Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ACADEMIC PERFORMANCE STANDARDS						
Fifth Year Target	**Performance/Data Verified**				**Target Met?**	
	Baseline	**Year 3**	**Year 4**	**Year 5**	**Y**	**N**
1.1 Original five year target: By spring 2006, 70% of students who started HRA during 2000-2001 school year and are still enrolled in 2006 will have an average Reading NCE score of 53.4[1] **PCSB's Fifth Year Target:** School-wide, HRA will achieve no less than the middle performance level in reading on the DC CAS[2]	40.9	48.1	49.8	57.20%	X	
1.2 Original five year target: By Spring 2006, 70% of students who started HRA during the 2000-2001 school year and are still enrolled in 2006 will have an average Mathematics NCE score of 53.3[3] **PCSB's Fifth Year Target:** PCSB's Fifth Year Target: School-wide, HRA will achieve no less than the middle performance level in mathematics on the DC CAS[4]	40.8	54.9	49.9	53.59%	X	
1.3 95% of students will score 70% or above on Performance Assessment	97%	97%	97%	No data provided		X

[1] DCPS, acting as the State Education Agency, changed the standardized assessment from SAT-9 to DC CAS in spring 2006. Therefore, the absence of common data does not allow for an evaluation of the five year reading target as stated in the accountability plan.

[2] In its December 2006 monthly meeting, the PCSB approved final revisions to the Charter Review Framework for schools undergoing Charter Review. Using DC CAS P-Value, the percentage of items answered correctly, the PCSB established that a school undergoing Charter Review must achieve no less than a school-wide average of middle performance level (50-70% of questions answered correctly) on the DC CAS in reading.

[3] DCPS, acting as the State Education Agency, changed the standardized assessment from SAT-9 to DC CAS in spring 2006. Therefore, the absence of common data does not allow for an evaluation of the five year mathematics target as stated in the accountability plan.

[4] In its December 2006 monthly meeting, the PCSB approved final revisions to the Charter Review Framework for schools undergoing Charter Review. Using DC CAS P-Value, *the percentage of items answered correctly*, the PCSB established that a school undergoing Charter Review must achieve no less than a school-wide average of middle performance level (50-70% of questions answered correctly) on the DC CAS in mathematics.

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ACADEMIC PERFORMANCE STANDARDS						
Fifth Year Target	**Performance/Data Verified**				**Target Met?**	
	Baseline	**Year 3**	**Year 4**	**Year 5**	**Y**	**N**
Attained majority of 5-year academic performance goals?					2	1
Achieved no less than school-wide middle performance level in DC CAS in reading and math?					X	
Currently meets the State Education Agency's standard for AYP in reading and math?					X[5]	

Comments: Howard Road Academy met 3 of 3 academic performance standards.

[5] Howard Road Academy has been identified as a school "in need of improvement" and will remain in this status until it makes AYP for two consecutive years. However, the school did meet the State Education Agency's 2005-2006 AYP standards for reading and math.

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

NON-ACADEMIC PERFORMANCE STANDARDS

Fifth Year Target	Performance Data Verified		Target Met?	
	Baseline	**Year 5**	**Y**	**N**
2.1 Students will demonstrate skills necessary to reason, communicate and live with dignity in a civil society – a) <1-2 incidents of student violence or disruption each week b) >90% of students receive "Student of the Day" award at least once during the year c) >50% of students receive High Five awards during the year d) >90% of students surveyed feel safe in school	a) 10 incidents b) school exceeded 50% of students receiving “Student of the Day” c) 49% of students earned High Five Awards d) school exceeded 50% of students feeling safe in school	a) 1.8 incidents b) 98% of students received “Student of the Day” c) 67% of students received High Five awards d) 84% of students felt safe in school	X X X	X
2.2 92% daily attendance rate	86% daily attendance rate	91% daily attendance rate		X
2.3 Students will participate in extracurricular activities – 10% student participation in activities	>50 of students participated in extracurricular activities	60% of students participated in extracurricular activities	X	
2.4 Faculty & staff will effectively implement the school model and curriculum design – a) 15% or lower turnover rate of staff b) 75% of teachers rate school as fair or better c) Achieve a score of 8.5 or higher on Parent Satisfaction Survey. d) 75% of students in grades 5-7 rate teachers as fair or better	a) SY ’03-‘04 30% staff turnover b) SY ’05-’06 76%[6] c) SY ’03-‘04 8.21 Parent satisfaction d) SY ’04-‘05 81%	a) 10% turnover rate b) 76% of teachers rate school as fair or better c) 8.69 satisfaction score d) 86% of 5-7 graders rate teachers as fair or better	X X X X	

[6] Howard Road Academy was unable to provide verifiable data related to teacher satisfaction prior to its fifth year of operation. Therefore, baseline data and the fifth year performance data are the same.

