convert Ratio Results to Strength Factor Scores. Step 3: Multiply the Strength Factor Scores by a Weighting Factor. Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score.



Meets Standard: Fiscally Strong

<input type="checkbox"/>	Composite Score Range of 1.5-3.0.
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Fiscally Adequate

<input type="checkbox"/>	Composite Score Range of 1.0-1.4.
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Requires Review: Fiscally Needs Monitoring

<input checked="" type="checkbox"/>	Composite Score Range of -1.0-0.9.
-------------------------------------	------------------------------------

Long-Term Performance Evaluation: Brighter Choice Charter School for Boys

	2014	2013	2012	Average
2a. Total Margin	(5.0%)	(0.7%)	(0.1%)	(1.9%)

Explanation: Total margin measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Calculated as Net Income divided by Total Revenue.



Meets Standard - Low Risk (if satisfies any of the following two):

	Most recent year Total Margin is positive
--	---



Adequate - Moderate Risk:

X	Most recent Total Margin is less than 0 but greater than -10%
----------	---



Requires Review - High Risk (if satisfies any of the following two):

	Current year Total Margin is less than -10%
--	---

	2014	2013	2012	Average
2b. Debt to Asset Ratio	1.15x	1.12x	1.11x	1.13x

Explanation: Measures the extent to which the school relies on borrowed funds to finance its operations. Calculated as Total Liabilities divided by Total Assets.



Meets Standard - Low Risk:

	Debt to Asset Ratio is less than 0.90
--	---------------------------------------

Adequate - Moderate Risk:

	Debt to Asset Ratio is between 0.90 and 1.0
--	---



Requires Review - High Risk:

X	Debt to Asset Ratio is greater than 1.0
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	2014	2013	2012	Average
2c. Debt Service Coverage Ratio	-0.03	0.00	0.00	(0.01)

Explanation: Debt service coverage ratio indicates a school's ability to cover its debt obligations in the current year. Calculated as: (Net Income + Depreciation + Interest Expense)/(Principal and Interest Payments).



Meets Standard - Low Risk:

	Debt Service Coverage Ratio is equal to or exceeds 1.10
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Adequate - Moderate Risk:

	Debt Service Coverage Ratio is less than 1.10
--	---

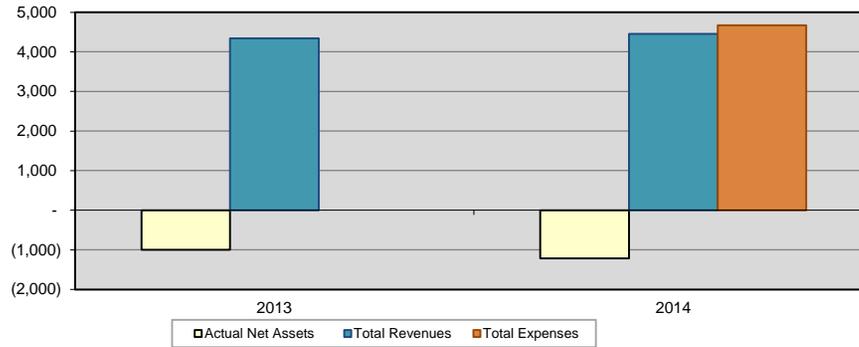


Requires Review - High Risk:

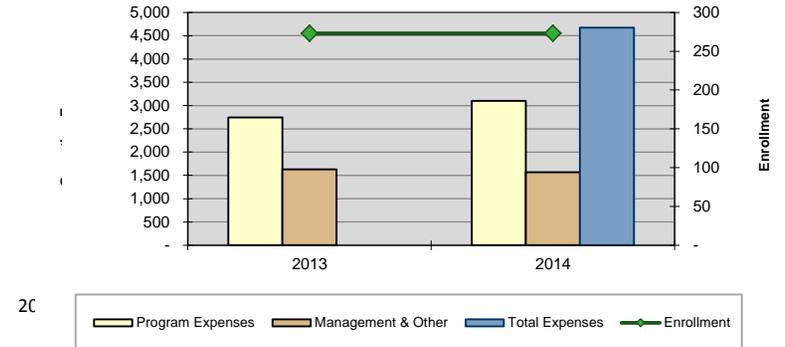
X	Debt Service Coverage Ratio is less than 0.90
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(\$'s in thousands)

Revenues, Expenses & Change in Net Assets



Enrollment vs. Operating Expenses

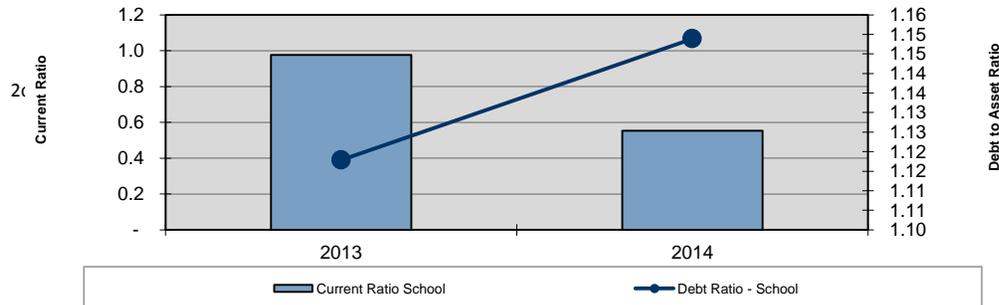


Enrollment Stability
This chart illustrates total revenue and expenses each year and the relationship those subsets have on the increase/decrease of net assets on a year-over-year basis.

This chart illustrates to what extent the school's operating expenses have followed its student enrollment pattern.

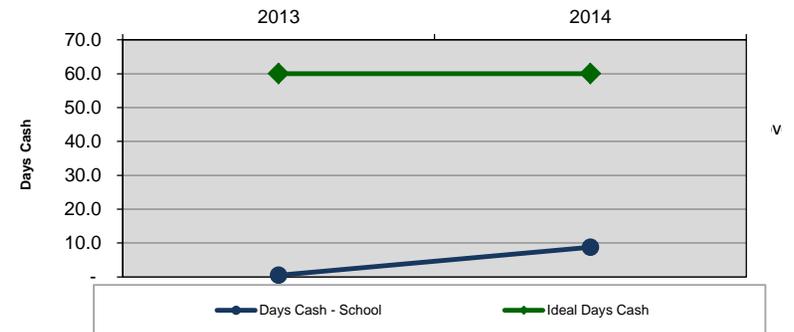
Current Ratio / Debt to Asset Ratio

CURRENT RATIO - Risk = Low > 1.1 / Medium 0.9 - 1.1 / High < 0.9
DEBT TO ASSET RATIO - Risk = Low < 0.90 / Medium 0.9 - 1.0 / High > 1.0



Current Ratio is a measure of operational efficiency and short-term financial health. Debt to Asset indicates what proportion of debt a school has relative to its assets.

Days Cash



Unrestricted days cash on hand indicates how many days a school can pay its expenses without another inflow of cash.

School		Brighter Choice Charter School for Boys	
COMPOSITE SCORE:		(0.8)	
PRIMARY RESERVE RATIO	Unrestricted Net Assets	\$	(1,219,129.00)
	ADD: Temporarily Restricted Net Assets	\$	436.00
	LESS: Annuities, term endowments & life income funds that are temporarily restricted	\$	(283,396.00)
	LESS: Intangible Assets	\$	-
	Less: Net Property, Plant and Equipment (PPE)	\$	(6,356,253.00)
	ADD: Post Employment Benefits	\$	-
	ADD: All debt obtained for long term purposes (up to net PPE)	\$	6,356,253.00
	EXPENDABLE NET ASSETS	\$	(1,502,089.00)
	DIVIDE BY: TOTAL EXPENSES	\$	4,674,211.00
PRIMARY RESERVE RATIO:			-0.321x
EQUITY RATIO	Unrestricted Net Assets	\$	(1,219,129.00)
	ADD: Temporarily Restricted Net Assets	\$	436.00
	ADD: Permanently Restricted Net Assets	\$	-
		\$	-
	LESS: Deferred Financing Costs	\$	(283,396.00)
	LESS: Note Receivable from Related Party	\$	-
	MODIFIED NET ASSETS	\$	(1,502,089.00)
	DIVIDE BY: MODIFIED ASSETS	\$	7,903,157.00
EQUITY RATIO:			-0.190x
NET INCOME RATIO:	CHANGE IN UNRESTRICTED NET ASSETS	\$	(221,978.00)
	DIVIDE BY: TOTAL UNRESTRICTED REVENUE	\$	4,452,233.00
	NET INCOME RATIO:		
STRENGTH FACTOR SCORE <small>(cannot be <-1 or >3)</small>	PRIMARY RESERVE strength factor score = 10 x Primary Reserve ratio result	10	(1.000)
	EQUITY strength factor score = 6 x Equity ratio result	6	(1.000)
	Net Income strength factor score = 1 + (25 x Net Income Ratio Result) IF Negative Net Inc.	25	(0.246)
	Net Income strength factor score = 1 + (50 x Net Income Ratio Result) IF Positive Net Inc.	50	0.000
	NET INCOME Strength Factor:		
WEIGHTED AND COMPOSIT E SCORE	Primary Reserve Weighted Score = 40% x Primary Reserve Strength Factor Ccore:	40.0%	(0.400)
	Equity Weighted Score = 40% x Equity Strength Factor Score:	40.0%	(0.400)
	Net Income Weighted Score = 20% x Net Income Strength Factor:	20.0%	(0.049)
	Composite Score = Sum of ALL Weighted Scores		(0.849)
	Round to one digit after the decimal to determine the final score:		

COMPOSITE SCORE EXPLANATION:

➔	2014
➔	How the Rule Works. Charter schools are measured on three financial ratios that are blended to produce a single composite score. The ratios and composite scores address and adjust for differences across business sectors. The model used by NYSED is weighted for "private, non-profit" institutions. The formula may be modified to analyze schools using different financial models.
➔	Institutions earning a high composite score are considered financially responsible and may continue to operate without additional monitoring from CSO.
➔	Institutions with low composite scores are not financially responsible and may be subjected to additional monitoring and oversight from CSO.
➔	Schools between high and low scores are considered to be "in the zone" of uncertain financial responsibility. They are financially responsible but are subject to additional monitoring and closer scrutiny to protect the interests of students and taxpayers. The zone alternative may only be used for three consecutive years.
➔	The ratio methodology combines elements from the audited financial statement into a single blended composite score. The regulatory result depends on the composite score, as illustrated in the following table.

Understanding COMPOSITE SCORES

Regulatory Result	Composite Score Range	Interpretation of Score Range
Financially Responsible	1.5 to 3.0	School is financially healthy enough to operate without additional monitoring
	1.0 to 1.4	In the zone, additional monitoring needed by CSO
Not Financially Responsible	-1.0 to 0.9	School is not financially healthy enough to be considered financially responsible

Debt Service Coverage Ratio

4 Steps to Calc. COMPOSITE SCORES

Step 1: Calculate Three Financial Ratios from Financial Statements

Primary Reserve Ratio	Equity Ratio	Net Income Ratio
Expendable Net Assets / Total Expenses	Modified Net Assets / Modified Assets	Change in Unrestricted Net Assets / Total Unrestricted Revenue

Step 2: Convert Ratio Results to Strength Factor Scores

Strength Factor Score	Interpretation of Score	Primary Reserve Ratio		Equity Ratio		Net Income Ratio	
		Private Non-profit	Pro-prie-tary	Private Non-profit	Pro-prie-tary	Private Non-profit	Pro-prie-tary
-1	Liabilities exceed resources	(0.10)	(0.05)	(0.17)	(0.17)	(0.08)	(0.06)
0	No demonstrable net resources	0.00	0.00	0.00	0.00	(0.04)	(0.03)
1	Minimal resources, but not enough for clear financial health	0.10	0.05	0.17	0.17	0.00	0.00
1.5	Minimal level of resources to indicate financial health	0.15	0.08	0.25	0.25	0.01	0.02
3	Clearly financially healthy on that resource	0.30	0.15	0.50	0.50	0.04	0.06

Step 3: Multiply the Strength Factor Scores by a Weighting Factor

Charter School Educational Sector	Primary Reserve Strength Factor	Equity Strength Factor	Net Income Strength Factor
Private Non-profit	40%	40%	20%
Proprietary	30%	40%	30%

Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score



New York State Education Department

***Charter School Renewal Recommendation Report
Application for Third Charter Renewal***

Brighter Choice Charter School for Girls

March 2015

Introduction

In accordance with Education Law, Article 56, Section 2852(2), Commissioners Regulation 119.7 and the Board of Regents Charter School Renewal Policy (November, 2012), **the Department recommends a renewal term for a period of three years for the Brighter Choice Charter School for Girls. This recommendation is to correct deficiencies in school governance, financial condition and financial management.** The school must also continue to demonstrate good faith efforts to meet or exceed enrollment targets for students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program. The term would begin on July 1, 2015 and expire on June 30, 2018.

This recommendation is based on information provided by the Brighter Choice Charter School for Girls (BCCS Girls) charter renewal application submitted on August 26, 2014, as well as review and analysis of qualitative and quantitative evidence compiled through the Department’s performance oversight process, over the charter term. The Brighter Choice School for Girls is educationally sound, generally meeting student achievement goals for academic proficiency and growth, but falls below expectations for organizational soundness in the areas of financial condition, financial management, and board oversight and governance.

Charter School Summary¹

Name of Charter School	Brighter Choice Charter School for Girls
Board Chair	Martha Snyder
District of Location	City School District of Albany
Opening Date	09/09/2002
Charter Terms	Initial charter term: 01/10/2001 – 01/09/2006 First Renewal: 01/10/2006 – 01/09/2011 Second Renewal: 01/11/2011 – 06/30/2015
Management Company	None
Partners	The Albany Charter School Network
Facilities	250 Central Avenue, Albany, NY 12206
Mission Statement (From current charter)	<p>The mission of the Brighter Choice Charter Schools is to ensure that Brighter Choice Charter School scholars have the same opportunities for future success as scholars attending the best public schools in the region. There are 3 significant components to achieving this mission:</p> <ul style="list-style-type: none"> • Exemplary instruction that ensures competency and mastery in reading, writing and mathematics • Focus on the development of social, behavioral, and organizational skills necessary for future school success • An education beyond the basics that includes performing arts, visual arts, science, and history

¹ The information in this section was provided by the NYS Education Department Charter School Office.

Enrollment

School Year	Actual Enrollment	Grades Served
2014-2015	273	K-4
2013-2014	272	K-4
2012-2013	261	K-4
2011-2012	277	K-4

Student Demographics: BCCS Girls Compared to District of Location²

	2012-2013			2013-2014			2014-2015		
	Percent of School Enrollment	Percent of Albany CSD Enrollment	Variance ³	Percent of School Enrollment	Percent of Albany CSD Enrollment	Variance	Percent of School Enrollment	Percent of Albany CSD Enrollment	Variance
Special Populations									
Students with Disabilities	1%	14%	-13	2%	14%	-12	2%	N/A	N/A
Limited English Proficient	5%	7%	-4	5%	8%	-3	5%	N/A	N/A
Economically Disadvantaged	91%	74%	17	100%	71%	29	90%	N/A	N/A

Student Retention (Self-Reported by School)

	2011	2012	2013
Number of students enrolled	275	271	271
Number of students who left during the school year	43	44	24
Number of students who did not re-enroll the next school year and had not completed the highest grade at the school	9	22	8
Retention rate	81%	76%	88%

² Section 2852 (9-a)(b)(i): Charter schools must meet or exceed comparable percentages in the same grades served of the district of location's at-risk population of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program (economically disadvantaged). All charter schools are expected to enroll and retain comparable student populations and show good faith efforts toward recruiting and serving these students.

³ Variance is defined as the percent difference of subgroup enrollment between the charter school and district of location.

Current Board of Trustees

Board Member Name	Term	Position/Committees
Martha Snyder	Serving second three-year term (November 2015-November 2017)	Chair
Rebecca Calos	Serving first three-year term (June 2014-June 2017)	Vice Chair
Zoe Nelson	Serving second three-year term (August 2010-August 2016)	Secretary
Shawn Wallace	Serving first three-year term (June 2014-June 2017)	Treasurer
Nilsa Velilla	Served two one-year terms as Parent Rep (August 2010-August 2011, August 2011-August 2012); Serving first three-year term (August 2012-August 2015)	None

School Leaders

School Year	School Leader Names and Titles
2014-15	Tia Corniel
2013-14	Marcus Puccioni
2012-13	Cara Phelps
2011-12	Cara Phelps
2010-11	Deah Burnham Postiglione

School Visit History

NYSED CSO staff conducted site visits to the Brighter Choice Charter School for Girls each year of the charter term, in accordance with the Department Monitoring Plan. One day check-in visits were conducted in 2012 and 2014. A two day full site visit was conducted during the 2012-2013 school year and a two day renewal site visit was conducted on November 5-6, 2014.

Background

In January of 2001, the Regents granted the Brighter Choice Charter School for Girls an initial charter. The school opened in September of 2002. In January of 2006, BCCS Girls was renewed for a term of five years. In January of 2011, it was renewed for four and half years to place the end of the charter at the end of the school year for that and all subsequent renewals. The current charter expires on June 30, 2015.

Summary of Evidence

The summary of evidence presented below is drawn from the school's record over the term of the charter including New York State assessment data, the renewal application, renewal and monitoring site visit findings, annual reports, independent fiscal audits, Board of Trustees meeting minutes and other documents collected by and about the school.

Educational Success

Student Performance

The Brighter Choice Charter School for Girls meets or comes close to meeting student achievement indicators for academic growth and proficiency on state standards, and achievement goals outlined in the school's charter.

Growth – Grade 3-4 Outcomes

In a comparative analysis of Brighter Choice for Girls ELA and math growth outcomes, the school showed stagnant growth trends in Common Core mathematics, with only moderate increases in Common Core ELA.

Chart 1: Three-year 3-4th grade growth

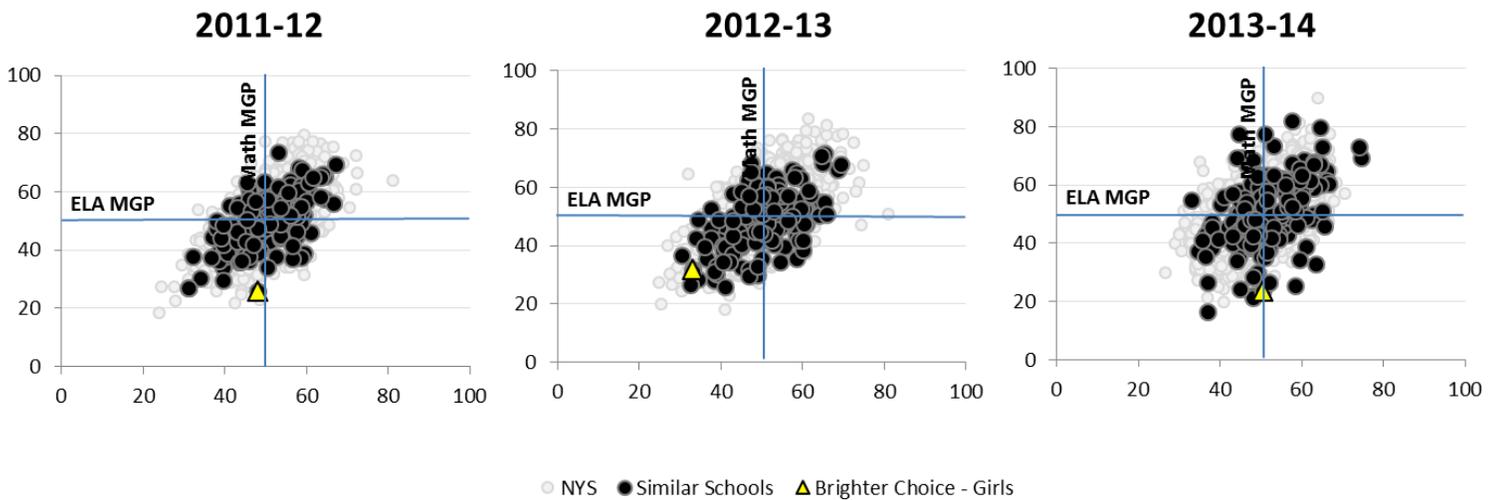


Chart 1: The scatterplots above show the adjusted mean growth percentile of schools with similar grade configuration and demographics to the Brighter Choice for Girls K-4th grade continuum. The model requires at least one base year of testing and calculates growth from the base year to the testing year on a per pupil basis. As a result, the growth scores displayed here show growth only from 3rd grade to 4th grade at Brighter Choice for Girls, using the 3rd grade results as a base year. The model also controls for student characteristics, including students with disabilities, English Language Learners, and students in poverty. This allows for all students in all schools to be compared fairly. Each mark represents a school's adjusted mean growth percentile in ELA and math. The crosshairs on the plot represents the state average for growth in ELA and math in that testing year.

