



DISTRICT OF COLUMBIA
PUBLIC CHARTER SCHOOL BOARD

Preliminary Charter Review Analysis-YouthBuild Public Charter School Based on Charter Framework

Executive Summary

YouthBuild Public Charter School is in its 5th year of operation. The school opened as an outgrowth of an effective program began in 1995 by the Latin American Youth Center in Columbia Heights, D.C. The mission of the school is “to give young people the tools they need to transform their lives and communities through education, skill-building, and service.” The school services students between the ages of 16-24, who have dropped out, aged out or have been expelled from other DC high schools. In addition, YouthBuild offers a bilingual education option that combines academic instruction with vocational skills training, job readiness and community service. As evidenced in the School’s Annual Report, 2008, YouthBuild students come to school with “significant challenges and barriers: 36% were parents, 38% spoke little or no English, 36% were court involved and 66% were reading at or below the 6th grade level.” YouthBuild Public Charter School is an alternative school which enables students to pass the GED examination and/or gain a vocation.

Academic

YouthBuild Public Charter School met two (2) of the three (3) academic performance standards. The school met all five (5) academic performance targets. The school also met the standard related to performance on alternative assessments. The school did not meet the standard related to demonstrating improvement on a majority of the academic goals over the two most recent years.

Non Academic

YouthBuild Public Charter School met all three (3) of the three (3) applicable non-academic performance standards. The school met three (3) of four (4) non-academic performance targets. Current enrollment levels are sufficient to sustain the school’s economic viability. Re-enrollment standards are not applicable as this is an alternative education program.

Organizational- Governance

YouthBuild Public Charter School has demonstrated average or above average in six (6) out of seven (7) categories in governing the school. The board has deployed resources to the school resulting in the addition of a new wing to the school, increased teaching and support staff and new resources in the area of technology. Currently, the school is in the process of expanding its program to an additional site.

Organizational Compliance

YouthBuild Public Charter School has demonstrated average or above average in six ((6) out of six (6) applicable categories and has met the organizational performance standards for compliance. YouthBuild passed the triage screen during the 2009 Compliance Review.

Organizational-Fiscal Management

Based on the information available, PCSB believes that the YouthBuild Public Charter School has solid fiscal management processes in place. The school's audit reports reflect sound accounting and internal controls policies. The school has done an extremely good job submitting all necessary documents to PCSB for review when required. Annual budgets are extremely thoughtful and reflect careful planning and financial savvy. The school continues to perform well in terms of cash flow and liquidity management. For the year ending June 30, 2009, the school's nets assets increased from \$655K at the conclusion FY08 to \$921K at the conclusion of FY09. The school's liquidity ratio was 3.87 on June 30, 2009 an indication that the school has done a superb job of managing its short-term liabilities and assets. As with any not-for-profit organization, the school should seek to continuously improve its fiscal management and internal controls.

**Accountability Plan Performance Analysis
Preliminary Charter Review
Youth Build Public Charter School**

ACADEMIC PERFORMANCE

A school becomes a candidate a Charter Warning if it fails to meet 2 of the 3 academic standards below:

Criterion #1: The school must attain the majority of the academic performance targets.

YouthBuild Public Charter School has five (5) annual academic performance targets. They met five (5) of the five (5) academic targets.

Overall, Youth Build Public Charter School met this criterion.

Criterion #2: The school must demonstrate improvement on a majority of the academic goals over the most two recent years.

YouthBuild Public Charter School showed improvement in one (1) of five (5) academic goals over the last two years.

Overall, Youth Build did not meet this criterion.

Criterion #3: The school must come within 80% of its (alternative) assessment targets.

YouthBuild Public Charter School came within 80% of all five (5) of its alternative assessment targets.

Overall, Youth Build Public Charter School met this criterion.

OUTCOME: YouthBuild Public Charter School met two (2) of the three (3) academic performance standards. Thus, the school met the standard for academic performance.