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

NON-ACADEMIC PERFORMANCE STANDARDS				
Fifth Year Target	**Performance Data Verified**		**Target Met?**	
	Baseline	**Year 5**	**Y**	**N**
School-wide average within 80% of five-year targets?			X	
Attendance targets met?				X
Enrollment levels sufficient to sustain the economic viability of the school?			X	
Re-enrollment of eligible students average 75% or higher for the past two years? Average re-enrollment = 74% 2005 – 2006 re-enrollment rate = 74 % 2004 – 2005 re-enrollment rate = 74%				X

Comments: Howard Road Academy met 2 of 4 non-academic performance standards.

Accountability Plan Performance Analysis
School: <u>Howard Road Academy Public Charter School</u>

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE - MEETINGS AND BOARD STRUCTURE

Exemplary level of development and implementation	**Fully functioning and operational level of implementation**	**Limited development and/or partial implementation**	**Low level or no evidence of development and implementation**
The board holds regular meetings with sufficient membership to meet a quorum and submits copies of all minutes to the PCSB as required. The minutes reflect exceptional governance practices in areas such as policy making and oversight of academic and financial performance through the effective use of committees.	The board meets regularly and submits a majority of the minutes to the PCSB as required, which demonstrate sufficient membership to meet a quorum. The minutes reflect appropriate governance practices, such as policy making, and oversight of academic, operational, and financial performance. The minutes demonstrate the Board's awareness of the school's performance, and that appropriate action is taken, as warranted, with or without a committee structure in place.	The board meets sporadically and submits some of the minutes to the PCSB as required, which inconsistently demonstrate membership to meet a quorum. The minutes provide limited evidence of the Board's familiarity with the school's performance as it relates to academic, operational, and/or financial performance. Committees, if in place, play a limited role in the oversight of assigned responsibilities. The Board does not give full attention to all issues confronting the school, but focuses on only one or two.	The board meets infrequently, and most often with low attendance, and submits few, if any, copies of minutes to the PCSB as required. The minutes reflect poor governance practices in the face of serious academic, operational, and/or financial problems. In particular, the minutes do not reflect evidence of sound decision-making at the Board level to effectively address issues facing the school. Committees are not in place, or are not used effectively. The Board's composition and membership have not been modified to address the school's challenges.

Comments: The PCSB has documentation of Howard Road Academy Public Charter School's board meetings as follows: 2006 (January, February, April, May, and June), 2005 (March, April, May, June, July, August, September and October), 2004 (February, September, October, November, and December), 2003 (January, October. November, and December), and 2002 (May, August, September, October and November). The minutes document evidence of a quorum being present at all meetings and oversight of academic, operational, and financial performance were discussed. The minutes demonstrate the Board's awareness of the school's performance, and that appropriate action was taken, as warranted, without a committee structure in place.

Performance Level: <u>3.5</u>

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE - REQUIREMENT FOR PCSB ACTION

Exemplary level of development and implementation	**Fully functioning and operational level of implementation**	**Limited development and/or partial implementation**	**Low level or no evidence of development and implementation**
The school has demonstrated exceptional performance, thereby requiring no remedial action from the PCSB.	The school has demonstrated above average to average performance, requiring minimal remedial action from the PCSB. The school has provided satisfactory responses to the remedial action within the designated timeframe.	The school has demonstrated below average performance, requiring substantial and/or repeated remedial action from the PCSB. The school has provided weak and/or incomplete responses to the conditions set by the Public Charter School Board, thereby failing to adequately respond within the designated timeframe. Given time, the school is able to provide a satisfactory response.	The school has demonstrated failing performance, requiring increasingly substantial remedial action over an extended period of time from the PCSB for issues for which the school has not provided an adequate response. Examples of inadequate responses include failure to submit a response within the designated timeframe, weak and/or incomplete responses that fail to fully respond to the conditions.

Comments: Howard Road Academy Public Charter School received three remedial actions from the PCSB during its first five years of operation. The school provided satisfactory responses to each action within the designated timeframe.

Performance Level: __3__

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE - ANNUAL REPORTING

Exemplary level of development and implementation	Fully functioning and operational level of implementation	Limited development and/or partial implementation	Low level or no evidence of development and implementation
The board submits timely Annual Reports that fully describe the school's performance in relation to the targets established in its accountability plan. Quantitative evidence of performance is presented and aligned with all accountability plan targets.	The board submits timely Annual Reports that describe the school's performance in relation to the targets established in its accountability plan. Quantitative evidence of performance is presented and aligned with the majority of accountability plan targets.	Although not timely, the board submits Annual Reports within a reasonable amount of time from the due date that describes the school's performance in relation to the targets established in its accountability plan on a limited basis. Quantitative evidence of performance is available for some of the accountability plan targets and/or evidence is aligned with some of the accountability plan targets.	The board submits late Annual Reports that largely fail to describe the school's performance in relation to the targets in its established accountability plan. Quantitative evidence of performance is lacking substantially, either due to a failure to report performance or a failure to present evidence that is aligned with the accountability plan targets. School may have been required to submit an amended or supplemental report.

Comments: Howard Road Academy Public Charter School has regularly submitted timely Annual Reports that describes the school's academic and non-academic performance in relation to the targets established in its accountability plan. However, the 2003 and 2004 Annual Reports lacked some quantitative evidence of its performance as it relates to the accountability plan targets.