Proficiency – Grade 3-4 Outcomes

Though Brighter Choice for Girls did not demonstrate comparative growth in the last three years, the school did outperform the Albany CSD in most years of analysis (see Chart 2). The school only outperformed the state mean by 1 point in the 2013-14 Common Core testing outcomes and began a

declining trend in math compared to the state in 2010-11, ultimately underperforming the state in 2013-14.

Chart 2: Four-year Gr 3-4 Brighter Choice Charter School for Girls proficiency outcomes compared to Albany CSD and NYS Mean; Compares district to NYS mean

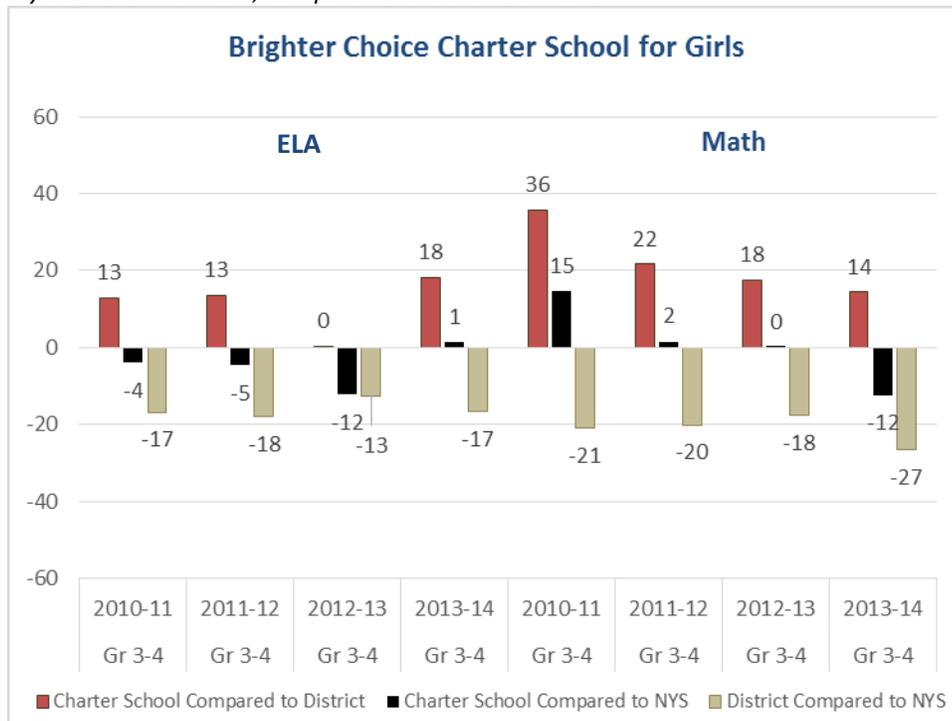


Chart 2: The above histogram compares the school's 3-4th grade proficiency outcomes with that of the district of location and the NYS mean in comparable grades tested. The district's proficiency outcomes are also compared to the NYS mean to gauge whether or not a school's comparison to the state mean mirrors trends seen in the district or if the school is able to overcome the district's academic and socioeconomic challenges. Where (x=0), this line serves as the mean for the school's comparison to the district mean, state mean, or the district's comparison to the state mean. Marks above or below this line indicate how far each comparison has been calculated from the associated mean.

According to the New York State Education Department's (NYSED) accountability, BCCS Girls has been designated as being *in good standing* throughout its charter term.

Students in BCCS Girls have not met all the ambitious goals that had been established by the school. However, BCCS Girls students have consistently out-performed the students at Albany City School District. School leaders note that the student population at the Albany City School District is more culturally diverse and affluent than the student population at BCCS Girls. When compared to neighborhood elementary schools which share the same demographics as BCCS Girls, that is, primarily minority and economically disadvantaged, the success rate of the students at BCCS Girls is even greater. School leaders have analyzed test data and identified some challenges in Grade 4. To address these challenges school leaders have made some staff and programmatic changes in an attempt to raise student achievement.

Teaching and Learning

BCCS Girls provides an academic experience that goes “beyond the basics” as promised in its charter, to include the arts, music, physical education, the sciences and social studies in addition to the core (tested) academic areas of reading and mathematics. For the majority of the charter term, the instructional model has been ‘direct instruction’, which the Department observed being implemented consistently, but with variable effectiveness. During the fall 2014 renewal site visit, the team recorded consistent evidence of rigorous instruction and engaging practices throughout classroom observations.

The school is in the early stages of implementing changes to its curriculum and instruction that are intended to cultivate critical thinking in students. Beginning in the spring of 2014 and continuing to the present, and including two weeks of intensive summer work, teachers from both Brighter Choice elementary schools (Boys and Girls) have collaborated to incorporate four characteristic elements into their curriculum units: inquiry-based, knowledge-driven, expression-focused, and performance-oriented. These components are designed to ensure that the revised curriculum is reoriented away from simply covering content to uncovering deeper understanding and in-depth meaning of the content and skills students are learning.

BCCS Girls staff uses a variety of formative and summative assessments to gauge student learning, including AIMSweb, STEP Literacy and interim assessments. On a daily basis teachers use exit tickets, class discussions, quizzes, etc. to determine student progress and to make adjustments in their instruction. Teachers use data from the varied assessments to diagnose strengths and areas of need for each student at the school.

School leaders monitor results from assessments to determine effectiveness of school programs. A review of TerraNova assessment results indicated that the test itself was not well-aligned with the New York State assessments and thus, not predictive of student achievement. A decision was made to abandon that assessment. In addition, a decrease in state assessment student proficiency levels from Grade 3 to Grade 4 prompted further analysis. School leaders hypothesized that a re-assignment of certain teachers to different grades would benefit the students. Those changes have been made. Based, in part, on assessment data, the school has revised the master schedule to provide an “extension block” to enable teachers to provide remediation or acceleration as needed.

Culture, Climate and Family Engagement

BCCS Girls has established a calm, orderly, caring environment that reflects the values, ideals and intentions of its mission and design. School leaders and staff members enforce consistent rules of behavior with uniformly applied consequences. Students are held to a rigorous standard of behavior with an emphasis on the core values of integrity, leadership, scholarship, and citizenship. In monitoring visits throughout the charter term, it was evident that this standard of behavior was consistently applied in most classrooms, and that most students had internalized the behavioral expectations of the school. Teachers enforced rules in a kind way and a climate of mutual respect between students and teachers was evident. The supportive climate at BCCS Girls offers the potential for students to achieve their highest academic goals if presented with a rigorous learning experience in the classroom.

The school establishes and maintains an environment for students, staff, and other stakeholders that is physically safe and free from harassment and discrimination. The overall environment at BCCS Girls

appears safe. There were no observed or reported instances of harassment or discrimination during the charter term. The school's rewards-based behavior allows them to track student behavior and maintain an orderly classroom environment.

The school addresses the social, emotional, and health needs of students in a variety of ways. Besides teachers and school leaders who address student needs, other members of the staff are focused on the social, emotional, and health needs of students including a full-time school nurse, a social worker, a behavior specialist, and a parent-family liaison. The school has an Inspiration Room where a caring adult can speak with a student to address her personal issues. The Behavior Intervention Team monitors students who are "at-risk" and develops a behavior plan for them as needed. The school also implements a character education program that focuses on the school's core values of scholarship, citizenship, perseverance, and integrity.

Organizational Soundness

Financial Condition

The Brighter Choice Charter School for Girls is not in sound and stable financial condition as evidenced by performance on key financial indicators derived from the school's independently audited financial statements. The Department reviews the financial performance and management of charter schools using quantitative and qualitative methods. Quantitative reporting is done through the fiscal dashboard (see Appendix).

The dashboard presents several near-term and long-term financial performance indicators.⁴ Near-term indicators, such as the current ratio and unrestricted days cash, are measures of liquidity and of the charter school's capacity to maintain operations. Long-term indicators, such as total margin and debt-to-asset ratio, are measures of the charter school's capacity to remain viable and to meet financial obligations.

Many of the school's financial indicators as explained below pose a moderate or high fiscal risk.

Overall Financial Health

A *composite score* is an overall measure of financial health calculated by the NYSED Office of Audit Services. This score is based on a weighting of primary reserves, equity and net income. A charter school with a score between 1.5 and 3.0 is considered in strong financial health. The table below shows the school's composite scores from 2010-2011 through 2013-2014.

**Brighter Choice Charter School for Girls Composite Scores
2010-2011 to 2013-2014**

<i>Year</i>	<i>Composite Score</i>
2013-2014	(.60)
2012-2013	(.60)
2011-2012	(.30)
2010-2011	(.10)

Source: NYSED Office of Audit Services

⁴ These rigorous indicators of fiscal soundness are aligned with those recommended by the National Association of Charter School Authorizers, and are also used by the Trustees at the State University of New York (SUNY) in their capacity as a charter school authorizer (SUNY-CSI) in New York State.

Near Term Indicators

The *current ratio* is a financial ratio that measures whether or not a school has enough resources to pay its debts over the next 12 months. The ratio is mainly used to give an idea of the school's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the school is of paying obligations, with a ratio under 1.0 indicating concern. Brighter Choice Charter School for Girl's ratio for 2013-2014 was 1.0x.

Unrestricted cash measures in days whether the school can meet operating expenses without receiving new income. Schools typically strive to maintain at least 90 days cash on hand. For 2013-2014, Brighter Choice Charter School for Girls operated with 12.8 days unrestricted cash.

Enrollment stability measures whether or not a school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Schools typically strive to have low variability in enrollment over time. Actual enrollment that is over 85 percent is considered reasonable. For 2013-2014 and 2012-2013, enrollment stability for the Brighter Choice Charter School for Girls was 100 percent.

Long Term Indicators

A school's *debt to asset ratio* measures the extent to which the school relies on borrowed funds to finance its operations. It is calculated as total liabilities divided by total assets. A ratio of 0.9 or less meets a standard of low risk. Brighter Choice Charter School for Girls' debt to asset ratio was 1.09x.

Total margin measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Total margin is calculated as net income divided by total revenue. A total margin that is positive indicates low risk. For 2013-2014 the school's total margin was (-0.9%).

Brighter Choice Charter School for Girls near-term indicators (unrestricted cash) and long-term indicators (debt to asset ratio and total margin) are below acceptable thresholds and present financial risk.

New York State Office of State Controller Audit

The school has not adequately addressed the following 2013 NYS Office of State Controller (OSC) audit recommendations: 1) that the school determine if there is a more cost effective means to receive the desired services currently being provided by the Foundation, and 2) that the school ensure that contracts with the Foundation contain sufficient descriptions to determine the benefits, rights and responsibilities of all parties to the contract, and that the board should use this information to monitor compliance with the contract. The OSC audit also determined that the school did not budget properly. The school failed to accurately budget a number of expense accounts, including failing to budget some account codes and using unrealistic amounts in others. In addition, the school does not modify its budget during the year.

2013-2014 Audited Financial Statements

The 2013-2014 management letter was issued on November 25, 2014 to Brighter Choice Charter School for Girls by the independent auditor included nine findings and uncorrected misstatements as shown below:

- 2014-1 Going Concern Issue
- 2014-2 Timeliness of Financial Statements
- 2014-3 Missing Information
- 2014-4 Due to/from Related School
- 2014-5 Merit Pay Accruals
- 2014-6 Salary Reclassifications
- 2014-7 Fixed Assets
- 2014-8 NY Nonprofit Revitalization Act of 2013
- 2014-9 Related School Receivables/Payables
- Uncorrected misstatements

Finding 2014-1 refers to a *going concern issue*. A *going concern* is an entity that functions without the threat of liquidation for the foreseeable future. The use of the term *going concern issue* means that the entity may need to liquidate or curtail materially the scale of its operations.

A corrective action plan for the management letter findings and uncorrected misstatements was requested on December 8, 2014. This letter also stated that for the going concern issue, the corrective action plan must include measures the board has formally taken by Friday, January 9, 2015 to address the going concern issue. Clear actions must be taken by the Board to meet covenants in bond agreements and to function as a *going concern*.

The school submitted corrective action plans on January 6, 2015. However, the plans have not been implemented by the school as they have anticipated completion dates ranging from January 31, 2015 to March 18, 2015.

2013-2014 Audited Financial Statements- Statement of Activities

The percent of expenses for the past two years that are management, not program-related, are significantly higher than the New York State average for charter schools. In the audited Statement of Activities for 2013-2014, the management expenses were 32 percent of all expenses. In the audited Statement of Activities for 2012-2013, the management expenses were 31 percent of all expenses. The New York State average for management expenses for 2012-2013 was 15 percent.

Financial Management

The Brighter Choice Charter School for Girls does not consistently operate in a fiscally sound manner, with realistic budgets pursuant to a long-range financial plan. There is also a lack of appropriate internal controls and procedures in accordance with the terms of the charter agreement, state law and generally accepted accounting procedures. During the charter term, the board of trustees did not act in a timely manner to correct financial management policies and procedures in accordance with recommendations by the NYS Comptroller, the school's independent auditor, and the requirements of the New York State Education Department Charter School Audit Guide.

The school changed independent auditors for the 2013-2014 audit year and the school was unable to respond to auditor inquiries in a timely manner. The school submitted the 2013-2014 audited financial Statements to the Charter School Office on November 25, 2014, which is considered a late submission as the statements are due November 1. We also noted that the 2013-2014 Schedule of Functional Expenses did not follow the template categories provided in the Charter School Audit Guide, as required.

Board Oversight and Governance

The board lacks adequate skill sets and expertise for effective governance and structural continuity. The board recognizes that there are areas of expertise that are not represented in the current configuration of members. They are actively seeking additional members and have identified skill sets they feel are important, including financial expertise as well as an individual who understands the legal issues around school governance. The board appears to rely on The Network for guidance in many if not most areas, including curriculum, finances, and board member recruitment. However, the contract/MOU between the school and The Network does not specify the services that The Network will provide. This was also noted in a 2013 Office of State Comptroller's report.

The board continues to work in collaboration with The Network to receive professional development in board oversight and governance. Through the strategic planning process facilitated by The Network, the board has identified five obligations including: helping the school shape and pursue its core purpose; prioritizing recruitment, development, and performance evaluation for board members and school leaders; holding school leaders accountable for the school's academic goals and the accountability plan outlined by the NYS Education Department; oversee internal controls, budgeting, cash management and accounting; and fund raising beyond per-pupil allocation from the public school.

Organizational Capacity

The organizational chart for BCCS Girls includes staff employed solely by the school and staff shared among the four Brighter Choice elementary and middle schools. The leadership team consists of the school leader, the director of school quality (who oversees all four Brighter Choice schools) and the director of curriculum, instruction, and assessment (the assistant principal). The roles and responsibilities of staff shared among the four Brighter Choice schools are not clear. No details about the terms and oversight of shared staff are provided in contracts. Shared staff includes the director of school quality, assessment coordinator, the English language learner coordinator, and the director of operations. Therefore, although the school is paying for one quarter of each staff member, it is not clear how they will ensure that they are consistently receiving one fourth of the services of each shared staff member.

A comprehensive process is in place for evaluation of school leaders. The board of trustees directly assesses the performance of the director of school quality whose responsibility is the oversight of all four Brighter Choice schools. The same rubric is used by the director of school quality to evaluate the school leaders. The director of school quality also evaluates the director of operations, and both the assessment and ESL coordinators.

The leadership and teaching staff have experienced significant turnover during the charter term. In 2011-2012, 13 of 36 teachers departed, ten of which left during the school year, and in 2013-2014, nine

of 33 teachers departed. No reasons were provided for the teacher departures in the Application for Charter Renewal, but school leaders explained during the renewal site visit that the school reorganized and downsized at the end of the 2013-14 year. Additionally, BCCS Girls has had four different school leaders over this four-and-a-half-year charter term. Parents and teachers stated during the renewal visit that the turnover in leadership has been detrimental to morale.

Faithfulness to Charter and Law

Mission and Key Design Elements

The school is focused on its mission as evidenced by its continued efforts on development of a standards-aligned curriculum, high impact instructional practices, a commitment to internalized behavioral expectations, and fostering a rigorous yet caring climate and culture.

The key design elements have been faithfully implemented. BCCS Girls maintains a serious focus on academic achievement as evidenced in the classroom and in the continued effort used to ensure that the rigorous K-4 curriculum is aligned with standards. There is an equally rigorous standard for behavior. Students have internalized the norms for acceptable conduct in classrooms and hallways. Teachers incorporate core values into their interactions with students. Parents were in agreement that the single-gender instruction and mandatory uniforms helped students maintain focus on their learning. They also felt that the longer school day (8:00 AM to 3:30 PM) as well as the longer school year (the day after Labor Day until the beginning of July) enables students to be exposed to more instruction and achieve at higher levels. Finally, frequent testing beginning in kindergarten ensures that school leaders and teachers can continuously monitor student progress and implement interventions immediately to support struggling students.

Enrollment, Recruitment and Retention

While the percentage of economically disadvantaged students at BCCS Girls exceeds the Albany City School District (91% at BCCS Girls compared to 74% in the Albany City School District for 2012-13), BCCS Girls enrolls significantly fewer students with disabilities (SWD) than the Albany City School District (2% at BCCS Girls compared to 14% in the Albany City School District for 2012-2013).⁵ Although there have been minor fluctuations from year to year, the percentage of SWD students has not been trending upward throughout the charter term.

In its Application for Charter Renewal, the school states that it has made good faith efforts to attract and retain students with disabilities, English language learners, and students who are eligible for the free and reduced price lunch program. According to the Application for Charter Renewal, those efforts have included the following:

- Disclaimer on school's website
- Disclaimer on school's admission application and notification
- Discussions during meetings with current families with multi-lingual staff available
- Discussions during tours with interested families with multi-lingual staff available
- Discussions during door-to-door campaigns
- Outreach to specialized feeder schools and programs

⁵ See *Student Demographics* table, pg.4

- Outreach to community by multi-lingual staff
- Outreach to immigrant communities
- Outreach to shelter and food pantries
- Translation of advertisements and school materials
- Translation feature available on the school's website
- Advertising materials in languages other than English are translated for distribution on an as needed basis
- All school brochures and mailings include the disclaimer that the school accommodates students with disabilities, English language learners and participates in the free and reduced lunch program

The school has enrolled fewer SWDs than the district throughout all three charter terms. The board and leaders stated that, through effective instruction and a robust RTI program, BCCS Girls addresses student learning issues early enough to limit the need for referral to Committee on Special Education (CSE).

Legal Compliance

The Charter School Office has cited BCCS Girls for several compliance issues over the course of the charter. The Charter School Office issued the school a Corrective Action Letter in July of 2013 to cease immediately the actual and/or perceived practice of operating more than one charter school, including the practice of holding one board meeting to address the oversight of four schools and having a shared executive director of all four schools. The board, although still composed of the same members and using the same governance protocols for all schools, now holds separate meetings with separate agendas for each school.