Performance Level: **3**

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE – ADEQUATE RESOURCES

Exemplary level of development and implementation	**Fully functioning and operational level of implementation**	**Limited development and/or partial implementation**	**Low level or no evidence of development and implementation**
The board and the school's administration deploy resources effectively to further the academic and organizational success of the school.	The board and administration deploy resources that further the academic and organizational success of the school.	The school's deployment of resources at times contributes to the academic and organizational success of the school.	There is little or no evidence that the school's board and administration work to deploy resources in a way that supports the academic and organizational work of the school.

Comments: Howard Road Academy Public Charter School's Board and administration effectively deploy resources to further the school's academic success, as evidenced by its most recent Program Development Review findings. The Board has shown commitment and dedication to retaining teachers who are best suited to the needs of the students. It provides both financial support and opportunity for teachers to become "highly qualified." The Board also remains active in pursuing additional financial support, facility acquisition and recruiting new members.

Performance Level: 4

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE – IMPLEMENTATION OF SCHOOL DESIGN

Exemplary level of development and implementation	Fully functioning and operational level of implementation	Limited development and/or partial implementation	Low level or no evidence of development and implementation
Administrators and board members have a strong understanding of the school design and refer to it regularly in managing and governing the school.	Administrators and board members understand the school design, but minimally use it to manage and govern the school.	Most board members and school administrators understand the school's design, but evidence of its use in the management and governance of the school is lacking substantially.	Board members and administrators fail to demonstrate an understanding of the school's design and/or they have failed to use the design in the management and governance of the school.

Comments: The Board provided input and guidance in developing the Memorandum of Understanding, School Improvement Plan, and the Accountability Plan as it relates to effectively implementing the school design. As such, the Board demonstrates a strong knowledge and appreciation of the school's design and works actively to support its full implementation. To ensure that the design is fully implemented and integrated, the Board has linked academic performance with performance standards for key administrative personnel and staff.

Performance Level: 4

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE – LEADERSHIP

Exemplary level of development and implementation	Fully functioning and operational level of implementation	Limited development and/or partial implementation	Low level or no evidence of development and implementation
The board has established a school that maintains exceptional performance and stability through its school leader. Changes in the school leader either lead to exceptional performance or have not negatively impacted the school's exceptional performance.	The board has established a school that maintains above average to average performance and stability through its school leader. Changes in the school leader either lead to improved performance or have not negatively impacted the school's existing performance.	The board has established a school that maintains below average performance and lacks stability through its school leader. Changes in school leadership have not led to an appreciable improvement in performance.	The board has established a school that is unstable and maintains failing performance through its school leader. There have been no changes in school leadership in an attempt to improve performance.

Comments: Howard Road Academy is currently identified as a school "in need of improvement" and will remain in that status until it makes AYP for two consecutive years. However, the school met the AYP reading and math standards for the 2005-2006 school year and has developed measurable plans to meet the standard this school year. Achieving AYP and creating an instructional environment that promotes academic success can be contributed to the current leadership team's tenacity to improve student performance. While there has been no change in leadership [the principal has been there for four years], the Board has established a school that maintains average performance through its school leader.

Performance Level: 3

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE – OPERATING WITHIN BYLAWS

Exemplary level of development and implementation	Fully functioning and operational level of implementation	Limited development and/or partial implementation	Low level or no evidence of development and implementation
The board's composition and operations are substantially in keeping with its bylaws. Bylaws are reviewed on a regular basis to ensure alignment between operations and bylaws. Appropriate changes are made as needed.	The board's composition and operations are substantially in keeping with its bylaws. Bylaws are reviewed occasionally to ensure alignment between operations and bylaws. Appropriate changes are made as needed.	The board's composition and/or operations are largely not in keeping with its bylaws. Bylaws are reviewed sporadically, if at all, but do not result in changes to ensure alignment between operations and the bylaws.	The board's composition and operations are not in keeping with its bylaws. Bylaws are not reviewed or consulted as it relates to the board's composition and operations.

Comments: While there is no evidence that the by-laws are reviewed on a regular basis to ensure alignment, the operations of the Board are substantially in keeping with its bylaws. However, the Board should comply with the law regarding D.C. residency for the majority of its members.

Performance Level: <u>3</u>

OVERALL COMMENTS - ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE

Howard Road Academy Public Charter School demonstrated fully functioning or exemplary performance in 7 of 7 categories, and thus meets the standard for organizational performance in governance.

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

Exemplary level of development and implementation	Operational level of implementation and development	Limited development and/or partial implementation	Low level or no evidence of development and implementation
School has an exemplary record of compliance with applicable laws, rules and regulations, maintains highly effective systems and controls for ensuring that legal requirements are met, and is currently in substantial compliance with relevant authorities.	School has a record of substantial compliance with applicable laws, rules and regulations, maintains effective systems and controls for ensuring that legal requirements are met, and is currently in substantial compliance with relevant authorities.	School has a record of partial compliance with applicable laws, rules and regulations, maintains inconsistently effective systems and controls for ensuring that legal requirements are met, and is currently in substantial compliance with relevant authorities.	School has a poor record of compliance with applicable laws, rules and regulations, has ineffective or non-existent systems and controls in place for ensuring that legal requirements are met, and is currently out of compliance with relevant authorities.