The board was out of compliance on the number of board meetings held during the year. The school's board of trustees had been meeting bi-monthly or six times per year throughout the school's current charter term as evidenced in the Department's 2010 renewal site report, the school's current bylaws, and minutes of the board's bi-monthly meetings. The board responded to this citation by scheduling the required monthly meetings immediately following the July 2013 Corrective Action Letter.

Board membership has not been maintained according to bylaws. During the 2013-2014 school year, the chair of the board and one additional member resigned. As a result, the board did not have the required number of trustees between September 2013 and June 2014, which was a violation of Education Law Section 226 and the school's own bylaws. The board is currently composed of five members, the minimum number.

BCCS Girls was out of compliance with financial reporting requirements for the 2013-2014 school year, and did not meet the November 1st statutory deadline for submitting an external 2013-2014 audit. After multiple requests from SED-CSO staff, the audit was submitted on November 25, 2014.

Proposed Revision Requests

The school has not submitted revisions for the upcoming terms.

Summary of Public Comment

The Board of Education of the City School District of Albany, NY held a public hearing on Thursday, October 2, 2014. Two comments in opposition were recorded.

Charter School:	Brighter Choice Charter School for Girls
Report as of:	2014



General Information:			
School District:	Albany CSD	Years in Operation:	12
		Grade(s) Served:	K-4
		Actual Enrollment:	272
		Budgeted Enrollment:	270

Income Statement:

Total Revenues:	\$	4,352,258
Expenses:		
Enrollment Stability		
Total Program Services	\$	2,971,183
Management and General	\$	1,420,125
Development	\$	-
Fundraising	\$	-
Disposal Losses	\$	-
Other	\$	-
Total Expenses:	\$	4,391,308
Operating Deficit		(\$39,050)
% Management & General		32.34%
Statewide Average		15.24%
% Programmatic Services		67.66%
Statewide Average		84.12%

Balance Sheet & Cash Flow:

Assets:		
Cash - Unrestricted	\$153,525	
Cash in Escrow	\$0	
Other Current Assets	\$777,128	
Investments & PP&E	\$6,402,008	
Other Long Term Assets	\$1,156,680	
Total Assets:	\$ 8,489,341	
Liabilities:		
Current Liabilities	\$913,614	
Long Term Liabilities	\$8,361,905	
Total Liabilities:	\$9,275,519	
Net Assets:	(\$786,178)	
Total Liab. & Net Assets:	\$8,489,341	
Change in Cash	\$98,849	

Key Performance Metrics:

Near-Term Metrics:	
Current Ratio	1.0x
Unrestricted Days Cash	12.8
Enrollment Stability	100.7%
Total Revenue Per Student:	\$16,001
Total Expenses Per Student:	\$16,145
Sustainable Metrics:	
Total Margin	(0.9%)
Debt to Asset Ratio	1.09x
Debt Service Coverage Ratio	(0.0)
Composite Score	(0.60)

Performance Evaluation Master

Symbol Legend:

	Meets Standard (Low Risk)
	Adequate (Moderate Risk)
	Requires Review (High Risk)

Financial Indicator:

Near-Term Indicators:

1a.	Current Ratio
1b.	Unrestricted Days Cash
1c.	Enrollment Stability

Financial Composite Score:

1d.	Composite Score
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Long-Term Indicators:

2a.	Total Margin
2b.	Debt to Asset Ratio
2c.	Debt Service Coverage Ratio

2014 Key Inputs:

Target School:	Brighter Choice Charter School for Girls
Time Period:	2014

Target: Brighter Choice Charter School for Girls

Current Metric:	Performance:		
1.0			
12.8			
100.7%			

Current Metric:	Performance:		
-0.6x			

Current Metric:	Performance:		
(0.9%)			
1.09x			
0.0x			

Near-Term Performance Evaluation: Brighter Choice Charter School for Girls

	2014	2013	2012	Average
1a. Current Ratio	1.02x	1.24x	1.62x	1.29x
Explanation: Current Ratio (CR) is a measure of operational efficiency and short-term financial health. CR is calculated as current assets divided by current liabilities.				

Meets Standard - Low Risk (if satisfies any of the following two):

	CR is greater than or equal to 1.1
	CR is between 1.0 and 1.1 and one-year trend is positive (current year ratio is higher than last year's)

Adequate - Moderate Risk (if satisfies any of the following two):

	Current Ratio is between 0.9 and 1.0 or equal to 1.0
X	CR is between 1.0 and 1.1 and one-year trend is negative

Requires Review - High Risk:

	Current ratio is less than or equal to 0.9
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	2014	2013	2012	Average
1b. Unrestricted Days Cash	12.8	4.3	40.7	19.2
2c.				

Meets Standard - Low Risk (if satisfies any of the following two):

	30 days or more of cash
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Adequate - Moderate Risk (if satisfies any of the following two):

	Days Cash is between 15 and 30 days
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Requires Review - High Risk:

X	Less than 15 Days Cash
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	2014	2013	2012	Average
1c. Enrollment Stability	100.7%	96.7%	102.6%	100.0%
Explanation: Enrollment stability tells authorizers whether or not the school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Actual Enrollment divided by Enrollment Projection in Charter School Budget.				

Meets Standard - Low Risk:

X	Enrollment Variance equals or exceeds 95% in most recent year
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Adequate - Moderate Risk (if satisfies any of the following two):

	Enrollment Variance is between 85% and 95% in the most recent year
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Requires Review - High Risk:

	Enrollment Variance is equal to or less than 85% in most recent year
--	--

2c.

Financial Composite Score: Brighter Choice Charter School for Girls

	Current
Financial Composite Score	(0.60)
Explanation: Accounting for an Institution's Total Financial Condition. We evaluate the financial health of schools using a blended score that measures institutions' performances on key financial indicators. The blended score allows an institution's sources of financial strength to offset areas of financial weakness. To calculate: Step 1: Calculate Three Financial Ratios from Financial Statements (Primary Reserve Ratio, Equity Ratio, and Net Income Ratio). Step 2: Convert Ratio Results to Strength Factor Scores. Step 3: Multiply the Strength Factor Scores by a Weighting Factor. Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score.	

Meets Standard: Fiscally Strong

	Composite Score Range of 1.5-3.0.
--	-----------------------------------

Fiscally Adequate

	Composite Score Range of 1.0-1.4.
--	-----------------------------------

Requires Review: Fiscally Needs Monitoring

X	Composite Score Range of -1.0-0.9.
----------	------------------------------------

Long-Term Performance Evaluation: Brighter Choice Charter School for Girls

	2014	2013	2012	Average
2a. Total Margin	(0.9%)	(1.7%)	2.2%	(0.1%)

Explanation: Total margin measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Calculated as Net Income divided by Total Revenue.



Meets Standard - Low Risk (if satisfies any of the following two):

	Most recent year Total Margin is positive
--	---



Adequate - Moderate Risk:

X	Most recent Total Margin is less than 0 but greater than -10%
----------	---



Requires Review - High Risk (if satisfies any of the following two):

	Current year Total Margin is less than -10%
--	---

	2014	2013	2012	Average
2b. Debt to Asset Ratio	1.09x	1.09x	1.08x	1.08x

Explanation: Measures the extent to which the school relies on borrowed funds to finance its operations. Calculated as Total Liabilities divided by Total Assets.



Meets Standard - Low Risk:

	Debt to Asset Ratio is less than 0.90
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Adequate - Moderate Risk:

	Debt to Asset Ratio is between 0.90 and 1.0
--	---



Requires Review - High Risk:

X	Debt to Asset Ratio is greater than 1.0
----------	---

	2014	2013	2012	Average
2c. Debt Service Coverage Ratio	0.00	-0.01	0.01	(0.00)

Explanation: Debt service coverage ratio indicates a school's ability to cover its debt obligations in the current year. Calculated as: (Net Income + Depreciation + Interest Expense)/(Principal and Interest Payments).



Meets Standard - Low Risk:

	Debt Service Coverage Ratio is equal to or exceeds 1.10
--	---



Adequate - Moderate Risk:

	Debt Service Coverage Ratio is less than 1.10
--	---

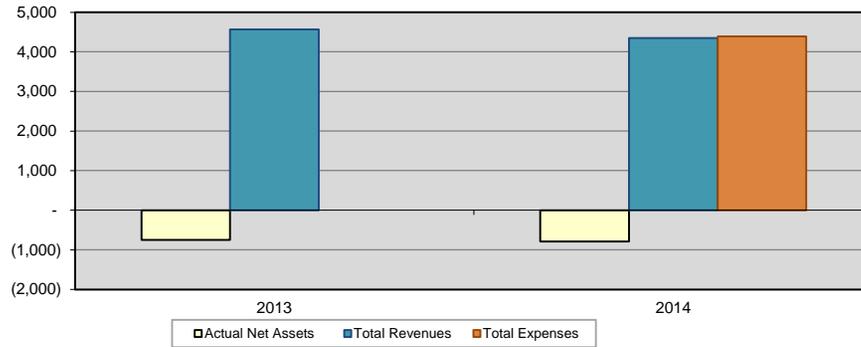


Requires Review - High Risk:

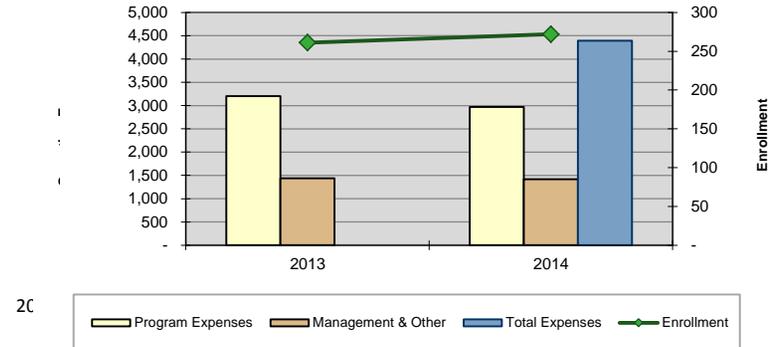
X	Debt Service Coverage Ratio is less than 0.90
----------	---

(\$'s in thousands)

Revenues, Expenses & Change in Net Assets



Enrollment vs. Operating Expenses

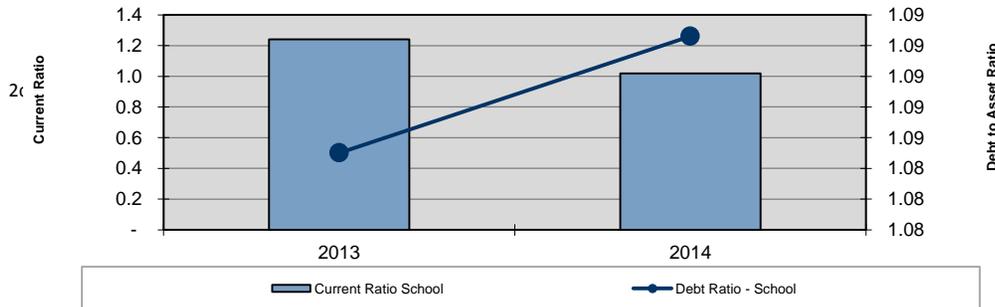


Enrollment Stability
This chart illustrates total revenue and expenses each year and the relationship those subsets have on the increase/decrease of net assets on a year-over-year basis.

This chart illustrates to what extent the school's operating expenses have followed its student enrollment pattern.

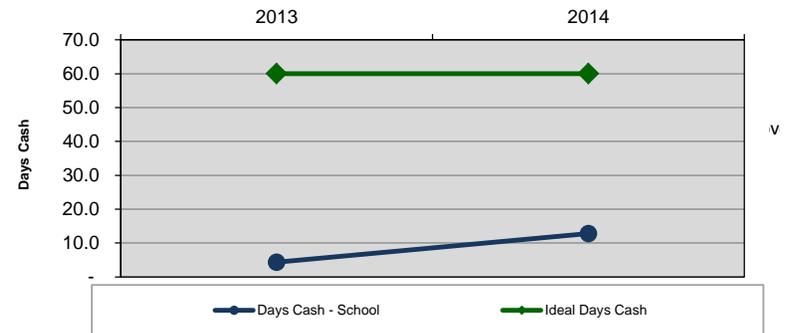
Current Ratio / Debt to Asset Ratio

CURRENT RATIO - Risk = Low > 1.1 / Medium 0.9 - 1.1 / High < 0.9
DEBT TO ASSET RATIO - Risk = Low < 0.90 / Medium 0.9 - 1.0 / High > 1.0



Current Ratio is a measure of operational efficiency and short-term financial health. Debt to Asset indicates what proportion of debt a school has relative to its assets.

Days Cash



Unrestricted days cash on hand indicates how many days a school can pay its expenses without another inflow of cash.

School		Brighter Choice Charter School for Girls	
COMPOSITE SCORE:		(0.6)	
PRIMARY RESERVE RATIO	Unrestricted Net Assets	\$	(786,178.00)
	ADD: Temporarily Restricted Net Assets	\$	-
	LESS: Annuities, term endowments & life income funds that are temporarily restricted	\$	(283,396.00)
	LESS: Intangible Assets	\$	-
	Less: Net Property, Plant and Equipment (PPE)	\$	(6,402,008.00)
	ADD: Post Employment Benefits	\$	-
	ADD: All debt obtained for long term purposes (up to net PPE)	\$	6,402,008.00
	EXPENDABLE NET ASSETS	\$	(1,069,574.00)
	DIVIDE BY: TOTAL EXPENSES	\$	4,391,308.00
PRIMARY RESERVE RATIO:		-0.244x	
EQUITY RATIO	Unrestricted Net Assets	\$	(786,178.00)
	ADD: Temporarily Restricted Net Assets	\$	-
	ADD: Permanently Restricted Net Assets	\$	-
		\$	-
	LESS: Deferred Financing Costs	\$	(283,396.00)
	LESS: Note Receivable from Related Party	\$	-
	MODIFIED NET ASSETS	\$	(1,069,574.00)
	DIVIDE BY: MODIFIED ASSETS	\$	8,205,945.00
EQUITY RATIO:		-0.130x	
NET INCOME RATIO:	CHANGE IN UNRESTRICTED NET ASSETS	\$	(39,050.00)
	DIVIDE BY: TOTAL UNRESTRICTED REVENUE	\$	4,352,258.00
	NET INCOME RATIO:		-0.009x
STRENGTH FACTOR SCORE (cannot be <-1 or >3)	PRIMARY RESERVE strength factor score = 10 x Primary Reserve ratio result	10	(1.000)
	EQUITY strength factor score = 6 x Equity ratio result	6	(0.780)
	Net Income strength factor score = 1 + (25 x Net Income Ratio Result) IF Negative Net Inc.	25	0.776
	Net Income strength factor score = 1 + (50 x Net Income Ratio Result) IF Positive Net Inc.	50	0.000
	NET INCOME Strength Factor:		0.776
WEIGHTED AND COMPOSITE SCORE	Primary Reserve Weighted Score = 40% x Primary Reserve Strength Factor Score:	40.0%	(0.400)
	Equity Weighted Score = 40% x Equity Strength Factor Score:	40.0%	(0.312)
	Net Income Weighted Score = 20% x Net Income Strength Factor:	20.0%	0.155
	Composite Score = Sum of ALL Weighted Scores		(0.557)
	Round to one digit after the decimal to determine the final score:		(0.6)

COMPOSITE SCORE EXPLANATION:

➔	2014
➔	How the Rule Works. Charter schools are measured on three financial ratios that are blended to produce a single composite score. The ratios and composite scores address and adjust for differences across business sectors. The model used by NYSED is weighted for "private, non-profit" institutions. The formula may be modified to analyze schools using different financial models.
➔	Institutions earning a high composite score are considered financially responsible and may continue to operate without additional monitoring from CSO.
➔	Institutions with low composite scores are not financially responsible and may be subjected to additional monitoring and oversight from CSO.
➔	Schools between high and low scores are considered to be "in the zone" of uncertain financial responsibility. They are financially responsible but are subject to additional monitoring and closer scrutiny to protect the interests of students and taxpayers. The zone alternative may only be used for three consecutive years.
➔	The ratio methodology combines elements from the audited financial statement into a single blended composite score. The regulatory result depends on the composite score, as illustrated in the following table.

Understanding COMPOSITE SCORES

Regulatory Result	Composite Score Range	Interpretation of Score Range
Financially Responsible	1.5 to 3.0	School is financially healthy enough to operate without additional monitoring
	1.0 to 1.4	In the zone, additional monitoring needed by CSO
Not Financially Responsible	-1.0 to 0.9	School is not financially healthy enough to be considered financially responsible

Debt Service Coverage Ratio

4 Steps to Calc. COMPOSITE SCORES

Step 1: Calculate Three Financial Ratios from Financial Statements

Primary Reserve Ratio	Equity Ratio	Net Income Ratio
Expendable Net Assets / Total Expenses	Modified Net Assets / Modified Assets	Change in Unrestricted Net Assets / Total Unrestricted Revenue

Step 2: Convert Ratio Results to Strength Factor Scores

Strength Factor Score	Interpretation of Score	Primary Reserve Ratio		Equity Ratio		Net Income Ratio	
		Private Non-profit	Pro-prie-tary	Private Non-profit	Pro-prie-tary	Private Non-profit	Pro-prie-tary
-1	Liabilities exceed resources	(0.10)	(0.05)	(0.17)	(0.17)	(0.08)	(0.06)
0	No demonstrable net resources	0.00	0.00	0.00	0.00	(0.04)	(0.03)
1	Minimal resources, but not enough for clear financial health	0.10	0.05	0.17	0.17	0.00	0.00
1.5	Minimal level of resources to indicate financial health	0.15	0.08	0.25	0.25	0.01	0.02
3	Clearly financially healthy on that resource	0.30	0.15	0.50	0.50	0.04	0.06

Step 3: Multiply the Strength Factor Scores by a Weighting Factor

Charter School Educational Sector	Primary Reserve Strength Factor	Equity Strength Factor	Net Income Strength Factor
Private Non-profit	40%	40%	20%
Proprietary	30%	40%	30%

Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score



New York State Education Department

***Charter School Renewal Recommendation Report
Application for Third Charter Renewal***

Charter School for Applied Technologies

March 2015

Introduction

In accordance with NYS Education Law, Article 56, Section 2852(2), Section 119.7 of the Regulations of the Commissioner, and the November 2012 Board of Regents Charter School Renewal Policy, the **New York State Education Department (NYSED) recommends a renewal term of five years for the Charter School of Applied Technologies. The recommendation is based on the school’s academic performance and implementation of the mission, program and design set forth in the charter.** The school must also continue to demonstrate good faith efforts to meet or exceed enrollment targets for students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program. The term would begin on July 1, 2015 and expire on June 30, 2020.

This recommendation is founded on information provided by the Charter School of Applied Technologies (CSAT) charter renewal application submitted on August 28, 2014, as well as review and analysis of qualitative and quantitative evidence compiled through the Department’s performance oversight process over the charter term. This report is the primary means by which the Department summarizes its findings and recommendations for the Board of Regents regarding a charter school’s renewal application.

Charter School Summary¹

Name of Charter School	Charter School of Applied Technologies
Board Chair	Robert. Mikulec
District of Location	Buffalo City School District
Opening Date	September 2001
Charter Terms	Initial Charter: January 11, 2001 – January 10, 2006 First Renewal: January 11, 2006 – January 10, 2011 Second Renewal: January 11, 2011 – June 30, 2015
Management Company	None
Partners	None
Facilities	2303 Kenmore Avenue, Buffalo K-5 24 Shoshone Street, Buffalo 6-8 2245 Kenmore Avenue, Buffalo 9-12
Mission Statement	The mission of the Charter School for Applied Technologies (CSAT) is to provide an excellent academic education with skill sets relevant to careers in applied technologies. We will lay a foundation for (i) Industry Partnership; (ii) Family Participation; and (iii) Pride and Success through Craftmanship.