Comments: Howard Road Academy Public Charter School's 2006-2007 Compliance Review revealed that the school's performance is generally in keeping with applicable laws, rules and regulations.

Performance Level: 3

OVERALL COMMENTS - ORGANIZATIONAL PERFORMANCE STANDARDS: COMPLIANCE

Howard Road Academy Public Charter School's past Compliance Reviews revealed that over a five year period, the school has been substantially compliant with applicable laws, rules and regulations. The school should ensure that funding sources are indicated on the inventories of assets. Additionally, the school must adhere to NCLB (HQT) and residency requirements for Board members.

Howard Road Academy Public Charter School demonstrated fully functioning or exemplary performance in 5 of 7 categories, and thus meets the standard for compliance.

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – ACCOUNTING POLICIES

1. Accounting Policies				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
School follows PCSB accounting guidelines. Guidelines include 1) using approved auditors as required; 2) following audit policies; 3) maintaining records under accrual basis of accounting; 4) and reporting financial statements according to GAAP.	With minor exceptions, school follows PCSB accounting guidelines.	The school has failed to follow PCSB accounting guidelines for one audit cycle. School has implemented a corrective plan.	The school has failed to follow PCSB accounting guidelines for more than one audit cycle and/or the school has committed a significant breach in one cycle. A corrective plan is in development.	The school has failed to follow all PCSB accounting guidelines for more than one audit cycle. A corrective plan was not developed or was never followed.

Comments: Based on its interim financial reports and annual financial audits, HRA PCS has adhered to GAAP. Key findings of the FY06 financial audit are…

- Financial statements conform to accounting principles generally accepted in the United States of America.
- No matters involving the internal control over financial reporting that are considered to be weaknesses
- No instances of noncompliance which are required to be reported under Government Auditing Standards.
- Other key audit findings
  - The school successfully remedied prior period audit findings
  - No additional reportable findings were presented in the FY2006 audit

Overall, HRA PCS has been efficient in administering accounting policies which follow PCSB accounting guidelines.

GRADE FOR ACCOUNTING POLICIES: 4.50

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – FINANCIAL REPORTING

2. Financial Reporting a. Audited Statements				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
Audits are submitted on a timely basis. Annual audit receives an unqualified opinion with no findings. Management displays a high level of transparency and an interest in continuous improvement of financial management.	Audits are submitted on a timely basis. Annual audit receives an unqualified opinion with no findings. Management letter reflects minimal need for changes in financial management. Any changes are implemented immediately.	Audits are submitted on time or with slight delay due to specific circumstances. Audit findings show need for significant improvement; school implements changes immediately. Procedures are tracked to ensure compliance with auditor's recommendations.	At least one audit has been significantly delayed. Annual audit receives a qualified opinion. Audit report or management letter indicates significant financial problems; changes not implemented from prior year's findings. School develops realistic plan based on auditor's recommendations to be implemented over the next year.	Audits have been significantly delayed for more than one cycle and/or not submitted at all. Annual audit receives a qualified opinion for two years or more. Audit report or management letter indicates significant financial problems for which turnaround is not feasible; changes not implemented from prior year's management letter.

Comments: HRA PCS has submitted its annual audits to the PCSB in a timely fashion. Each of the school's audits received an unqualified opinion. The school's FY2005 audit identified two reportable findings pertaining to the school's December 2004 enrollment audit and its fixed asset record. The school successfully remedied each of the findings during the FY2006 accounting cycle.

GRADE FOR FINANCIAL REPORTING (Audited Statements): 4.50

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – FINANCIAL REPORTING

2. Financial Reporting b. Budgets and Interim Financials				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
Budgets and interim financials are submitted on time and follow the PCSB template. No significant problems identified in reports.	Budgets and interim financials are submitted on time and follow the PCSB template with few exceptions. Only minor spending variances or other problems are reported.	Budgets and interim financials are submitted late and/or do not follow the PCSB template. Significant variances or other problems are reported, but they have reasonable justifications and do not necessarily jeopardize the school's financial health.	Budgets and interim financials have not been submitted one or two times. Or, significant variances or other problems are reported without reasonable justifications. The school's financial health is potentially weakened.	Budgets and interim financials have not been submitted on several occasions. Or significant variances or other problems are reported, considerably jeopardizing the school's ability to operate as a going-concern.

Comments: HRA PCS has submitted its annual budgets and interim financial statements to the PCSB on time. During the FY2006 accounting cycle, the school expects to generate measurable spending variances as a result of it not reaching its projected enrollment target. However, because the school has a sizable net asset reserve, it will be able to function as a going concern with minimal operational interruptions.

GRADE FOR FINANCIAL REPORTING (Budgets and Interim Financials): 4.00

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – FINANCIAL REPORTING

2. Financial Reporting c. Taxes and Insurance				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
Required IRS forms are filed and evidence of adequate insurance coverage is provided. All documentation is adequately maintained.	Required IRS forms are filed and evidence of minimal insurance coverage is provided. All documentation is adequately maintained, with minor exceptions.	Required IRS forms are filed, but have been late once or twice. Evidence of insurance is provided. Documentation is not properly filed or maintained.	Required IRS forms are consistently filed late. The school shows no evidence of adequate insurance coverage. Documentation is not properly filed or maintained.	Required IRS forms are not filed. The school does not have adequate insurance coverage. Adequate documentation is lacking.