¹ The information in this section was provided by the NYS Education Department Charter School Office.

Enrollment

School Year	Approved Enrollment	Grades Served
2014-2015	2365	K-12
2013-2014	1675	K-12
2012-2013	1675	K-12
2011-2012	1675	K-12
2010-2011	1675	K-12
Maximum enrollment: 2365		

Student Demographics: CSAT Compared to District of Location²

	2012-2013			2013-2014			2014-2015 ³		
	School Enrollment	Buffalo Public Schools	Variance ⁴	School Enrollment	Buffalo Public Schools	Variance	School Enrollment	Buffalo Public Schools	Variance
Special Student Populations									
Students with Disabilities	14%	21%	-7	13%	21%	-8	14%	N/A	N/A
Limited English Proficient	5%	13%	-8	5%	14%	-9	4%	N/A	N/A
Economically Disadvantaged	84%	81%	+3	86%	75%	+11	86%	N/A	N/A

Student Retention (Self-Reported by School)

	2010	2011	2012	2013
Number of students enrolled	1599	1668	1675	1674
Number of students who left during the school year	58	83	75	75
Number of students who did not re-enroll the next school year and had not completed the highest grade at the school	49	95	81	89
Retention rate	93%	89%	91%	90%

² Section 2852 (9-a)(b)(i): Charter schools must meet or exceed comparable percentages in the same grades served of the district of location's at-risk population of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program (economically disadvantaged). All charter schools are expected to enroll and retain comparable student populations and show good faith efforts toward recruiting and serving these students.

³ 2014-15 enrollment data reported by the school and current as of January 29, 2015.

⁴ Variance is defined as the percent difference of subgroup enrollment between the charter school and district of location.

Current Board of Trustees

Board Member Name	Term	Position/Committees
Robert Mikulec	4 terms, current term expires in September 2017	Chair Quality Assurance, Finance, Development, Career Readiness, Facilities, Extracurricular, Ancillary Services, Nominations, Negotiations, Appeals Committees
David Quackenbush	4 terms, current term expires in September 2017	Vice Chair Quality Assurance, Finance, Facilities, Nominations, Negotiations Committees
John Cinquino	4 terms Current term expires in September 2015	Treasurer Finance, Ancillary Services Committees
Karen Kelley	4 terms, current term expires in September 2015	Secretary Quality Assurance, Extracurricular, Negotiations Committees
Joseph Berti	2 terms, current term expires in September 2015	Development, Career Readiness, Ancillary Services Committees
Michael Keller	4 terms, current term expires in September 2016	Finance, Facilities, Nominations Committees
Dr. Eaton Lattman	2 terms, current term expires in September 2016	Development, Nominations Committees
Cheryl Misiejuk	3 terms, current term expires in September 2017	Parent Representative Extracurricular Committee
Kenneth Robinson	1 term, current term expires in September 2015	Development, Career Readiness Committees
Lisa Smith	Pending SED approval	Quality Assurance, Appeals Committees

School Leader

School Year	School Leader(s) Name and Title
2003 - present	J. Efrain Martinez, Superintendent

School Visit History

Site visits have been conducted each year of the current charter term. A check-in visit occurred during the 2011-2012 school year, and a full site visit occurred during the 2012-2013 school year. A two day renewal site visit was conducted in the fall of 2014 as part of the renewal process.

Background

The Charter School for Applied Technologies opened in September 2001 with Grades K-5 and expanded over the years to K-12 in three adjacent buildings in the Kenmore-Town of Tonawanda Union Free School District, just north of the city of Buffalo. Most of the students attending the school are residents of the Buffalo City School District. The school has had robust waiting lists. In the spring of 2014, the school requested and was approved to open a middle school in the city of Buffalo. This transition was accomplished smoothly and the middle school is operating somewhat independently due to its location, but also due to a deliberate focus on establishing an appropriate middle school culture for this age group.

CSAT focuses on careers in areas important to the region, manufacturing and technology. “Every day is career day” is their motto. The education program is comprehensive, including Spanish instruction at all grade levels, numerous electives, and an extensive music program with marching band and jazz ensemble.

Summary of Evidence

The summary of evidence presented below is drawn from the school’s record over the term of the charter including New York State assessment data, the renewal application, renewal and monitoring site visit findings, annual reports, independent fiscal audits, Board of trustees meeting minutes and other documents collected by and about the school.

Educational Success

Student Performance

The Charter School for Applied Technologies has shown a strong academic profile throughout the five-year charter term. Throughout the duration of the charter term, the school’s 3-12th grade academic program has exceeded the district mean and met or exceeded the state mean.

Growth – 3-8th Grade Outcomes

In a comparative analysis of CSAT’s 3-8th grade ELA and math growth outcomes, the school has shown stagnation in ELA and decline in math compared to both the state growth mean and similar schools. However, CSAT’s proficiency outcomes are remained well above the district and state mean in both subjects. This type of growth is indicative of a school profile with already high proficiency outcomes early in the charter term, but losing traction in comparative growth under the Common Core.

Chart 1: Three-year 3-8th grade growth

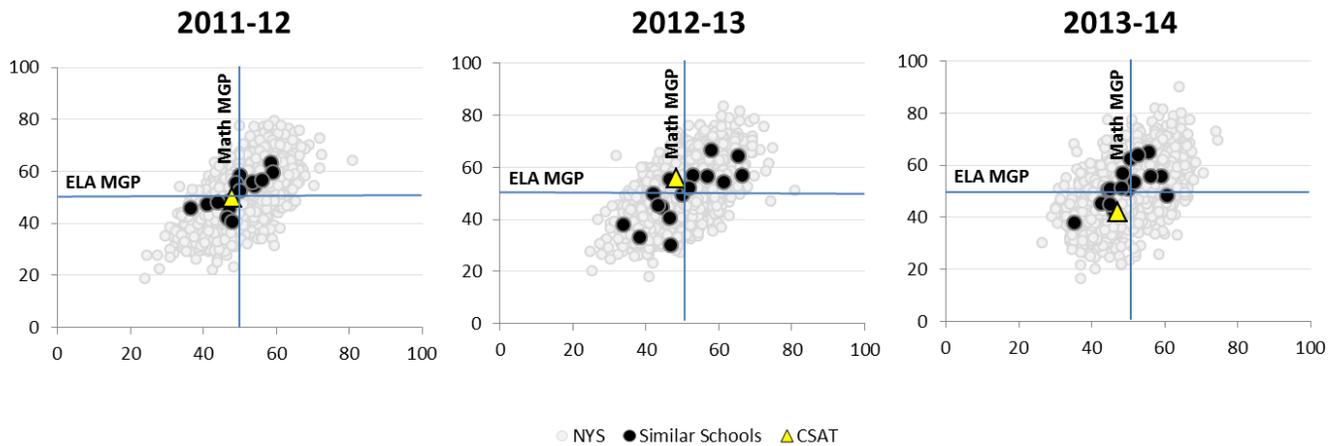


Chart 1: The scatterplots above show the adjusted mean growth percentile of schools with similar grade configuration and demographics to CSAT's 3-8th grade continuum. The model requires at least one base year of testing and calculates growth from the base year to the testing year on a per pupil basis. As a result, the growth scores displayed here show growth only from 4th grade to 8th grade at CSAT, using the 3^d grade results as a base year. The model also controls for student characteristics, including students with disabilities, English Language Learners, and students in poverty. This allows for all students in all schools to be compared fairly. Each mark represents a school's adjusted mean growth percentile in ELA and math. The crosshairs on the plot represents the state average for growth in ELA and math in that testing year.

Proficiency – 3-8th Grade Outcomes

CSAT is physically located in the Kenmore-Tonawanda Unified School District, but 80% of the school's population is comprised of students who reside in the Buffalo City School District. To give consideration to both the district of location (Kenmore) and the majority of the population served by the school (Buffalo), the comparative proficiency results will show both districts in the analysis.

CSAT showed strong proficiency outcomes in math from 2011-2012, exceeding the Buffalo City School District and just shy of the Kenmore-Tonawanda UFSD and state mean (Kenmore SD's outcomes tend to be close to the state mean). CSAT's ELA results, however, are not as strong as those in math as evidenced by stagnant growth in ELA from 2013-2014. Though the school has consistently outperformed the Buffalo CSD in both ELA and math, CSAT has not outperformed the state in the last four years of 3-8 testing. Despite any stagnation in growth or proficiency decline, it should be noted that the gap between the 3-8 proficiency outcomes in Buffalo and CSAT are shows that CSAT is trending toward the state mean at a faster rate than Buffalo, even with 80% of the student population comprising Buffalo CSD residents.

Chart 2: Four-year Gr 3-8 CSAT proficiency outcomes compared to Buffalo CSD, Kenmore SD and NYS Mean; Compares district to NYS mean

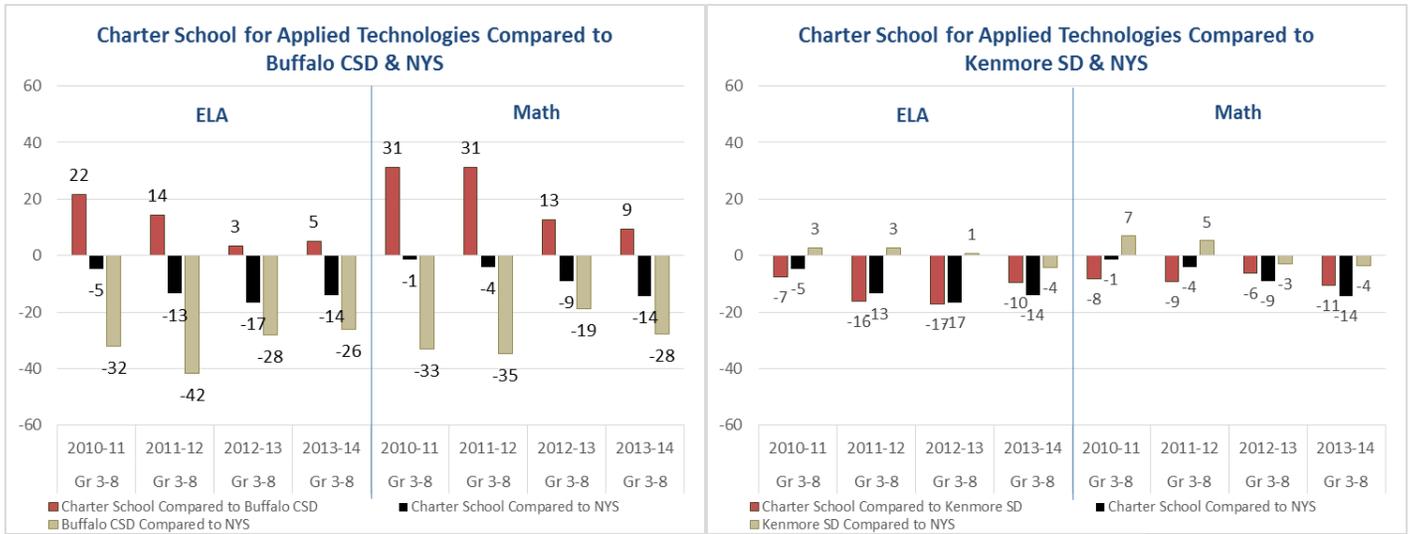


Chart 2: The above histogram compares the school's 3-8th grade proficiency outcomes with that of the district of location, which serves the majority of the students and the NYS mean in comparable grades tested. The district's proficiency outcomes are also compared to the NYS mean to gauge whether or not a school's comparison to the state mean mirrors trends seen in the district or if the school is able to overcome the district's academic and socioeconomic challenges. Where (x=0), this line serves as the mean for the school's comparison to the district mean, state mean, or the district's comparison to the state mean. Marks above or below this line indicate how far each comparison has been calculated from the associated mean.

Proficiency – High School Outcomes

CSAT's cohort and annual proficiency outcomes demonstrate a strong academic high school program. The school's annual outcomes for Chemistry and Algebra 2/Trigonometry are below the state average in 2011-12 and 2012-13, but both subjects exceeded the state average in 2013-14 (as reported by the school and estimated by the Charter School Office). The school also does not test in physics. Despite this, all other subjects have met or exceeded the state mean in annual outcomes. Students are on-track for graduation based on all five tested subjects required for a Regents diploma, showing positive outcomes compared to the state mean.

Chart 3: Four-year cohort outcomes

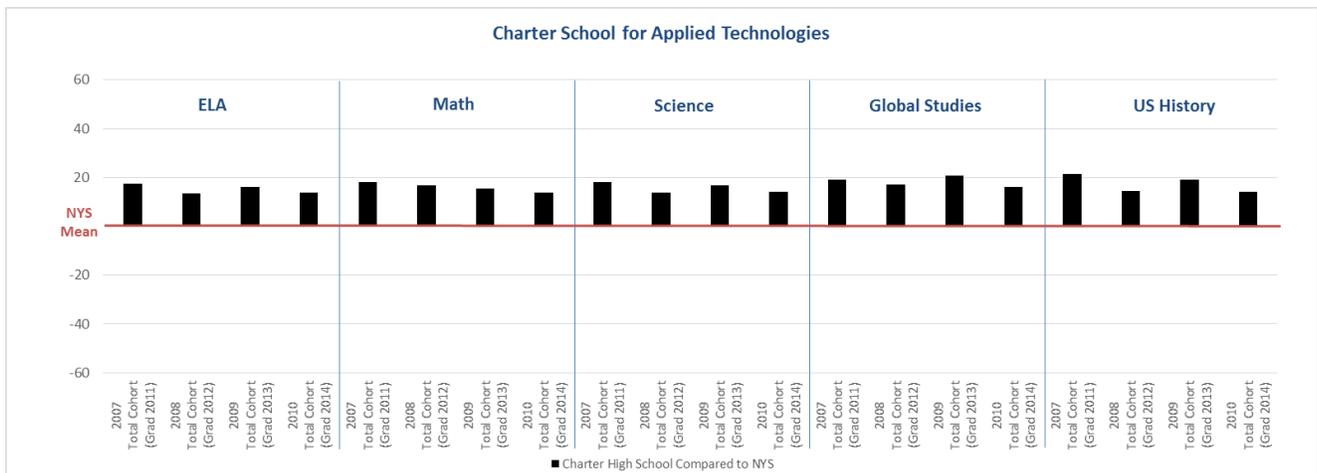


Chart 3: Cohort outcomes track the progress of students who enter the 9th grade in a given year and are expected to graduate in four years. The 2014 cohort outcomes were provided by the school and the NYS cohort mean for that year was estimated based on prior cohort trends.

Chart 4: Three-year annual high school proficiency outcomes compared to the NYS mean

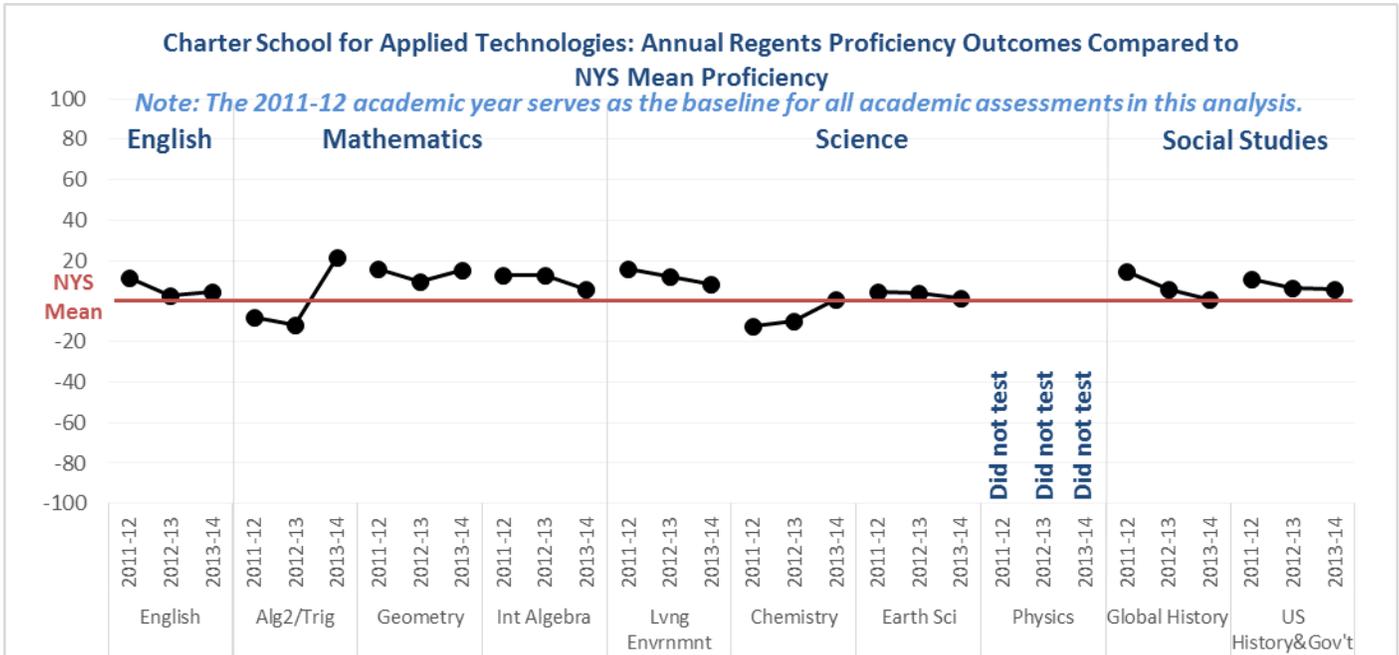


Chart 4: Annual outcomes show proficiency results of students at any grade level in the school who take the Regents exam in that given year regardless of cohort membership. The 2014 NYS mean for annual testing was estimated based on testing trends from prior years.

CSAT's graduation rates for the 2006-2009 cohorts have been well above the state's accountability standard of 80%. Of CSAT's 2009 4-year graduation cohort (students who graduated in 2013), 97% of the cohort graduated and 40% of that cohort earned a Regents diploma with advanced designation or higher.

4-Year Cohort	2006	2007	2008	2009
Grad Rate	100	100	96	97

According to the Department's accountability designations for 2014-15⁵, Charter School for Applied Technologies is *In Good Standing*. The 2014-2015 accountability designations are frozen at the 2012-2013 rates.

Teaching and Learning

Teachers at CSAT collaborate with grade level colleagues to construct the scope and sequence of the annual curriculum, periodic benchmark assessments, and unit plans, using the curriculum modules developed by EngageNY as the foundation for the annual scope and sequence in English language arts and mathematics. This approach to curriculum development allows for individual teacher choices in instructional strategies and resources, while holding all accountable to one standard. This flexibility enables teachers to accommodate students' learning needs while maintaining a focus on a common learning outcome.

⁵ 2014-15 accountability designations are based on 2012-2013 NYS testing data.

CSAT teachers regularly administer a sequence of benchmark assessments and use the results to assess student progress as well as the effectiveness of teaching strategies. Instructional practice at CSAT undergoes continual examination and refinement through structured use of daily common planning time during which teachers and school leaders analyze the results of the various assessments. Daily planning time accommodates both informal sharing of professional practices as well as structured analysis of student progress toward year-long goals.

School administrators meet with each team at least monthly to examine emerging data, both academic and behavioral, to evaluate whether classroom and/or intervention strategies are providing the supports needed to move students forward. The tool developed by eDoctrina, used for monitoring and reporting assessments, curriculum and lesson planning, provides support for this system. Reports are produced by class, by student, by Common Core standard, and by item type depending on the information needed to understand strengths and gaps. School leaders use assessment data first to identify students needing intervention or other support and secondly to identify teachers in need of assistance.

Assessment of the effectiveness of school programs is an outgrowth of the regular assessment of individual student and teacher performance. School leaders identify needed professional development supports based on the outcomes of teachers' analysis of benchmark results linked to the effectiveness of their instructional strategies.

Culture, Climate and Family Engagement

A central part of the student-centered culture is a focus on learning, specifically the "no failure" policy in use across all levels of the school. Teachers take action in multiple ways to ensure all students acquire essential skills and knowledge. The school has the flexibility to design a program of studies that allows a student to advance where they are capable and repeat classes they find challenging without stigma or penalty. The success of CSAT high school students on the Regents examinations is cited by teachers as evidence of the effectiveness of the "no failure" policy at the school, and is a result of CSAT elementary through high school teachers' persistent refusal to allow students to fail. Parents confirm teachers' commitment to every student's success.

Classroom observations provide consistent evidence of a positive learning environment in which students are safe and treated with respect. The climate reflects the school's intentional approach to positive interventions and supports. School-wide practices vary in the three school buildings, based on developmental differences between students at each level. In each building, a "problem-solving room" staffed by a trained behavior interventionist offers a secure space for students to reflect on their violation, develop a strategy to avoid repetition, and ensure a prompt return to class.

CSAT invests in the social and emotional well-being of its students by providing specialized personnel and coordinated programming suited to the needs of each grade level. Six counselors and two social workers provide individual and small group interventions for students facing challenges. In the middle school, CSAT has established an advisory program to assist with the typically challenging physical, social and emotional transitions for pre- and early adolescents. Low teacher turnover, high rates of student re-enrollment and lengthy waiting lists corroborate the on-site findings of the Department renewal review team that students, staff and other stakeholders feel safe and supported at CSAT.

Organizational Soundness

Financial Condition

The Charter School for Applied Technologies is in sound and stable financial condition as evidenced by performance on key indicators derived from the school's independently audited financial statements.

The Department reviews the financial performance and management of charter schools using quantitative and qualitative methods. Quantitative reporting is done through the fiscal dashboard (See Appendix B). The dashboard presents several near-term and long-term financial performance indicators.⁶ Near-term indicators, such as the current ratio and unrestricted days cash, are measures of liquidity and of the charter school's capacity to maintain operations. Long-term indicators, such as total margin and debt-to-asset ratio, are measures of the charter school's capacity to remain viable and to meet financial obligations.

Overall Financial Health

A *composite score* is an overall measure of financial health calculated by the NYSED Office of Audit Services. This score is based on a weighting of primary reserves, equity and net income. A charter school with a score between 1.5 and 3.0 is considered in strong financial health. Charter School for Applied Technologies' composite score for 2013-2014 is 2.00.

**Charter School for Applied Technologies Composite Scores
2010-2011 to 2013-2014**

<i>Year</i>	<i>Composite Score</i>
2013-2014	2.00
2012-2013	1.80
2011-2012	2.00
2010-2011	2.50

Source: NYSED Office of Audit Services

Near Term Indicators

Near term indicators of financial health are used to understand the current financial performance and viability of the school. The Department uses three measures:

The *current ratio* is a financial ratio that measures whether or not a school has enough resources to pay its debts over the next 12 months. The ratio is mainly used to give an idea of the school's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the school is of paying its obligations, with a ratio under 1.0 indicating concern. For 2013-2014, Charter School for Applied Technologies had a current ratio of 1.4x, a decrease from 3.3x in 2012-2013.

Unrestricted cash measures in days whether the school can meet operating expenses without receiving new income. Schools typically strive to maintain at least 90 days cash on hand. For 2013-2014, Charter School for Applied Technologies operated with 38.3 days unrestricted cash, a decrease from 85.1 days in 2012-2013.

⁶ These rigorous indicators of fiscal soundness are aligned with those recommended by the National Association of Charter School Authorizers, and are also used by the Trustees at the State University of New York (SUNY) in their capacity as a charter school authorizer (SUNY-CSI) in New York State.

Enrollment stability measures whether or not a school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Schools typically strive to have low variability in enrollment over time. Actual enrollment that is over 85 percent of the projected total is considered reasonable. For 2013-2014 and 2012-2013, Charter School for Applied Technologies enrollment stability was 100 percent.

Long Term Indicators

A school's *debt to asset ratio* measures the extent to which the school relies on borrowed funds to finance its operations. It is calculated as total liabilities divided by total assets. A ratio of 0.9 or less meets a standard of low risk. For 2013-2014 and 2012-2013, Charter School for Applied Technologies debt to asset ratio was 0.71x.

Total margin measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Total margin is calculated as net income divided by total revenue. A total margin that is positive indicates low risk. For 2013-2014, Charter School for Applied Technologies had a negative total margin of (-1.0) percent.

For additional information regarding these metrics and figures, the CSO staff has prepared a series of graphs to illustrate the long-term (three-year trend analysis) performance of the school (See Appendix).

Financial Management

CSAT operates in a fiscally sound manner with realistic budgets pursuant to a long-range financial plan, appropriate internal controls and procedures, and in accordance with law and generally accepted accounting practices. Over prior charter terms, the Department experienced concern about the relationships between CSAT and two affiliated entrepreneurial ventures. The relationships with eDoctrina Corporation, developer of a web-based educational software product with multiple capabilities, and EST, LLC, a school management initiative, were examined in two audits released in 2014, one by the Department (CH 0214 01) and one by the Office of the State Comptroller (2013M-300). In response to these audits, a formal resolution was made by the CSAT Board of Trustees on February 25, 2015 to terminate its contract with EST, LLC by June 30, 2015, prior to the beginning of the third charter renewal term.

Board Oversight and Governance

The Board uses a committee structure to manage its work. Each committee includes three board members and three staff members, either administrators or teachers. Two of the board committees focus closely on the school's educational program: a quality assurance committee that monitors the effectiveness of the school's academic program, and a career readiness committee to ensure fulfillment of the CSAT mission. Goals listed in the renewal application that continue to be pursued include future replication of the school model and strengthening the financial soundness of the school through entrepreneurship, grants and donations.

In addition to the formal goals noted above, board members intend to assess the post-graduation success of their students as a cumulative measure of the primary mission of the school. Over the past two years, the CSAT Board of Trustees has engaged in a strategic planning process that outlines tactics and strategies to ensure the stability and strength of the existing program in order to establish the groundwork for a future network of charter schools. Major categories of effort include:

- maintain and strengthen the school to career focus
- establish a reputation for strong academic leadership
- ensure financial sustainability.

Many of the school's programs reflect the intentions of the strategic plan. The CSAT Board of Trustees relies on the expertise of the school's leaders to ensure that its actions are in keeping with current regulations, and the board appropriately makes use of the expertise among the school's personnel to ensure it acts in accordance with current rules and regulations.

Organizational Capacity

CSAT experienced a substantial increase in staff as a result of the school's approved expansion in student population for 2014-2015. In addition to the four-step hiring process – resume/ cover letter rubric review; observation; demo lesson; and team interview – CSAT requires new staff to participate in a teacher-developed and delivered program, CSAT 101. This orientation series introduces new staff members to the culture and expectations of the school. Ongoing support and integration of new team members is facilitated by the grade level team structure and regular common planning activities.

The team structure at CSAT is a primary means for identifying teachers in need of additional support, supplemented with frequent class visits by administrators. Common planning time, including review of student work and the sharing of instructional practices, provides job-embedded professional learning for all staff. Review of student results from common benchmark assessments reveals differences in the effectiveness of teachers' instructional practices. Teacher teams take responsibility for ensuring their colleagues have the skills and resources to help their students succeed. Teachers who continue to struggle work with administrators to develop an improvement plan with specific benchmarks. Administrators assign mentors from within the team where appropriate and monitor teacher progress. Teachers reported that the improvement process is respectful and often successful, but, when necessary, staff members are dismissed.

Board members evaluate the superintendent's performance on a series of indicators, matching the rating to a set of rubric descriptors. The overall rating of the superintendent's performance is aligned with the school's strong Regents performance and high graduation rate. Both the superintendent and the board described the process as reflective and worthwhile. Similar to the process used for the superintendent, leadership team members are examined against a set of indicators and their personal goals, starting with a reflective self-assessment that serves as the foundation for a joint review of evidence of the administrator's effectiveness. Student outcomes on state and local assessments are part of teachers' and leaders' evaluations, and used as a source of formative data to guide adjustments in teaching practices. Using local resources and, if needed, outside expertise, teacher teams continually revise and refine their practice in light of emerging data.

CSAT uses a variety of methods to share information, primarily focused on academic achievement, with families and the community. Recently, the middle school initiated student-led parent conferences, an approach that puts students in charge of assessing their own progress by sharing their work with their parents. Parents commend this approach, particularly complimenting the sense of responsibility for their academic achievement that is evident among the children.

Faithfulness to the Charter and Law

Mission and Key Design Elements

CSAT has taken meaningful and effective steps to fulfill its mission to provide excellence in academics along with the skills needed for careers in applied technologies. The school has achieved its primary mission of an “excellent academic education” at the high school level, as demonstrated by strong Regents performance and a high graduation rate. The achievement of students in grades 3-8 surpasses that of the Buffalo City Schools, but remains below the benchmark described by the board of trustees – state averages and surrounding suburban schools.

The school’s motto, “Every day is career day,” is embedded in classroom lessons to build the character and workplace skills needed for career success (i.e., diligence, persistence, organization, communication, teamwork) as well as in the program of studies (technology literacy; introduction to engineering; robotics; Project Lead the Way). To fulfill the career focus in the school’s mission, elementary and middle school teachers collaborate to provide at least four “career touches” for students each year, enlisting families and community members to meet with the students and discuss their respective occupations. At the high school, a Work Based Learning Coordinator manages opportunities for students to shadow or to participate in internships in regional industries across a range of occupational fields.

Enrollment, Recruitment and Retention

Although the school serves a lesser percentage of students with disabilities and English language learners than the Buffalo City School District, CSAT is close to meeting the enrollment and retention targets established by the Board of Regents and the State University of New York Trustees. The school’s renewal application states that, should enrollment demographics in the next charter term fall short of the targets, CSAT would revise its recruitment and outreach efforts to refine the focus on the population of students to be enrolled, and would also request a material revision to the school’s enrollment policy to preference or factor in additional weighting for applicants in that category.

Legal Compliance

CSAT board meetings are held in accordance with Open Meetings Law. The board meeting schedule and meeting minutes are posted on the school’s website. The school maintains staff and family handbooks as well as policies for personnel, complaints, enrollment and admissions, discipline and transportation. The discipline policy includes disciplinary procedures for students with disabilities to address section 300.519-300.529 of the Code of Federal Regulations and DASA regulations.

Proposals for Revisions

The school did not submit any revision requests for the renewal term.

Summary of Public Comment

The required hearing was held by the Kenmore-Town of Tonawanda Union Free School District on December 9, 2014. No comments in favor or in opposition of the proposed renewal were offered.

Charter School:	Charter School for Applied Technologies
Report as of:	2014



General Information:			
School District:	Kenmore-Tonawanda UFSD	Years in Operation:	13
		Grade(s) Served:	K-12
		Actual Enrollment:	1,676
		Budgeted Enrollment:	1,675

Income Statement:

Total Revenues:	\$ 23,605,267
Expenses:	Enrollment Stability
Total Program Services	\$ 20,112,363
Management and General	\$ 3,721,580
Development	\$ -
Fundraising	\$ -
Disposal Losses	\$ -
Other	\$ -
Total Expenses:	\$ 23,833,943
Operating Deficit	(\$228,676)
% Management & General	15.61%
Statewide Average	15.24%
% Programmatic Services	84.39%
Statewide Average	84.12%

Balance Sheet & Cash Flow:

Assets:	
Cash - Unrestricted	\$2,498,432
Cash in Escrow	\$0
Other Current Assets	\$1,450,256
Investments & PP&E	\$20,090,153
Other Long Term Assets	\$8,031,546
Total Assets:	\$ 32,070,387
Liabilities:	
Current Liabilities	\$2,762,001
Long Term Liabilities	\$20,062,665
Total Liabilities:	\$22,824,666
Net Assets:	\$9,245,721
Total Liab. & Net Assets:	\$32,070,387
Change in Cash	(\$3,209,107)

Key Performance Metrics:

Near-Term Metrics:	
Current Ratio	1.4x
Unrestricted Days Cash	38.3
Enrollment Stability	100.1%
Total Revenue Per Student:	\$14,084
Total Expenses Per Student:	\$14,221
Sustainable Metrics:	
Total Margin	(1.0%)
Debt to Asset Ratio	0.71x
Debt Service Coverage Ratio	(1.1)
Composite Score	2.00

Performance Evaluation Master

Symbol Legend:

	Meets Standard (Low Risk)
	Adequate (Moderate Risk)
	Requires Review (High Risk)

Financial Indicator:

Near-Term Indicators:

1a.	Current Ratio
1b.	Unrestricted Days Cash
1c.	Enrollment Stability

Financial Composite Score:

1d.	Composite Score
------------	------------------------

Long-Term Indicators:

2a.	Total Margin
2b.	Debt to Asset Ratio
2c.	Debt Service Coverage Ratio

2014 Key Inputs:

Target School:	Charter School for Applied Technologies
Time Period:	2014

Target: Charter School for Applied Technologies

Current Metric:	Performance:		
1.4			
38.3			
100.1%			

Current Metric:	Performance:		
2.0x			

Current Metric:	Performance:		
(1.0%)			
0.71x			
-1.1x			

Near-Term Performance Evaluation: Charter School for Applied Technologies

	2014	2013	2012	Average
1a. Current Ratio	1.43x	3.33x	4.32x	3.03x
Explanation: Current Ratio (CR) is a measure of operational efficiency and short-term financial health. CR is calculated as current assets divided by current liabilities.				

Meets Standard - Low Risk (if satisfies any of the following two):

X	CR is greater than or equal to 1.1
	CR is between 1.0 and 1.1 and one-year trend is positive (current year ratio is higher than last year's)

Adequate - Moderate Risk (if satisfies any of the following two):

	Current Ratio is between 0.9 and 1.0 or equal to 1.0
	CR is between 1.0 and 1.1 and one-year trend is negative

Requires Review - High Risk:

	Current ratio is less than or equal to 0.9
--	--

	2014	2013	2012	Average
1b. Unrestricted Days Cash	38.3	85.1	127.4	83.6
2c.				

Meets Standard - Low Risk (if satisfies any of the following two):

X	30 days or more of cash
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Adequate - Moderate Risk (if satisfies any of the following two):

	Days Cash is between 15 and 30 days
--	-------------------------------------

Requires Review - High Risk:

	Less than 15 Days Cash
--	------------------------

	2014	2013	2012	Average
1c. Enrollment Stability	100.1%	99.7%	99.4%	99.7%
Explanation: Enrollment stability tells authorizers whether or not the school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Actual Enrollment divided by Enrollment Projection in Charter School Budget.				

Meets Standard - Low Risk:

X	Enrollment Variance equals or exceeds 95% in most recent year
----------	---

Adequate - Moderate Risk (if satisfies any of the following two):

	Enrollment Variance is between 85% and 95% in the most recent year
--	--

Requires Review - High Risk:

	Enrollment Variance is equal to or less than 85% in most recent year
--	--

2c.

Financial Composite Score: Charter School for Applied Technologies

	Current
Financial Composite Score	2.00
Explanation: Accounting for an Institution's Total Financial Condition. We evaluate the financial health of schools using a blended score that measures institutions' performances on key financial indicators. The blended score allows an institution's sources of financial strength to offset areas of financial weakness. To calculate: Step 1: Calculate Three Financial Ratios from Financial Statements (Primary Reserve Ratio, Equity Ratio, and Net Income Ratio). Step 2: Convert Ratio Results to Strength Factor Scores. Step 3: Multiply the Strength Factor Scores by a Weighting Factor. Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score.	

Meets Standard: Fiscally Strong

X	Composite Score Range of 1.5-3.0.
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Fiscally Adequate

	Composite Score Range of 1.0-1.4.
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Requires Review: Fiscally Needs Monitoring

	Composite Score Range of -1.0-0.9.
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Long-Term Performance Evaluation: Charter School for Applied Technologies

	2014	2013	2012	Average
2a. Total Margin	(1.0%)	(4.4%)	(1.8%)	(2.4%)

Explanation: Total margin measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Calculated as Net Income divided by Total Revenue.



Meets Standard - Low Risk (if satisfies any of the following two):

	Most recent year Total Margin is positive
--	---



Adequate - Moderate Risk:

X	Most recent Total Margin is less than 0 but greater than -10%
----------	---



Requires Review - High Risk (if satisfies any of the following two):

	Current year Total Margin is less than -10%
--	---

	2014	2013	2012	Average
2b. Debt to Asset Ratio	0.71x	0.71x	0.68x	0.70x

Explanation: Measures the extent to which the school relies on borrowed funds to finance its operations. Calculated as Total Liabilities divided by Total Assets.



Meets Standard - Low Risk:

X	Debt to Asset Ratio is less than 0.90
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Adequate - Moderate Risk:

	Debt to Asset Ratio is between 0.90 and 1.0
--	---



Requires Review - High Risk:

	Debt to Asset Ratio is greater than 1.0
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	2014	2013	2012	Average
2c. Debt Service Coverage Ratio	-1.12	-5.55	-2.44	(3.03)

Explanation: Debt service coverage ratio indicates a school's ability to cover its debt obligations in the current year. Calculated as: (Net Income + Depreciation + Interest Expense)/(Principal and Interest Payments).



Meets Standard - Low Risk:

	Debt Service Coverage Ratio is equal to or exceeds 1.10
--	---



Adequate - Moderate Risk:

	Debt Service Coverage Ratio is less than 1.10
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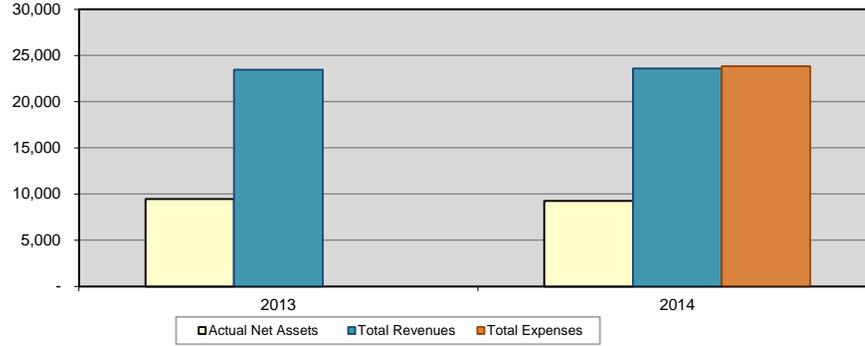


Requires Review - High Risk:

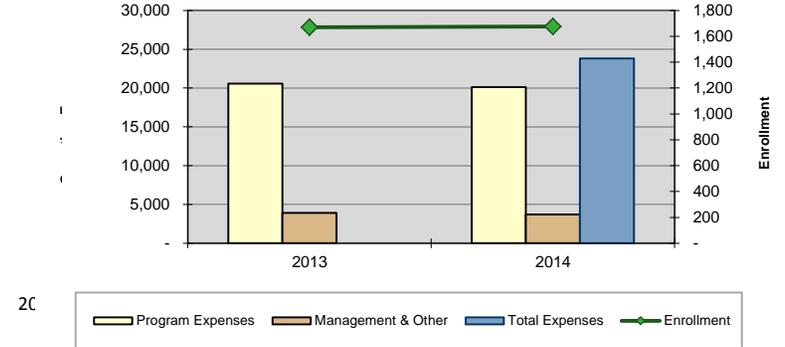
X	Debt Service Coverage Ratio is less than 0.90
----------	---

(\$'s in thousands)

Revenues, Expenses & Change in Net Assets



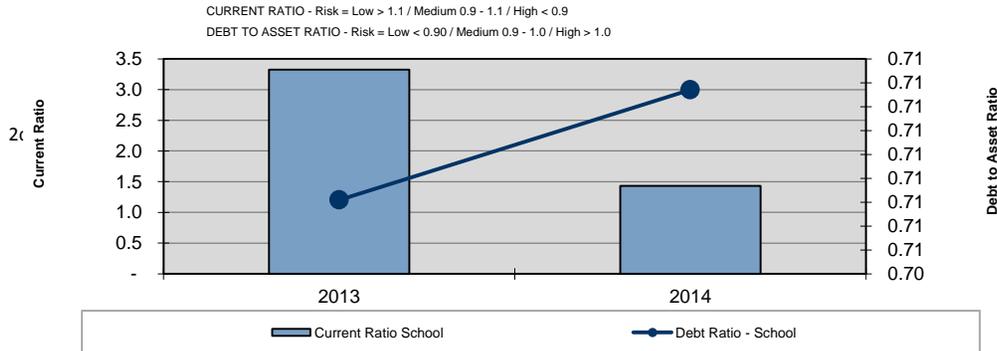
Enrollment vs. Operating Expenses



Enrollment Stability
This chart illustrates total revenue and expenses each year and the relationship those subsets have on the increase/decrease of net assets on a year-over-year basis.