Comments: The PCSB has not previously monitored schools' submission of filings to the Internal Revenue Service, so data are not available to confirm or deny that forms have been filed. Similarly, historical data on schools' level of insurance coverage are incomplete, as this criterion was previously checked onsite without documenting specific levels.

GRADE FOR FINANCIAL REPORTING (Taxes and Insurance): N/A

OVERALL GRADE FOR FINANCIAL REPORTING (AVERAGE): 4.25

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – INTERNAL CONTROLS

3. Internal Controls a. Establishment and Adherence to Internal Controls Policy				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
Based on PCSB review and annual audit, school has clear, written internal controls in place to provide checks and balances. Audit indicates that all internal control policies are followed.	School has clear, written internal controls in place to provide checks and balances, with minor exceptions. Weaknesses identified by PCSB or auditor are minor and can be addressed immediately.	School has some internal controls in place. Weaknesses identified by PCSB or an auditor can be addressed over the course of the fiscal year.	School lacks some major internal controls. Weaknesses identified by PCSB or auditor need one to two years to be addressed. School is developing a corrective action plan.	School lacks basic internal controls and there is evidence of financial mismanagement.

Comments: The PCSB has not previously directly monitored schools' adoption of internal controls, so the PCSB lacks data to affirm the existence of written policies other than what is reported by an independent auditor. The school has engaged thorough audits and appears to have responded to recommendations for improvements to internal controls and as stated earlier, no matters involving the internal control over financial reporting that are considered to be weaknesses were presented in the school's latest audit.

GRADE FOR INTERNAL CONTROLS (Internal Controls Policy): 5.00

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – INTERNAL CONTROLS

3. Internal Controls b. Procurement				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
School is in compliance with PCSB's contracting / procurement requirements.	School is in compliance with PCSB's contracting / procurement requirements, with minor exceptions noted.	School has had some violations of PCSB's contracting / procurement requirements over the course of the year. Violations were reasonably justified. Policies and procedures are in place to preclude future violations.	School has had consistent violations of PCSB's contracting / procurement requirements. A corrective plan is in development.	School has had consistent violations of PCSB's contracting / procurement requirements. Management lacks capacity to assure compliance.

Comments: HRA PCS regularly submits appropriate documentation of contracts to the PCSB for review. The PCSB believes that the school has been compliant in following procurement requirements.

GRADE FOR INTERNAL CONTROLS (Procurement): **5.00**

OVERALL GRADE FOR INTERNAL CONTROLS (AVERAGE): 5.00

Accountability Plan Performance Analysis
School: <u>Howard Road Academy Public Charter School</u>

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – TRANSPARENCY OF FINANCIAL MANAGEMENT

4. Transparency of Financial Management **a. Annual Budgets**				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
The schools prepares an annual operating budget, a cash flow projection and, when required, a capital budget by June 1 each year. Budget reflects thoughtful planning and detailed assumptions. These documents are certified by the Board of Trustees. Modifications are made as necessary and are submitted to PCSB.	With some exceptions, school regularly prepares annual operating budget, cash flow projection and, as required, a capital budget. Budget reflects thoughtful planning. These documents are certified by the Board of Trustees. Modifications occur as necessary and are submitted to PCSB.	The school does not consistently submit budgets and/or modifications of budgets to PCSB. Budget lacks planning and/or clear assumptions. There appears to be a lack of consensus or understanding of the budget by board members. Corrective plans are in process and will be implemented within a fiscal quarter.	Budgets are not submitted on time and/or do not have board's approval. Clear budget policies are in development.	School lacks budget policies and procedures. The board and staff lack capacity to implement standard budgeting procedures.

Comments: HRA PCS has been very proactive in revising its budget as needed and providing updates to the PCSB. Budgets are thoughtful, show detail and provide relevant explanations. Budgets have been submitted to the PCSB on time.

GRADE FOR TRANSPARENCY (Annual Budgets): <u>5.00</u>

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – TRANSPARENCY OF FINANCIAL MANAGEMENT

4. Transparency of Financial Management b. Management Organizations				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
School accurately discloses relationships with its management organization. Contracts are provided to PCSB and are deemed reasonable and fair.	School accurately discloses relationships with its management organization. Contracts are provided to PCSB and are deemed reasonable and fair with few exceptions.	School does not adequately disclose relationship with organization upfront. Information is provided at PCSB's request. Contracts are unclear or present concerns in terms of financial and /or management control. There are indications of poor relationship between school and management organization.	School does not disclose relationship with organization upfront. Information is not easily obtained by PCSB. There is evidence of poor relationship between school and management organization.	School does not disclose relationship with organization upfront. PCSB cannot obtain satisfactory information.