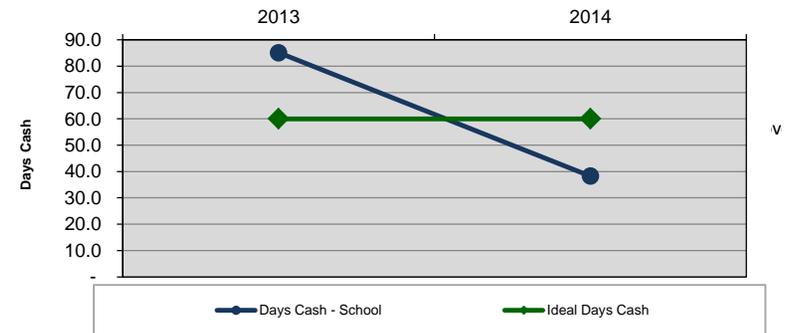
This chart illustrates to what extent the school's operating expenses have followed its student enrollment pattern.

Current Ratio / Debt to Asset Ratio



Current Ratio is a measure of operational efficiency and short-term financial health. Debt to Asset indicates what proportion of debt a school has relative to its assets.

Days Cash



Unrestricted days cash on hand indicates how many days a school can pay its expenses without another inflow of cash.

		School	Charter School for Applied Technologies
		COMPOSITE SCORE:	2.0
PRIMARY RESERVE RATIO	Unrestricted Net Assets	\$	9,245,721.00
	ADD: Temporarily Restricted Net Assets	\$	-
	LESS: Annuities, term endowments & life income funds that are temporarily restricted	\$	(1,044,535.00)
	LESS: Intangible Assets	\$	-
	Less: Net Property, Plant and Equipment (PPE)	\$	(20,090,153.00)
	ADD: Post Employment Benefits	\$	-
	ADD: All debt obtained for long term purposes (up to net PPE)	\$	20,090,153.00
	EXPENDABLE NET ASSETS	\$	8,201,186.00
	DIVIDE BY: TOTAL EXPENSES	\$	23,833,943.00
PRIMARY RESERVE RATIO:			0.344x
EQUITY RATIO	Unrestricted Net Assets	\$	9,245,721.00
	ADD: Temporarily Restricted Net Assets	\$	-
	ADD: Permanently Restricted Net Assets	\$	-
		\$	-
	LESS: Deferred Financing Costs	\$	(1,044,535.00)
	LESS: Note Receivable from Related Party	\$	-
	MODIFIED NET ASSETS	\$	8,201,186.00
	DIVIDE BY: MODIFIED ASSETS	\$	31,025,852.00
EQUITY RATIO:			0.264x
NET INCOME RATIO:	CHANGE IN UNRESTRICTED NET ASSETS	\$	(228,676.00)
	DIVIDE BY: TOTAL UNRESTRICTED REVENUE	\$	23,605,267.00
	NET INCOME RATIO:		
STRENGTH FACTOR SCORE (cannot be <-1 or >3)	PRIMARY RESERVE strength factor score = 10 x Primary Reserve ratio result	10	3.000
	EQUITY strength factor score = 6 x Equity ratio result	6	1.584
	Net Income strength factor score = 1 + (25 x Net Income Ratio Result) IF Negative Net Inc.	25	0.758
	Net Income strength factor score = 1 + (50 x Net Income Ratio Result) IF Positive Net Inc.	50	0.000
	NET INCOME Strength Factor:		
WEIGHTED AND COMPOSITE SCORE	Primary Reserve Weighted Score = 40% x Primary Reserve Strength Factor Ccore:	40.0%	1.200
	Equity Weighted Score = 40% x Equity Strength Factor Score:	40.0%	0.634
	Net Income Weighted Score = 20% x Net Income Strength Factor:	20.0%	0.152
	Composite Score = Sum of ALL Weighted Scores		1.986
	Round to one digit after the decimal to determine the final score:		

COMPOSITE SCORE EXPLANATION:

➔	2014
➔	How the Rule Works. Charter schools are measured on three financial ratios that are blended to produce a single composite score. The ratios and composite scores address and adjust for differences across business sectors. The model used by NYSED is weighted for "private, non-profit" institutions. The formula may be modified to analyze schools using different financial models.
➔	Institutions earning a high composite score are considered financially responsible and may continue to operate without additional monitoring from CSO.
➔	Institutions with low composite scores are not financially responsible and may be subjected to additional monitoring and oversight from CSO.
➔	Schools between high and low scores are considered to be "in the zone" of uncertain financial responsibility. They are financially responsible but are subject to additional monitoring and closer scrutiny to protect the interests of students and taxpayers. The zone alternative may only be used for three consecutive years.
➔	The ratio methodology combines elements from the audited financial statement into a single blended composite score. The regulatory result depends on the composite score, as illustrated in the following table.

Understanding COMPOSITE SCORES

Regulatory Result	Composite Score Range	Interpretation of Score Range
Financially Responsible	1.5 to 3.0	School is financially healthy enough to operate without additional monitoring
	1.0 to 1.4	In the zone, additional monitoring needed by CSO
Not Financially Responsible	-1.0 to 0.9	School is not financially healthy enough to be considered financially responsible

Debt Service Coverage Ratio

4 Steps to Calc. COMPOSITE SCORES

Step 1: Calculate Three Financial Ratios from Financial Statements

Primary Reserve Ratio	Equity Ratio	Net Income Ratio
Expendable Net Assets / Total Expenses	Modified Net Assets / Modified Assets	Change in Unrestricted Net Assets / Total Unrestricted Revenue

Step 2: Convert Ratio Results to Strength Factor Scores

Strength Factor Score	Interpretation of Score	Primary Reserve Ratio		Equity Ratio		Net Income Ratio	
		Private Non-profit	Pro- pri- tary	Private Non-profit	Pro- pri- tary	Private Non-profit	Pro- pri- tary
-1	Liabilities exceed resources	(0.10)	(0.05)	(0.17)	(0.17)	(0.08)	(0.06)
0	No demonstrable net resources	0.00	0.00	0.00	0.00	(0.04)	(0.03)
1	Minimal resources, but not enough for clear financial health	0.10	0.05	0.17	0.17	0.00	0.00
1.5	Minimal level of resources to indicate financial health	0.15	0.08	0.25	0.25	0.01	0.02
3	Clearly financially healthy on that resource	0.30	0.15	0.50	0.50	0.04	0.06

Step 3: Multiply the Strength Factor Scores by a Weighting Factor

Charter School Educational Sector	Primary Reserve Strength Factor	Equity Strength Factor	Net Income Strength Factor
Private Non-profit	40%	40%	20%
Proprietary	30%	40%	30%

Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score



New York State Education Department

***Charter School Renewal Recommendation Report
Application for Fourth Charter Renewal***

Southside Academy Charter School

March 2015

Introduction

In accordance with Education Law, Article 56, Section 2852(2), Section 119.7 of the Regulations of the Commissioner, and the November 2012 Board of Regents Charter School Renewal Policy, **the Department recommends a renewal term for a period of two years for the Southside Academy Charter School. The recommendation is based on the school's record of insufficient academic performance and insufficient financial and organizational stewardship by the board of trustees. The School will be required to develop and implement an academic corrective action plan for the 2015-16 school year.** The school must also continue to demonstrate good faith efforts to meet or exceed enrollment targets for students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program. The charter term would begin on July 1, 2015 and expire on June 30, 2017.

This recommendation is founded on information provided by the Southside Academy Charter School (SACS) charter renewal application submitted on August 2, 2014, as well as review and analysis of qualitative and quantitative evidence compiled through the Department's performance oversight process over the charter term. This report is the primary means by which the Department summarizes its findings and recommendations for the Board of Regents regarding a charter school's renewal application.

Charter School Summary¹

Name of Charter School	Southside Academy Charter School
Board Chair	Kevin Walsh
District of Location	Syracuse City School District
Opening Date	September 2, 2002
Charter Terms	Initial charter term: September 2, 2002 – January 16, 2007 First renewal term: January 17, 2007 – June 30, 2007 Second renewal term: July 1, 2007 – June 30, 2010 Third renewal term: July 1, 2010 – June 30, 2015
Management Company	National Heritage Academies, Inc.
Partners	None
Facilities	2200 Onondaga Creek Blvd. Syracuse, NY 13207
Mission Statement	"Offering families and students a community public charter school which provides a challenging academic program and focuses on high-achievement and instilling a sense of family, community and leadership within all of our students."

¹ The information in this section was provided by the NYS Education Department Charter School Office

Enrollment

School Year	Chartered Enrollment	Actual Enrollment	Grades Served
2013-2014	690	670	K-8
2012-2013	682	682	K-8
2011-2012	690	678	K-8
2010-2011	690	646	K-8
Maximum enrollment: 690			

Student Demographics: SACS Compared to District of Location²

	2012-2013			2013-2014			2014-15 ³		
	School Enrollment	Syracuse CSD Enrollment	Variance ⁴	School Enrollment	Syracuse CSD Enrollment	Variance	School Enrollment	Syracuse CSD Enrollment	Variance
Special Populations									
Students with Disabilities	11%	50%	-10	12%	20%	-8	11%	N/A	N/A
Limited English Proficient	2%	13%	-11	2%	14%	-12	2%	N/A	N/A
Economically Disadvantaged	91%	73%	18	90%	76%	14	87%	N/A	N/A

Student Retention (Self-Reported by School)

	2011	2012	2013
Number of students enrolled	652	680	690
Number of students who left during the school year	36	45	45
Number of students who did not re-enroll the next school year and had not completed the highest grade at the school	81	60	49
Retention rate	82%	85%	86%

² Section 2852 (9-a)(b)(i): Charter schools must meet or exceed comparable percentages in the same grades served of the district of location's at-risk population of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program (economically disadvantaged). All charter schools are expected to enroll and retain comparable student populations and show good faith efforts toward recruiting and serving these students.

³ 2014-15 enrollment data reported by the school and current as of January 29, 2015.

⁴ Variance is defined as the percent difference of subgroup enrollment between the charter school and district of location.

Current Board of Trustees

Board Member Name	Term	Position/Committees
Carol Hill	Four 2-3 year terms; beginning 2002	Chairperson
Tracy Miller	Two 3 year terms; beginning 2008	Treasurer
Dr. Leonese Nelson	Three 3 year terms; beginning 2006	Vice-Chairperson
Dr. James Duah-Agyeman	Two 3-year terms; beginning 2009	Secretary
Kevin Walsh	Five 3-year terms; beginning 2002	Trustee

School Leader(s)

School Year	School Leader(s) Name and Title
2013-2015	Delvin Vick, Principal
2009-2012	Christine Mevec, Principal

School Visit History

CSO staff conducted site visits to the Southside Academy Charter School each year of the charter term, in accordance with the Department Monitoring Plan. Check-in visits were conducted on May 20, 2011, November 8, 2011 and March 13, 2014. A two-day full site visit was conducted on May 2-3, 2013 and a two-day renewal site visit was conducted on November 4-5, 2014.

Background

Since the initial charter was issued by the Board of Regents on September 2, 2002, Southside Academy Charter School (SACS) has been managed by National Heritage Academies, Inc. (NHA), a for-profit charter management organization based in Michigan. The first renewal charter was issued in January 2007 for a period of less than a year, to align the charter term with the school year. The second renewal charter was issued for a period of three years, expiring June 30, 2010. The school’s current charter term, which is the third renewal, began on July 1, 2010 and is effective through June 30, 2015. The school operates in Syracuse City School District and is located at 2200 Onondaga Creek Boulevard, Syracuse, NY. SACS currently serves 690 students in grades K through 8. The school is housed in a private facility owned by NHA.

Summary of Evidence

The summary of evidence presented below is drawn from the school’s record over the term of the charter including New York State assessment data, the renewal application, renewal and monitoring site visit findings, annual reports, independent fiscal audits, Board of Trustees meeting minutes and other documents collected by and about the school.

Educational Success

Student Performance

Southside Academy Charter School has demonstrated a mixed record of student achievement indicators for academic growth and proficiency on state standards and the achievement goals outlined in the school's charter. While the school outperforms the Syracuse CSD in the aggregate in most years, it does not come close to meeting the state mean in proficiency. Growth outcomes have declined over the course of the charter term.

Growth – Grades 3-8 Outcomes

In a comparative analysis of Southside Academy Charter School grade 3-8 ELA and math growth outcomes, the school showed declining growth trends in Common Core mathematics as well as Common Core ELA (2012-2013 and 2013-2014). Declining growth was most prevalent in ELA in Common Core testing years, which mirrors the school's lack of progress in ELA testing outcomes.

Chart 1: Three-year 3-8th grade growth

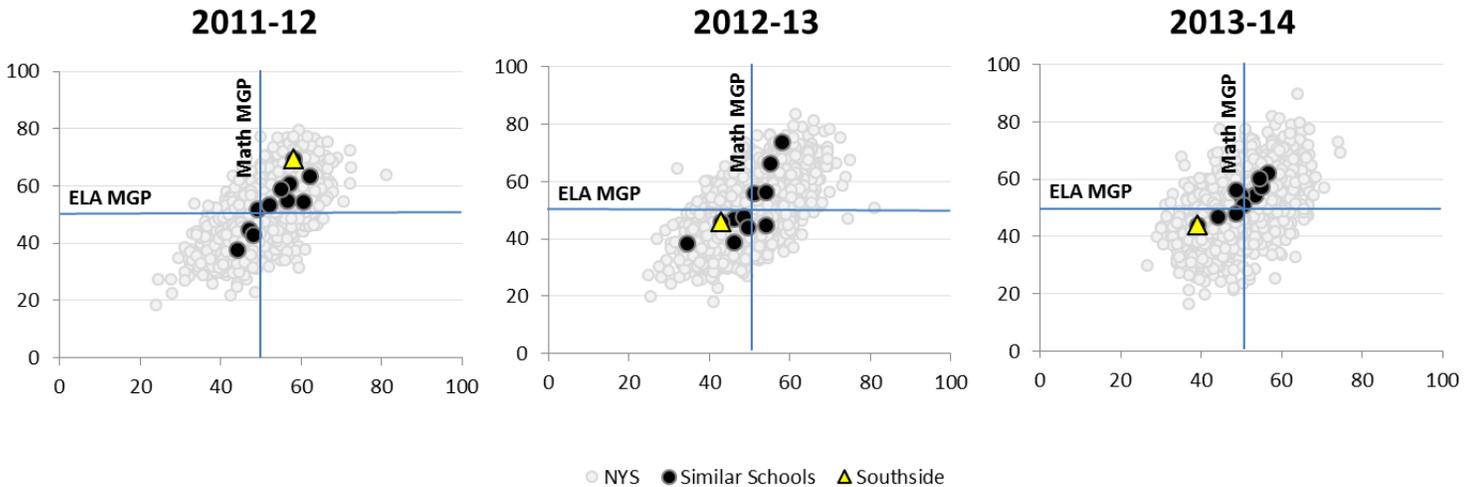


Chart 1: The scatterplots above show the adjusted mean growth percentile of schools with similar grade configuration and demographics to Southside Academy Charter School's 3-8th grade continuum. The model requires at least one base year of testing and calculates growth from the base year to the testing year on a per pupil basis. As a result, the growth scores displayed here show growth only from 4th grade to 8th grade at Southside, using the 3rd grade results as a base year. The model also controls for student characteristics, including students with disabilities, English Language Learners, and students in poverty. This allows for all students in all schools to be compared fairly. Each mark represents a school's adjusted mean growth percentile in ELA and math. The crosshairs on the plot represents the state average for growth in ELA and math in that testing year.

Proficiency – Grades 3-8 Outcomes

Southside Academy Charter School showed upward progress in ELA and math in the 2010-2011 and 2011-2012 testing results prior to the Common Core testing alignment (see Chart 2). However, with the implementation of Common Core testing, the school showed declining or stagnant outcomes from 2012-2013 and 2013-2014. In Common Core testing years, Southside marginally outperformed Syracuse CSD in math. In ELA, however, testing outcomes declined from 2012-2013 to 2013-2014, with the 2013-2014 ELA testing year below the district mean. Chart 3 provides further evidence of Southside's grade level outcomes closely resembling those of the Syracuse CSD (see Chart 3).