Comments: HRA PCS has a management agreement with Mosaica Advantage, Inc. (MAI), a wholly owned subsidiary of Mosaica Education, Inc. a charter management company, to provide services to the school including: program development, faculty training, general, administrative and financial services. The management agreement was amended in August 2004 and expires on June 30, 2011. During the year ended June 30, 2006, MAI was paid total management fees of $1,064,255 as compensation for the services provided. That stated, the PCSB feels that the school has been forthright in informing PCSB of all pertinent matters as they relate to HRA PCS and its management organization.

GRADE FOR TRANSPARENCY (Management Organizations): 5.00

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – TRANSPARENCY OF FINANCIAL MANAGEMENT

4. Transparency of Financial Management c. Related Party Transactions				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
School accurately discloses transactions with related parties, as required by PCSB's guidelines.	School accurately discloses transactions with related parties, with minor exceptions.	School fails to disclose related party transactions. Information is provided at PCSB's request.	School fails to disclose related party transactions. Information is not easily obtained by PCSB. There is evidence of inadvertent mismanagement.	School does not disclose relationship with organization upfront. PCSB cannot obtain satisfactory information and/or there is evidence of unethical behavior and mismanagement.

Comments: Refer to Management Organizations detail (section 4b; page 20) Based on the information available, PCSB believes that the school discloses all related party transactions as required.

GRADE FOR TRANSPARENCY (Related Party Transactions): 5.00

OVERALL GRADE FOR TRANSPARENCY (AVERAGE): 5.00

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – FISCAL PRUDENCE

5. Fiscal Prudence **a. Balanced Budget**				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
The school has a balanced budget, based on reasonable assumptions, for the upcoming fiscal year. Expenses are less than revenues, or there is a reasonable explanation for deficit spending. Budgeting is thoughtfully aligned with long-term financial goals.	The school has a balanced budget using reasonable assumptions. Expenses are less than revenues, or there is a reasonable explanation for deficit spending. Current spending plans will contribute to long-term financial goals.	The school has a balanced budget using some questionable assumptions. Expenses are greater than revenues for one or more years.	The school does not have a balanced budget nor has one with questionable assumptions. Expenses have exceeded revenues more often than not.	The school has no prepared budget. Expenses consistently exceed revenues.

Comments: With the exception of FY2003, HRA PCS has concluded each of its fiscal periods with positive net income balances, enabling the school to amass a significant net asset reserve (see table).

fiscal period	**2002**	**2003**	**2004**	**2005**	**2006**
NI	$ 433,617	$ (26,819)	$ 1,295,613	$ 1,243,680	$ 354,721
Cumulative Reserves	$ 433,617	$ 406,798	$ 1,702,411	$ 2,946,091	$ 3,300,812

GRADE FOR FISCAL PRUDENCE (Balanced Budget): <u>4.50</u>

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – FISCAL PRUDENCE

5. Fiscal Prudence b. Debt Capacity				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
According to financial statements, school takes on debt only with very thoughtful planning and well within its debt service capacity. Standard policies are in place to prevent unnecessary and/or onerous borrowing.	According to financial statements, school stays within its debt service capacity as required by the lender. Standard policies are in place to prevent unnecessary and/or onerous borrowing.	According to financial statements, school has significant debt and has exceeded its debt service capacity, potentially violating loan covenants. School and lender are implementing remedies. Polices were in place and were followed but extraordinary circumstances led to the current situation.	According to financial statements, school has significant debt and/or has defaulted on its loan. Lender has school on a watch list. School and lender are discussing remedies. Polices were not in place or were not followed.	According to financial statements, school has significant debt and defaulted on its loan. The lender has called the loan. No remedies are possible.

Comments: In August 2004, HRA PCS completed a transaction with Mosaica Advantage Inc. to purchase the land and building where the school currently resides at a contracted price of $7,000,000. To effect the transaction, the school obtained a short-term bridge loan from a bank in the amount of $6,215,000. The school obtained additional financing for the purchase transaction through a Loan Agreement with the District of Columbia Office of Charter School Financing and Support for $1,250,000. This interest-only loan carries an interest rate of 5% and matures with a balloon payment in 2009. Interest payments are made on a quarterly basis. In November 2004, the school entered into a Bond Indenture and Loan Agreement with the District of Columbia pursuant to which the District issued $6,295,000 of Variable Rate Revenue Bonds. The proceeds were used to pay off the aforementioned bridge loan. The District Bonds bear interest at a variable rate and mature in2024.