Chart 2: Four-year Gr 3-8 Southside Academy Charter School proficiency outcomes compared to Syracuse CSD and NYS Mean; Compares district to NYS mean

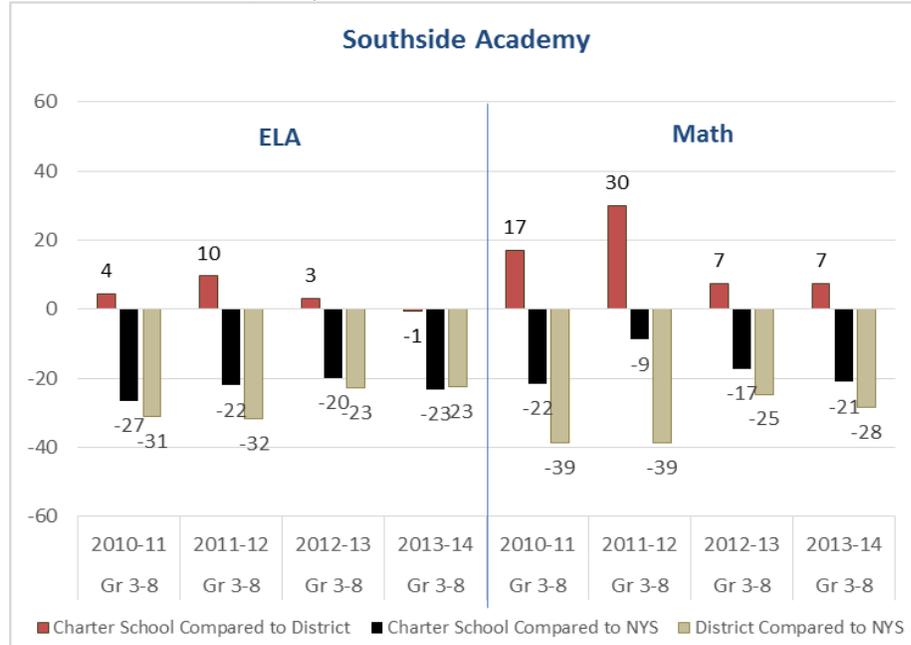
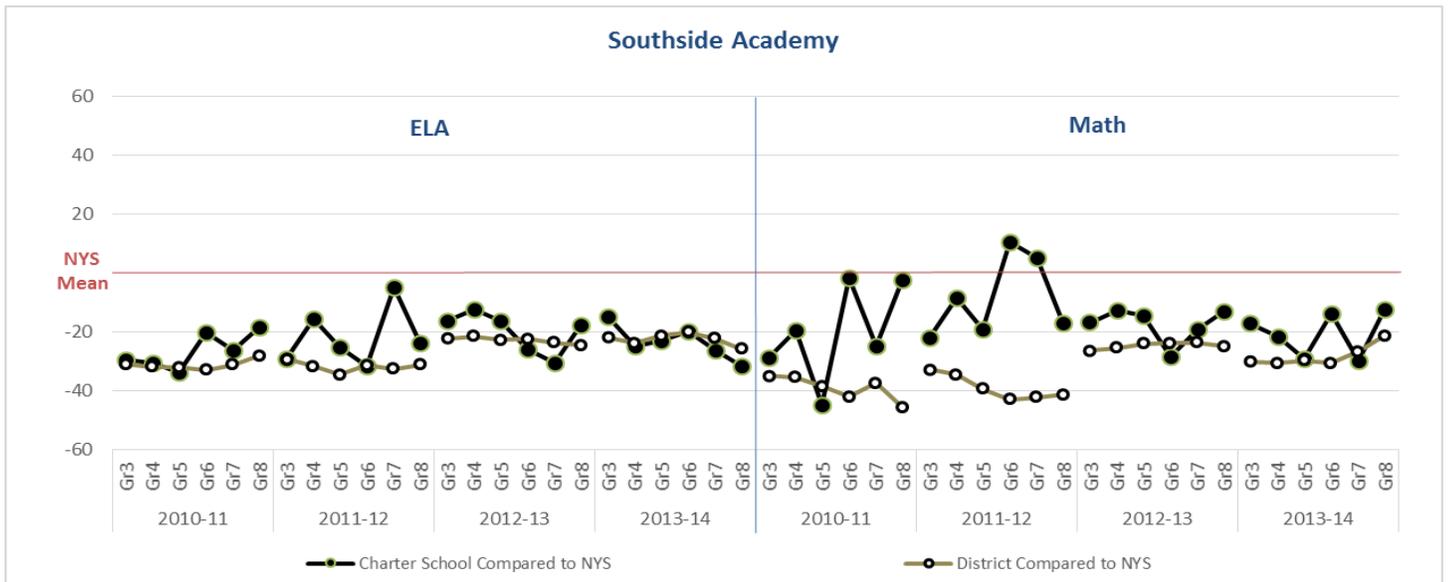


Chart 2: The above histogram compares the school's 3-8 grade proficiency outcomes with that of the district of location and the NYS mean in comparable grades tested. The district's proficiency outcomes are also compared to the NYS mean to gauge whether or not a school's comparison to the state mean mirrors trends seen in the district or if the school is able to overcome the district's academic and socioeconomic challenges. Where (x=0), this line serves as the mean for the school's comparison to the district mean, state mean, or the district's comparison to the state mean. Marks above or below this line indicate how far each comparison has been calculated from the associated mean.

Chart 3: Four-year Gr 3-8 Grade Level Southside Academy Charter School proficiency outcomes compared to NYS Mean; Compares district to NYS mean



According to the State Education Department's accountability designations for 2013-2014 and 2014-2015⁵, Southside Academy Charter School was identified as a Focus School based on underperformance of 2010-2011 combined ELA and math performance indices for students with disabilities and economically disadvantaged subgroups. The school did not meet the criteria for removal from that designation in both years of focus accountability.

Teaching and Learning

Throughout the charter term, Department staff evaluations found that most instruction was not high quality or rigorous. On various site visits, learning time was not maximized, student engagement varied, and instruction was not fully aligned with the Common Core Learning Standards (CCLS). SACS relies on National Heritage Academies, Inc. (NHA) to provide curricular documents. The curriculum has shifted numerous times throughout the charter term, making it difficult for teachers to establish consistency in their practice.

Formative and summative assessments are not purposefully administered at SACS. Teachers review data, but data has not been effectively used to inform, guide, or improve instructional practice. While all stakeholders raised concerns that the NWEA test results do not correlate with student performance on state assessments, this assessment practice has not yet been modified so as to attain more relevant information to guide instruction.

School leaders were unable to cite examples of how they use data to inform, guide, or improve student academic progress across the school. Early in the current school year, NHA supplied a part-time mentor to help the school leader interpret academic outcomes. While instructional deans have been charged with interpreting assessment data and training teachers on NHA's dashboard, they have not yet been fully trained on the dashboard by NHA.

The school has begun to put systems and procedures in place to monitor the academic program. However, these strategies have not led to "academic excellence and high achievement" as described in the school's mission. For example, the school's leaders regularly collect lesson plans, but teachers do not receive feedback on the quality of their plans. Resources were allocated to hire deans and instructional coaches to support the largely inexperienced staff; however, the effectiveness of these deans and coaches is yet to be determined.

The school has not made significant progress toward meeting its performance goals. For the current charter term (July 1, 2010-June 30, 2015) SACS articulated goals for student performance. The goals and outcomes are listed below and include self-reported data from the 2014 Renewal Application. They cannot be verified by the Charter School Office (CSO).

⁵ 2014-15 priority school accountability designations are based on 2010-11, 2011-12 and 2012-13 NYS testing data.

Table 1. Progress Towards Goals

Goal	Outcomes
Each year, 75 percent of all tested students who are enrolled in at least their third year will perform at or above Level 3 on the New York State exams.	2010-11 = Not Met 2011-12 = Not Met 2012-13 = Not Met 2013-14 = Not Met
Each year, Southside Academy Charter School will be in the 65 th percentile or higher of public schools nationally as measured by the percentage of students that meet or exceed the beginning of year to end of year Measures of Academic Progress (MAP) growth on the Northwest Evaluation Association (NWEA) assessments administered (all students using a pooled mean). ⁶	2010-11 = Not Met 2011-12 = Met 2012-13 = Not Met 2013-14 = Not Met
Each year, the percent of all tested students who are enrolled in at least their third year and performing at or above Level 3 on the state exams will be greater than that of students in the same tested grades in Syracuse City School District.	2010-11 = Met 2011-12 = Met 2012-13 = Met 2013-14 = Met

Culture, Climate and Family Engagement

While the school has yet to fully meet its commitment to academic excellence and high achievement as defined in its mission, it has established a climate and culture that, for the most part, encourages student responsibility and leadership. The current school leader instituted monthly town hall meetings, and the school creed is recited each morning.

Overall, the school environment appears physically and emotionally safe. Over the course of the charter term, the school’s safety has improved and instances of bullying have decreased. However, classroom environment has varied across the school during this charter term. In some rooms, student misbehavior distracts other students. The school has some mechanisms in place to address the social, emotional, and health needs of its students, such as a “care team” to provide emotional support to students. To fulfill its commitment to parental partnership, the school has a student-family liaison on staff. SACS also employs a social worker and nurse.

Organizational Soundness

Financial Condition

The school has some financial stress as evidenced by low performance on some financial indicators. Many of the school’s financial indicators as explained below pose a moderate or high fiscal risk.

The Department reviews the financial performance and management of charter schools using quantitative and qualitative methods. Quantitative reporting is done through the fiscal dashboard (See Appendix).The dashboard presents several near-term and long-term⁷ financial performance indicators.

⁷ These rigorous indicators of fiscal soundness are aligned with those recommended by the National Association of Charter School Authorizers, and are also used by the Trustees at the State University of New York (SUNY) in their capacity as a charter school authorizer (SUNY-CSI) in New York State.

Near-term indicators, such as the current ratio and unrestricted days cash, are measures of liquidity and of the charter school’s capacity to maintain operations. Long-term indicators, such as total margin and debt-to asset ratio, are measures of the charter school’s capacity to remain viable and to meet financial obligations.

Overall Financial Outlook

A *composite score* is an overall measure of financial health calculated by the NYSED Office of Audit Services. This score is based on a weighting of primary reserves, equity and net income. A charter school with a score between 1.5 and 3.0 is considered in strong financial health. Southside Academy Charter School’s composite score for 2013-2014 is 0.80. The table below shows the school’s composite scores from 2010-2011 through 2013-2014.

**Southside Academy Charter School Composite Scores
2010-2011 to 2013-2014**

<i>Year</i>	<i>Composite Score</i>
2013-2014	0.80
2012-2013	0.70
2011-2012	0.50
2010-2011	0.20

Source: NYSED Office of Audit Services

Near Term Indicators

Near term indicators of financial health are used to understand the current financial performance and viability of the school. The Department Charter School Office uses three measures:

The *current ratio* is a financial ratio that measures whether or not a school has enough resources to pay its debts over the next 12 months. The ratio is mainly used to give an idea of the education corporation’s ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the education corporation is of paying its obligations, with a ratio under 1.0 indicating concern. For 2013-2014, Southside Academy Charter School had a current ratio of 1.0x.

Unrestricted cash measures in days whether the corporation can meet operating expenses without receiving new income. Schools typically strive to maintain at least 90 days cash on hand. For fiscal year 2013-2014, Southside Academy Charter School operated with 3.0 days unrestricted cash, and in 2012-2013, the school operated with 6.4 days unrestricted cash.

Enrollment stability measures whether or not a school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Schools typically strive to have low variability in enrollment over time. Actual enrollment that is over 85 percent is considered reasonable. For 2013-2014, enrollment stability was at 99 percent.

Long Term Indicators

A school’s *debt to asset ratio* measures the extent to which the school relies on borrowed funds to finance its operations. It is calculated as total liabilities divided by total assets. A ratio of 0.9 or less

meets a standard of low risk. For 2013-2014, Southside Academy Charter School's debt to asset ratio was 0.73x and it was 0.81x in 2012-2013.

Total margin measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Total margin is calculated as net income divided by total revenue. A total margin that is positive indicates low risk. For 2013-2014, Southside Academy Charter School's total margin was (-1) percent.

For additional information regarding these metrics and figures, CSO staff has prepared a series of graphs to illustrate the long-term (three-year trend analysis) performance of the school (see Appendix).

Financial Management

The Southside Academy Charter School Board of Trustees does not provide sufficient financial oversight or adequately oversee the performance of management company National Heritage Academies, Inc.

Southside Academy Charter School's annual financial audits and an audit by the New York State Office of State Comptroller were reviewed to determine whether the school operates in a fiscally sound manner. The Department also reviewed the school's five year projected budget to understand the school's long-range financial plan, reviewed the current management agreement, considered whether the school has appropriate internal controls and procedures in place and whether the school operates in accordance with state law and generally accepted accounting practices. Audit findings from a recent audit are summarized below:

New York State Office of State Comptroller Audit (2013M-318)

In January, 2014, the Office of State Comptroller issued an audit of Southside Academy Charter School's board oversight over the period from July 1, 2011 to June 30, 2013. The objective of the audit was to determine whether the board properly monitored NHA's operation of the school and ensured that school funds were effectively and efficiently used. The OSC audit report stated in part that:

- *In 2002, the Board of Trustees (Board) entered into a management agreement with National Heritage Academies, Inc. (NHA), a privately held for-profit corporation located in Grand Rapids, Michigan. All revenues the School receives are transferred to NHA, which is responsible for the control of the School's finances and for expending the revenues in accordance with the approved budget and as otherwise authorized by the Board. (page 3) NHA receives all the revenues and pays out all operating cost... but there is no line in the budget that represents a fee to NHA. (page 6)*
- *The school entered into a lease agreement with an NHA subsidiary in 2007 for a school building. According to NHA, its subsidiary built the building in 2007 for a total investment of \$6.2 million. From July 2007 through June 2013, lease payments charged to the School totaled \$6.1 million. In effect, the NHA subsidiary will have almost recovered its investment by the end of the 2012-2013 fiscal year. School officials have not demonstrated the arrangement was in the best interests of the School, particularly since NHA controls virtually all of the School's revenues through the management agreement, and the Board did not request or complete a cost-benefit analysis. (page 8)*
- *If the Board is unable to identify costs and does not know what makes up the costs, it has no way to verify or adequately oversee School operations to ensure that expenditures are appropriate and accurate. Without such detailed information, the Board cannot determine if NHA is spending money appropriately for the benefit of the students. Furthermore, spending more on a lease than the value of the building, without a cost-benefit analysis, may not be in the best*

interest of students. Therefore, it is imperative the Board monitor NHA to ensure School funds are effectively and efficiently used.

The audit report had the following three recommendations:

1. The Board should identify the fee paid to NHA and reconcile it as stated in the terms of the management agreement with NHA, to ensure the fee is reasonable and in the best interest of the School.
2. The Board should periodically request a breakdown of costs to verify that expenditures allocated to the School by NHA are reasonable, fair and adequately supported.
3. The Board should periodically assess the terms and conditions of any management and lease agreements to ensure that they are reasonable and in the best interest of the School.

NYSED Charter School Office: Follow up on NYS Office of State Comptroller Audit (2013M-318)

The Charter School Office reviewed the current management agreement (submitted with the School's 2015 renewal application) based on the OSC recommendations for audit 2013M-318. The Department noted that no changes were made to the management agreement to improve Board oversight over the management company (NHA) based on the OSC audit. The Department also reviewed the 2015-2016 to 2019-2020 projected budget and found that there is no budget line for a management fee, as recommended by OSC.

As the Department was not aware of actions taken by the Board to address OSC's findings, the CSO requested a corrective action plan (CAP) for each of the three audit recommendations and specifically requested that the Board provide 'evidence that clearly documents the actions the Board has taken.' Southside Academy Charter School submitted a corrective action plan on January 20, 2015.

- For audit recommendation 1, a reconciliation of the fee made to NHA to the terms in the management agreement to NHA was not provided. Thus, the board of trustees did not provide the CSO with the required evidence.
- For audit recommendation 2, a detailed breakdown of NHA costs was not provided to the board. The board was provided summary reports of NHA costs, which does not allow the board to determine that allocations are reasonable, fair and adequately supported.
- For audit recommendation 3, the board provided no evidence to the Department of changes to the management agreement that would strengthen board oversight, such as a plan and metrics for evaluation of the management company's services.

Audited Financial Statements

The percent of expenses in each of the past two years that are management expenses, not program-related expenses, is higher than the New York State average for charter schools. In the audited Statement of Activities for 2013-2014, management expenses were thirty-three percent of all expenses. In the audited Statement of Activities for 2012-2013, the management expenses were thirty-two percent of all expenses. The New York State average for management expenses for 2012-2013 was fifteen percent.

Internal Controls

The Southside Academy Charter School charter requires adherence to the Education Department's Fiscal Guidebook, which states that all charter schools should have clearly defined internal controls in place. The objective of internal controls is to provide management with reasonable assurance that academic and non-academic goals are being achieved; operations are efficient and effective; assets are safeguarded; laws, regulations, and good business practices are being adhered to; and accurate, timely, and reliable financial data are maintained at all times. Internal controls touch all activities of a school, extending beyond accounting and financial functions.

Southside Academy Charter School does not have management or staff to implement internal controls. Therefore, it falls on National Heritage Academies, Inc., to implement internal controls. This leaves Southside without any procedures in place to evaluate the effectiveness of the comprehensive services provided by the management organization. In addition, although the Southside/NHA management agreement states that NHA shall be responsible and accountable to the board for the administration, operation and performance of the school in accordance with the charter, Southside's board minutes reveal that the board does not adequately oversee NHA's implementation of fiscal and academic policies, and that NHA does not provide the board with information necessary to ensure the school's academic progress, assets, and operations are safeguarded. For example, the OSC Audit (2013M-318) issued in January 2014 revealed that the financial statements NHA provides to the board lack transparency, and do not include information necessary to determine the management organization's use of public funds received by the school. This lack of information does not allow the board to prevent, detect and correct problems encountered by the school.

The Southside Academy Charter School board has not implemented clearly defined internal controls so that it has reasonable assurance that progress is being made toward academic goals, operations are efficient and effective; assets are safeguarded and that financial data is reliable.

Auditor Independence

The charter requires compliance with Government Auditing Standards (GAS) and the Audit Guide. This requires that the independent auditors review the school's internal controls policies and procedures and identify any significant deficiencies or material weaknesses in internal controls. Due to the significant internal control weaknesses identified by OSC, it is unclear why the independent auditors did not identify these internal control weaknesses as significant deficiencies or material weaknesses and possibly modify their opinion on the financial statements.

Audit Guide

The 2013-2014 Schedule of Functional Expenses prepared by the independent auditor did not follow the template categories provided in the Charter School Audit Guide. The Charter Agreement requires adherence to the Charter School Audit Guide.

Board Oversight and Governance

The Southside Academy Charter School Board of Trustees does not provide adequate stewardship or oversight of the school.

According to SACS's 2014 renewal application, the board has not established goals outside of the school's performance goals, engaged in strategic planning, nor shown evidence of strategic planning. The SACS Board of Trustees does not evaluate the performance of the school leader. The school leader

is evaluated once per year by NHA, who defines the goals, indicators, and criteria for evaluation. The board also has not evaluated its collective effectiveness, and there is no evidence of board governance training or development over the course of the charter period. On the most recent CSO site visit, board members were unable to describe the school’s current academic performance, progress, or goals, and members did not appear to be involved with any planning initiatives for the school.

Organizational Capacity

The school’s organizational chart is clear and accurately reflects school structure. The leadership team consists of the principal, three deans, and an instructional coach, who in turn oversee all teachers. While SACS has maintained some leadership stability over the last few years, the school has not been successful in hiring or retaining teachers. SACS lost 12 teachers in 2013-2014 and has experienced high levels of teacher turnover at other points this charter term (i.e., 25% teacher turnover in the 2011-2012 school year). Currently, 13 teachers have less than one year of experience and five teachers are not certified. While reports throughout the charter term cite the school’s acknowledgement of the need for more effective teacher recruitment and NHA’s support in recruitment efforts, this support has not yet been provided.

Faithfulness to the Charter and Law

Mission and Key Design Elements

The mission of Southside Academy Charter School is to *“offer families and students a community public charter school which provides a challenging program and focuses on high-achievement and instilling a sense of family, community and leadership within all our students.”* While the school has yet to meet its commitment to academic excellence and high achievement, it has established a climate and culture that, for the most part, encourages student responsibility and parent partnership, and establishes a moral focus.

Key design elements have been implemented with varying results.

- **Academic excellence:** SACS performance falls far below state averages and has declined over the last two years in ELA:

Grades 3-8, percent proficient	SACS 2013	SACS 2014	NYS 2013	NYS 2014
ELA	12%	8%	31%	31%
Math	14%	16%	31%	36%

- **Moral focus:** The school leader, teachers and students stated in interviews that the character trait of the month is a focus of the school, and that it is discussed in class and in town hall meetings. Posters are visible around the school noting character traits.
- **Student Responsibility:** On the most recent site visit, school leadership and students stated that students are taking an active role in the town hall meetings and in reinforcing the school’s character trait of the month.
- **Parent Partnership:** The school has attempted to evoke parental participation through new initiatives. A “parent room” provides parents a place to discuss individual and group issues. A parent-teacher organization has recently been reinstated. The school plans events to encourage family participation, such as a parent-teacher basketball game and a family fun festival.

Enrollment, Recruitment and Retention

In 2013-2014, the school's population of students with disabilities fell below the Syracuse City School district, while its percentage of economically disadvantaged students were above the district of location.

In its application for charter renewal, the school states that it has made good faith efforts to attract and retain students with disabilities, English language learners and economically disadvantaged students. According to the 2014 Application for Charter Renewal, Southside Academy Charter School implemented the following strategies:

- Advertisements and notifications were placed in the following publications: CNY Latino and America Oggi.
- Brochures were distributed to families in multiple languages throughout the community including at daycare centers, grocery stores, community centers, and churches inviting families to attend the Enrollment Information Meetings.
- An enrollment information meeting was hosted for all parents interested in the school, where student applications were provided in the following languages: Arabic, Bengali, Chinese, English, Haitian Creole, Italian, Korean, Polish, Russian, Spanish, and Urdu.
- To ensure the retention of accepted students, and in compliance with federal requirements to identify potential ELL students, the school asked families to complete a "Home Language Questionnaire." Information from this survey ensures that each child for whom English is a second language is provided the services he/she needed to succeed in school.
- The school partnered with the Spanish Action League of Onondaga County and held an enrollment information meeting for parents at their facility.