Fiscal Year Ended	District Bonds	DISB Loan	Total	Projected Revenues	Estimated Debt Service
2007	$ 230,000		$ 230,000	$ 7,988,262	**3%**
2008	$ 235,000		$ 235,000	8,148,027	**3%**
2009	$ 245,000		$ 245,000	8,310,988	**3%**
2010	$ 255,000	$ 1,250,000	$ 1,505,000	8,477,208	**18%**
2011	$ 265,000		$ 265,000	8,646,752	**3%**
2012 and thereafter	$ 4,735,000		$ 4,735,000	n/a	
Total	$ 5,965,000	$ 1,250,000	$ 7,215,000	$ 41,571,236	

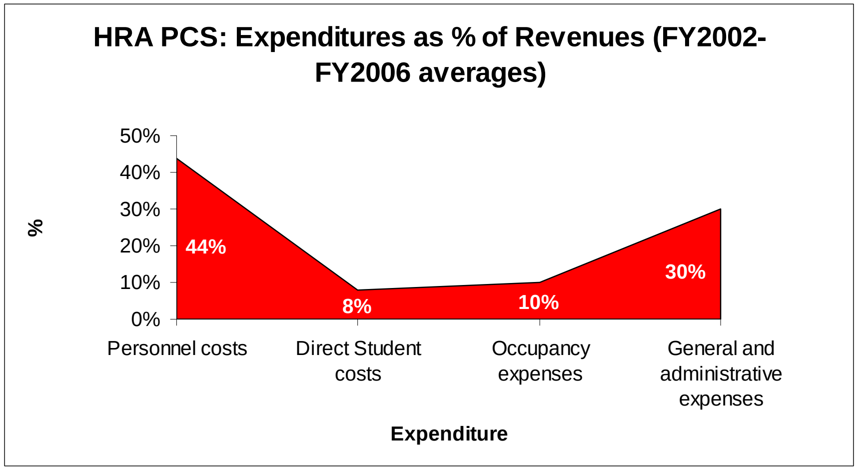
The annual maturities of the school's long-term debt are shown in the table above. Assuming that the school's annual revenues grow at 2%, the school should not have any problems satisfying annual debt service requirements. **GRADE FOR FISCAL PRUDENCE (Debt Capacity): 5.00**

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – FISCAL PRUDENCE

5. Fiscal Prudence c. Appropriate Spending Decisions				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
School makes spending decisions appropriate for the management of educational programs. Salaries and occupancy costs, in particular, are in line with industry comparables. Minor variances from industry standards are well explained and justified.	School makes spending decisions appropriate for the management of educational programs. Salaries and occupancy costs are slightly out of line with industry comparables, but with reasonable justifications.	School makes some inappropriate spending decisions, inadvertently. Salaries and occupancy costs are out of line with industry comparables but still have sufficient justifications. A corrective plan is being implemented.	School has a record of inappropriate spending decisions, with some reasonable justification. Salaries and occupancy costs are considerably out of line with industry comparables. A corrective plan is in development.	School has a record of inappropriate spending decisions which adversely impact programming, with no rational justifications. There is evidence of unethical behavior and fiscal mismanagement. Salaries and occupancy costs are egregiously out of line with industry comparables. No corrective plan is feasible.

Comments: HRA PCS makes spending decisions appropriate for the management of educational programs. Salaries and occupancy costs are in line with industry comparables and PCSB financial metrics. As indicated by the chart below, the school's five-year average salary and occupancy expenditures expressed as a percentage of total revenue are 44% and 10% respectively; well below PCSB established thresholds of 50% for salary and 25% for occupancy.



GRADE FOR FISCAL PRUDENCE (Appropriate Spending): 5.00

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – FISCAL PRUDENCE

5. Fiscal Prudence d. Investment Decisions				
Above Average 5	Satisfactory 4	Watch – Improvements Required 3	Substandard – Probation 2	Poor – Revocation 1
According to financial statements, school has significant liquid assets and manages them prudently, prioritizing safety over level of return. Clear written policies with board approval address how assets should be invested.	According to financial statements, school has minimal liquid assets and manages them prudently, prioritizing safety over level of return. Clear written policies with board approval address how assets should be invested.	According to financial statements, school has minimal liquid assets but their management is questionable; investment decisions appear somewhat risky.	According to financial statements, school has minimal to no liquid assets. Any assets invested are in high-risk/questionable areas.	According to financial statements, school has no liquid assets or minimal assets with no track record of investment decisions.

Comments: HRA PCS has been able to successfully manage its working capital needs and has been able to generate positive working capital balances at the conclusion of each fiscal period (see table below). Additionally, the school has purchased its building, which appears to be a sound investment. However, one area of concern regarding investment decisions surrounds that school's decision to enter in to an interest rate swap agreement with a financial institution to manage the cost and economic risk associated with variability in the school's cash outflows for interest payments required under provisions of the variable rate District Bonds. Little is known about the exact structure of the swap option arrangement.

fiscal period	2002	2003	2004	2005	2006
Working Capital	$ 433,617	$ 242,501	$ 1,375,911	$ 2,247,452	$ 2,108,965

GRADE FOR FISCAL PRUDENCE (Investment Decisions): 4.00

OVERALL GRADE FOR FISCAL PRUDENCE (AVERAGE): 4.625

Accountability Plan Performance Analysis
School: Howard Road Academy Public Charter School

ORGANIZATIONAL PERFORMANCE STANDARDS: FISCAL MANAGEMENT – FISCAL PRUDENCE (SUPPORTING DOCUMENTATION)

HRA PCS: 5-YEAR BALANCE SHEET ANALYSIS

	2002	2003	2004	2005	2006
Assets					
Current Assets:					
Cash	$ 1,390,013	$ 935,785	$ 1,754,047	$ 2,977,469	$ 2,940,895
Segregated cash	$ -	$ -	$ -	$ 19,036	$ 23,097
Due from Federal Government	$ 92,017	$ 185,735	$ 92,452	$ 52,331	$ 272,065
Prepaid expenses and deferred charges	$ -	$ 835	$ 7,103	$ 19,596	$ 45,406
Certificate of Deposit	$ 35,000	$ 35,000	$ -	$ -	$ -
Total Current Assets	$ 1,517,030	$ 1,157,355	$ 1,853,602	$ 3,068,432	$ 3,281,463
Fixed Assets					
Textbooks	$ -	$ -	$ -	$ -	
Restricted cash	$ -	$ -	$ -	$ 322,275	$ 327,756
Deferred charges, net	$ -	$ -	$ -	$ 304,076	$ 283,822
PPE net	$ -	$ 423,584	$ 440,813	$ 7,679,986	$ 7,702,946
Total Fixed Assets, net	$ -	$ 423,584	$ 440,813	$ 8,306,337	$ 8,314,524
Total assets	**$ 1,517,030**	**$ 1,580,939**	**$ 2,294,415**	**$ 11,374,769**	**$ 11,595,987**
Liabilities and Net Assets					
Current liabilities					
Accounts payable	$ 101,953	$ 390,291	$ 84,891	$ 113,175	$ 144,868
Due to management company	$ 981,460	$ 502,013	$ 163,828	$ 80,856	$ 71,848
Accrued payroll	$ -	$ -	$ 225,691	$ 278,727	$ 514,505
Deferred revenue	$ -	$ -	$ 3,281	$ 36,890	$ 194,945
Other liabilities	$ -	$ 22,550	$ -	$ 91,332	$ 11,332
Current portion of long-term debt	$ -	$ -	$ -	$ 220,000	$ 235,000
Total current liabilities	$ 1,083,413	$ 914,854	$ 477,691	$ 820,980	$ 1,172,498
Long-term liabilties					
Capital lease payable	$ -	$ 259,287	$ 114,314	$ -	$ -
Long-term debt	$ -	$ -		$ 7,465,000	$ 6,980,000
Total liabilities	**$ 1,083,413**	**$ 1,174,141**	**$ 592,005**	**$ 8,285,980**	**$ 8,152,498**
Net Assets:					
Net Income	$ 433,617	$ (26,819)	$ 1,295,613	$ 1,243,680	$ 354,721
Beg. Net Assets	$ -	$ 433,617	$ 406,798	$ 1,845,108	$ 3,088,788
Total Net Assets (Ending Net Assets)	$ 433,617	$ 406,798	$ 1,702,411	$ 3,088,788	$ 3,443,509
Total liabilities and net assets	**$ 1,517,030**	**$ 1,580,939**	**$ 2,294,416**	**$ 11,374,768**	**$ 11,596,007**
Long-term debt/ Total Equity ratio:	**-**	**-**	**-**	**2.42**	**2.03**
Net-working capital:	**$ 433,617**	**$ 242,501**	**$ 1,375,911**	**$ 2,247,452**	**$ 2,108,965**
Liqiudity ratio:	**1.40**	**1.27**	**3.88**	**3.74**	**2.80**

HRA PCS: 5-YEAR INCOME STATEMENT ANALYSIS

	2002	2003	2004	2005	2006
Revenue:					
Support and revenue:					
Fees and grants from government agencies	$ 3,577,397	$ 4,976,823	$ 6,857,419	$ 6,762,547	$ 7,486,960
Total revenue	**$ 3,577,397**	**$ 4,976,823**	**$ 6,857,419**	**$ 6,762,547**	**$ 7,486,960**
Expenses:					
Personnel costs	$ 1,572,783	$ 2,233,874	$ 2,297,070	$ 2,560,122	$ 3,915,777
Direct Student costs	$ 343,543	$ 400,918	$ 487,987	$ 452,473	$ 571,010
Occupancy expenses	$ 205,101	$ 867,648	$ 999,269	$ 457,798	$ 317,527
General and administrative expenses	$ 1,022,353	$ 1,501,202	$ 1,777,480	$ 2,048,474	$ 2,327,925
Total expenses	**$ 3,143,780**	**$ 5,003,642**	**$ 5,561,806**	**$ 5,518,867**	**$ 7,132,239**
Net Income	$ 433,617	$ (26,819)	$ 1,295,613	$ 1,243,680	$ 354,721
Beginning Net Assets	$ -	$ 433,617	$ 406,798	$ 1,845,108	$ 3,088,788
Total Net Assets (Year End Balance)	$ 433,617	$ 406,798	$ 1,702,411	$ 3,088,788	$ 3,443,509
Profit Margin	**12%**	**-1%**	**19%**	**18%**	**5%**
Personnel costs/Total Revenue	**44%**	**45%**	**33%**	**38%**	**58%**
Direct Student costs/Total Revenue	**10%**	**8%**	**7%**	**7%**	**8%**
Occupancy expenses/Total Revenue	**6%**	**17%**	**15%**	**7%**	**5%**
G&A expenses/ Total Revenue	**29%**	**30%**	**26%**	**30%**	**34%**