Legal Compliance

The school has not adhered to all relevant laws, rules and regulations. The board of trustees did not follow the 2013-2014 Audit Guide requirements for the Statement of Functional Expenses, which states that "the Schedule of Functional Expenses must present, in reasonable detail, the nature of the expenses incurred in each category of program and supporting services reported in the Statement of Activities." The 2013-2014 audited financial statements did not provide a breakdown of contracted services from the management company in a financial statement note. Also, the allocations between program and management on the statement of functional expenses do not appear reasonable. For example, academic and general support was listed as a management expense and no amount was allocated as a program service expense. Adherence to CSO guidance is required under the school's 2009 Renewal Charter Agreement Section 5.3, which states that the independent audit must be performed in accordance with requirements and guidelines provided by the NYSED Board of Regents.

Board membership has not been aligned with bylaw requirements throughout the charter term. A review of the SACS application found that the board of trustees' membership has remained stable for the entire term of the charter and that no new trustees have been added.⁸ The number of board members complies with the board's bylaws, with no less than five members and no more than seven. However, the board has not designated board member classes as required, and has not adhered to the parent member term limits policy of its bylaws. The bylaws state:

⁸ Source: 2014 Renewal Application.

The Trustees shall be divided into three classes for the purpose of staggering their terms of office....The terms of office of the Trustees initially classified shall be as follows: that of the first class shall expire at the next annual meeting of the Trustees, the second class at the second succeeding annual meeting and the third class at the third succeeding annual meeting. Following the expiration of these designated terms, the term of each Trustee shall continue for 3 years, except the term of any Trustee who is a parent of a child enrolled in Southside CS shall be one year."

From 2008 to 2014, the parent member was appointed to two consecutive three-year terms. However, since 2014, this board member has served one-year terms.

The board's attorney recently reviewed the school's discipline policy to assure that the policy includes disciplinary procedures for students with disabilities that address section 300.519-300.529 of the Code of Federal Regulations, as well as New York State Dignity for All Students Act regulations. The policies are found to be current and in compliance with applicable laws and regulations, and no recommendations for revisions were made.

Summary of Public Comment

As required by the Charter School Act, the Department notified the Syracuse City School District of the submission of the school's renewal application. The Syracuse City School District held the required public hearing on January 21, 2015. Seventeen persons attended the hearing and twelve persons provided comment in support of the school's renewal. According to the minutes of the public hearing, all speakers identified themselves as affiliated with Southside Academy Charter School, either as employees, trustees or parents. No opposition to the charter renewal was recorded.

Charter School:	Southside Academy Charter School
Report as of:	2014



General Information:			
School District:	Syracuse CSD	Years in Operation:	12
		Grade(s) Served:	K-8
		Actual Enrollment:	687
		Budgeted Enrollment:	690

Income Statement:

Total Revenues:	\$ 9,074,268
Expenses:	
Enrollment Stability	
Total Program Services	\$ 6,046,229
Management and General	\$ 3,028,041
Development	\$ -
Fundraising	\$ -
Disposal Losses	\$ -
Other	\$ 11,772
Total Expenses:	\$ 9,086,042
Operating Deficit	(\$11,774)
% Management & General	33.33%
Statewide Average	15.24%
% Programmatic Services	66.54%
Statewide Average	84.12%

Balance Sheet & Cash Flow:

Assets:	
Cash - Unrestricted	\$75,368
Cash in Escrow	\$0
Other Current Assets	\$174,493
Investments & PP&E	\$90,523
Other Long Term Assets	\$0
Total Assets:	\$ 340,384
Liabilities:	
Current Liabilities	\$249,866
Long Term Liabilities	\$0
Total Liabilities:	\$249,866
Net Assets:	\$90,518
Total Liab. & Net Assets:	\$340,384
Change in Cash	(\$80,249)

Key Performance Metrics:

Near-Term Metrics:	
Current Ratio	1.0x
Unrestricted Days Cash	3.0
Enrollment Stability	99.6%
Total Revenue Per Student:	\$13,209
Total Expenses Per Student:	\$13,226
Sustainable Metrics:	
Total Margin	(0.1%)
Debt to Asset Ratio	0.73x
Debt Service Coverage Ratio	N/A
Composite Score	0.80

Performance Evaluation Master

Symbol Legend:

	Meets Standard (Low Risk)
	Adequate (Moderate Risk)
	Requires Review (High Risk)

Financial Indicator:

Near-Term Indicators:

1a.	Current Ratio
1b.	Unrestricted Days Cash
1c.	Enrollment Stability

Financial Composite Score:

1d.	Composite Score
------------	------------------------

Long-Term Indicators:

2a.	Total Margin
2b.	Debt to Asset Ratio
2c.	Debt Service Coverage Ratio

2014 Key Inputs:

Target School:	Southside Academy Charter School
Time Period:	2014

Target: Southside Academy Charter School

Current Metric:	Performance:		
1.0			
3.0			
99.6%			

Current Metric:	Performance:		
0.8x			

Current Metric:	Performance:		
(0.1%)			
0.73x			
N/A			

Near-Term Performance Evaluation: Southside Academy Charter School

		2014	2013	2012	Average
1a.	Current Ratio	1.00x	1.00x	1.00x	1.00x
Explanation: Current Ratio (CR) is a measure of operational efficiency and short-term financial health. CR is calculated as current assets divided by current liabilities.					

Meets Standard - Low Risk (if satisfies any of the following two):

<input type="checkbox"/>	CR is greater than or equal to 1.1
<input type="checkbox"/>	CR is between 1.0 and 1.1 and one-year trend is positive (current year ratio is higher than last year's)

Adequate - Moderate Risk (if satisfies any of the following two):

<input checked="" type="checkbox"/>	Current Ratio is between 0.9 and 1.0 or equal to 1.0
<input checked="" type="checkbox"/>	CR is between 1.0 and 1.1 and one-year trend is negative

Requires Review - High Risk:

<input type="checkbox"/>	Current ratio is less than or equal to 0.9
--------------------------	--

		2014	2013	2012	Average
1b.	Unrestricted Days Cash	3.0	6.4	3.0	4.2
2c.					

Meets Standard - Low Risk (if satisfies any of the following two):

<input type="checkbox"/>	30 days or more of cash
--------------------------	-------------------------

Adequate - Moderate Risk (if satisfies any of the following two):

<input type="checkbox"/>	Days Cash is between 15 and 30 days
--------------------------	-------------------------------------

Requires Review - High Risk:

<input checked="" type="checkbox"/>	Less than 15 Days Cash
-------------------------------------	------------------------

		2014	2013	2012	Average
1c.	Enrollment Stability	99.6%	98.8%	98.3%	98.9%
Explanation: Enrollment stability tells authorizers whether or not the school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Actual Enrollment divided by Enrollment Projection in Charter School Budget.					

Meets Standard - Low Risk:

<input checked="" type="checkbox"/>	Enrollment Variance equals or exceeds 95% in most recent year
-------------------------------------	---

Adequate - Moderate Risk (if satisfies any of the following two):

<input type="checkbox"/>	Enrollment Variance is between 85% and 95% in the most recent year
--------------------------	--

Requires Review - High Risk:

<input type="checkbox"/>	Enrollment Variance is equal to or less than 85% in most recent year
--------------------------	--

2c.

Financial Composite Score: Southside Academy Charter School

		Current
	Financial Composite Score	0.80
Explanation: Accounting for an Institution's Total Financial Condition. We evaluate the financial health of schools using a blended score that measures institutions' performances on key financial indicators. The blended score allows an institution's sources of financial strength to offset areas of financial weakness. To calculate: Step 1: Calculate Three Financial Ratios from Financial Statements (Primary Reserve Ratio, Equity Ratio, and Net Income Ratio). Step 2: Convert Ratio Results to Strength Factor Scores. Step 3: Multiply the Strength Factor Scores by a Weighting Factor. Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score.		

Meets Standard: Fiscally Strong

<input type="checkbox"/>	Composite Score Range of 1.5-3.0.
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Fiscally Adequate

<input type="checkbox"/>	Composite Score Range of 1.0-1.4.
--------------------------	-----------------------------------

Requires Review: Fiscally Needs Monitoring

<input checked="" type="checkbox"/>	Composite Score Range of -1.0-0.9.
-------------------------------------	------------------------------------

Long-Term Performance Evaluation: Southside Academy Charter School

	2014	2013	2012	Average
2a. Total Margin	(0.1%)	0.8%	0.4%	0.3%

Explanation: Total margin measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Calculated as Net Income divided by Total Revenue.



Meets Standard - Low Risk (if satisfies any of the following two):

	Most recent year Total Margin is positive
--	---



Adequate - Moderate Risk:

X	Most recent Total Margin is less than 0 but greater than -10%
----------	---



Requires Review - High Risk (if satisfies any of the following two):

	Current year Total Margin is less than -10%
--	---

	2014	2013	2012	Average
2b. Debt to Asset Ratio	0.73x	0.81x	0.91x	0.82x

Explanation: Measures the extent to which the school relies on borrowed funds to finance its operations. Calculated as Total Liabilities divided by Total Assets.



Meets Standard - Low Risk:

X	Debt to Asset Ratio is less than 0.90
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Adequate - Moderate Risk:

	Debt to Asset Ratio is between 0.90 and 1.0
--	---



Requires Review - High Risk:

	Debt to Asset Ratio is greater than 1.0
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	2014	2013	2012	Average
2c. Debt Service Coverage Ratio	N/A	N/A	N/A	N/A

Explanation: Debt service coverage ratio indicates a school's ability to cover its debt obligations in the current year. Calculated as: (Net Income + Depreciation + Interest Expense)/(Principal and Interest Payments).



Meets Standard - Low Risk:

X	Debt Service Coverage Ratio is equal to or exceeds 1.10
----------	---



Adequate - Moderate Risk:

	Debt Service Coverage Ratio is less than 1.10
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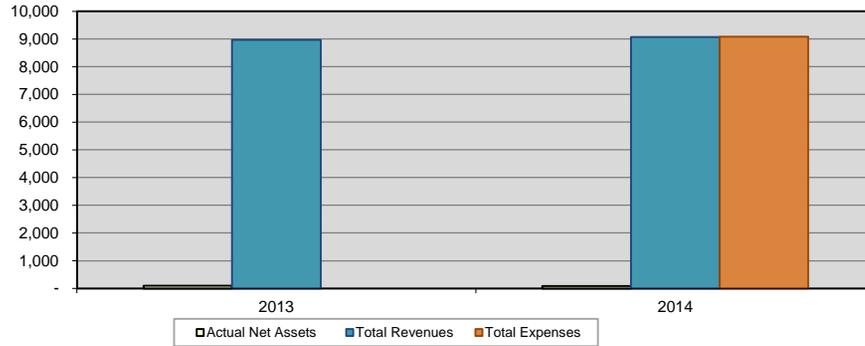


Requires Review - High Risk:

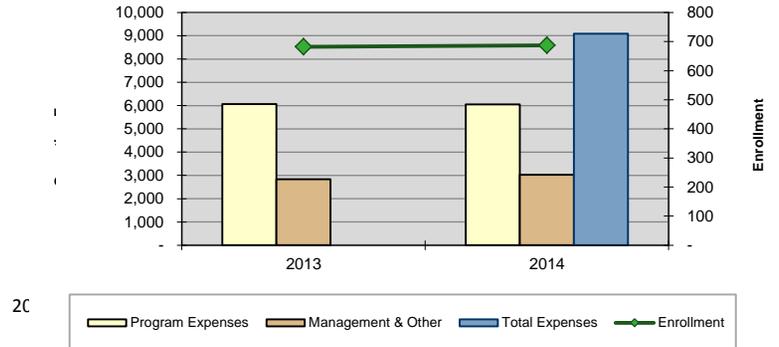
	Debt Service Coverage Ratio is less than 0.90
--	---

(\$'s in thousands)

Revenues, Expenses & Change in Net Assets



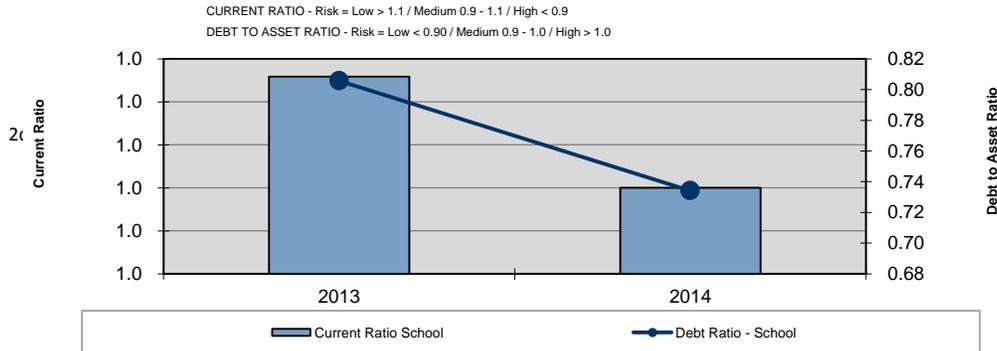
Enrollment vs. Operating Expenses



Enrollment Stability
This chart illustrates total revenue and expenses each year and the relationship those subsets have on the increase/decrease of net assets on a year-over-year basis.

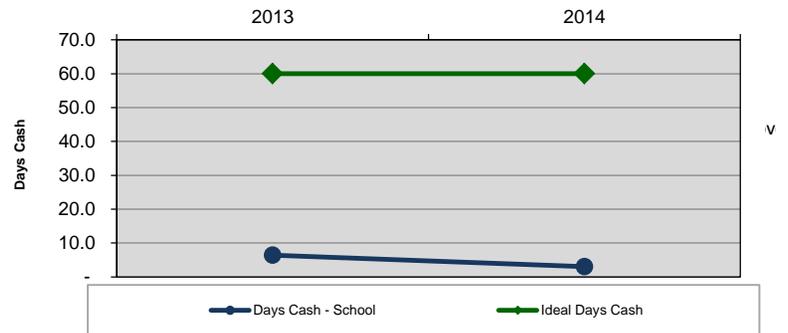
This chart illustrates to what extent the school's operating expenses have followed its student enrollment pattern.

Current Ratio / Debt to Asset Ratio



Current Ratio is a measure of operational efficiency and short-term financial health. Debt to Asset indicates what proportion of debt a school has relative to its assets.

Days Cash



Unrestricted days cash on hand indicates how many days a school can pay its expenses without another inflow of cash.

School		Southside Academy Charter School	
COMPOSITE SCORE:		0.8	
PRIMARY RESERVE RATIO	Unrestricted Net Assets	\$	90,518.00
	ADD: Temporarily Restricted Net Assets	\$	-
	LESS: Annuities, term endowments & life income funds that are temporarily restricted	\$	-
	LESS: Intangible Assets	\$	-
	Less: Net Property, Plant and Equipment (PPE)	\$	(90,523.00)
	ADD: Post Employment Benefits	\$	-
	ADD: All debt obtained for long term purposes (up to net PPE)	\$	-
	EXPENDABLE NET ASSETS	\$	(5.00)
	DIVIDE BY: TOTAL EXPENSES	\$	9,086,042.00
	PRIMARY RESERVE RATIO:		0.000x
EQUITY RATIO	Unrestricted Net Assets	\$	90,518.00
	ADD: Temporarily Restricted Net Assets	\$	-
	ADD: Permanently Restricted Net Assets	\$	-
		\$	-
	LESS: Deferred Financing Costs	\$	-
	LESS: Note Receivable from Related Party	\$	-
	MODIFIED NET ASSETS	\$	90,518.00
	DIVIDE BY: MODIFIED ASSETS	\$	340,384.00
EQUITY RATIO:		0.266x	
NET INCOME RATIO:	CHANGE IN UNRESTRICTED NET ASSETS	\$	(11,774.00)
	DIVIDE BY: TOTAL UNRESTRICTED REVENUE	\$	9,074,268.00
	NET INCOME RATIO:		-0.001x
STRENGTH FACTOR SCORE (cannot be <-1 or >3)	PRIMARY RESERVE strength factor score = 10 x Primary Reserve ratio result	10	0.000
	EQUITY strength factor score = 6 x Equity ratio result	6	1.596
	Net Income strength factor score = 1 + (25 x Net Income Ratio Result) IF Negative Net Inc.	25	0.968
	Net Income strength factor score = 1 + (50 x Net Income Ratio Result) IF Positive Net Inc.	50	0.000
	NET INCOME Strength Factor:		0.968
WEIGHTED AND COMPOSITE SCORE	Primary Reserve Weighted Score = 40% x Primary Reserve Strength Factor Ccore:	40.0%	0.000
	Equity Weighted Score = 40% x Equity Strength Factor Score:	40.0%	0.638
	Net Income Weighted Score = 20% x Net Income Strength Factor:	20.0%	0.194
	Composite Score = Sum of ALL Weighted Scores		0.832
	Round to one digit after the decimal to determine the final score:		0.8

COMPOSITE SCORE EXPLANATION:

➔	2014
➔	How the Rule Works. Charter schools are measured on three financial ratios that are blended to produce a single composite score. The ratios and composite scores address and adjust for differences across business sectors. The model used by NYSED is weighted for "private, non-profit" institutions. The formula may be modified to analyze schools using different financial models.
➔	Institutions earning a high composite score are considered financially responsible and may continue to operate without additional monitoring from CSO.
➔	Institutions with low composite scores are not financially responsible and may be subjected to additional monitoring and oversight from CSO.
➔	Schools between high and low scores are considered to be "in the zone" of uncertain financial responsibility. They are financially responsible but are subject to additional monitoring and closer scrutiny to protect the interests of students and taxpayers. The zone alternative may only be used for three consecutive years.
➔	The ratio methodology combines elements from the audited financial statement into a single blended composite score. The regulatory result depends on the composite score, as illustrated in the following table.

Understanding COMPOSITE SCORES

Regulatory Result	Composite Score Range	Interpretation of Score Range
Financially Responsible	1.5 to 3.0	School is financially healthy enough to operate without additional monitoring
	1.0 to 1.4	In the zone, additional monitoring needed by CSO
Not Financially Responsible	-1.0 to 0.9	School is not financially healthy enough to be considered financially responsible

Debt Service Coverage Ratio

4 Steps to Calc. COMPOSITE SCORES

Step 1: Calculate Three Financial Ratios from Financial Statements

Primary Reserve Ratio	Equity Ratio	Net Income Ratio
Expendable Net Assets / Total Expenses	Modified Net Assets / Modified Assets	Change in Unrestricted Net Assets / Total Unrestricted Revenue

Step 2: Convert Ratio Results to Strength Factor Scores

Strength Factor Score	Interpretation of Score	Primary Reserve Ratio		Equity Ratio		Net Income Ratio	
		Private Non-profit	Pro-prie-tary	Private Non-profit	Pro-prie-tary	Private Non-profit	Pro-prie-tary
-1	Liabilities exceed resources	(0.10)	(0.05)	(0.17)	(0.17)	(0.08)	(0.06)
0	No demonstrable net resources	0.00	0.00	0.00	0.00	(0.04)	(0.03)
1	Minimal resources, but not enough for clear financial health	0.10	0.05	0.17	0.17	0.00	0.00
1.5	Minimal level of resources to indicate financial health	0.15	0.08	0.25	0.25	0.01	0.02
3	Clearly financially healthy on that resource	0.30	0.15	0.50	0.50	0.04	0.06

Step 3: Multiply the Strength Factor Scores by a Weighting Factor

Charter School Educational Sector	Primary Reserve Strength Factor	Equity Strength Factor	Net Income Strength Factor
Private Non-profit	40%	40%	20%
Proprietary	30%	40%	30%

Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score