**Accountability Plan Performance Analysis
Preliminary Charter Review
Youth Build Public Charter School**

NON-ACADEMIC PERFORMANCE

A school becomes a candidate for a Charter Warning if it fails to meet 2 of the 4 non-academic standards below:

Criterion #1: For non-academic student outcomes, the school-wide average should meet or exceed 80 percent of the fourth or fifth year targets.

YouthBuild Public Charter School met 80% of the fourth year non-academic targets.

Overall, YouthBuild Public Charter School met this criterion.

Criterion #2: The school must attain the attendance targets set in its accountability plan.

YouthBuild Public Charter School met the attendance target in their accountability plan.

Overall, YouthBuild Public Charter School met this criterion.

Criterion #3: Enrollment levels must be sufficient to sustain the economic viability of the school.

YouthBuild Public Charter School's enrollment levels are sufficient to sustain the economic viability of the school.

Overall, YouthBuild Public Charter School met this criterion.

Criterion #4: Re-enrollment of eligible students should average 75 percent or higher for the past two years.

YouthBuild Public Charter School is an alternative education program (GED) whereby re-enrollment is determined by course completion.

This criterion does not apply to Youth Build Public Charter School.

OUTCOME: YouthBuild Public Charter School met three (3) of the three (3) applicable non-academic performance standards.

**Narrative Analysis on Youth Build Public Charter School Performance
Based on Charter Review Framework**

ORGANIZATIONAL PERFORMANCE - GOVERNANCE

Criterion: A school will be a candidate for a Charter Warning if it demonstrates limited or low levels of development in 4 of 7 categories based on the following scale.

<u>Performance Level</u>	<u>Rating</u>
Exemplary	4
Fully Functioning	3
Limited/Partial Development	2
Low Level/No Evidence of Development	1

Category	Performance Level/Rating
Meetings and Board Structure	2.5
PCSB Action	3
Annual Reporting	4
Adequate Resources	4
Implementation of School Design	4
Leadership	4
Operating within Bylaws	3

OUTCOME: YouthBuild Public Charter School demonstrated average or above average in 6 out of 7 categories, and thus meets the standard for Organizational Performance-Governance.

**Narrative Analysis on Youth Build Public Charter School Performance
Based on Charter Review Framework**

ORGANIZATIONAL PERFORMANCE - COMPLIANCE

Criterion: A school will be a candidate for a Charter Warning if it demonstrates a low or no evidence of development or implementation as it relates to compliance with applicable laws, rules and regulations based on the following scale.

<u>Performance Level</u>	<u>Rating</u>
Exemplary	4
Fully Functioning	3
Limited/Partial Development	2
Low Level/No Evidence of Development	1

Category	Performance Level/Rating
Health and Safety Regulations	4
Certificate of Occupancy	4
Insurance Certificates	4
Background Checks	4
Inventory of School's Assets	3
Open Enrollment Process	4
NCLB Requirements ¹	N/A

OUTCOME: YouthBuild Public Charter School demonstrated average or above average in 6 out of 6 applicable categories, and thus meets the standard of Organizational Performance-Compliance.

¹Youth Build is an alternative school, whereby NCLB requirements are not applicable.

**Narrative Analysis on Youthbuild Public Charter School Performance
Based on Charter Review Framework**

ORGANIZATIONAL PERFORMANCE – FISCAL MANAGEMENT

Fiscal Management Criterion: A school will be a candidate for revocation of its charter if it demonstrates substandard or poor performance in any 2 of 5 categories based on the following scale:

<u>Performance Level</u>	<u>Rating</u>
Above Average	5
Satisfactory	4
Watch – Improvements Required	3
Substandard – Probation	2
Poor – Revocation	1

Category	Performance Level/Rating
1. Accounting Policies	4.00
2. Financial Reporting	4.63
3. Internal Controls	5.00
4. Transparency of Financial Management	5.00
5. Fiscal Prudence	4.75

OUTCOME: Youthbuild Public Charter School demonstrated above average or satisfactory performance in 5 out of 5 categories, and thus meets this standard for organizational performance.

**Accountability Plan Performance Analysis
Preliminary Charter Review
Youth Build Public Charter School**

ACADEMIC PERFORMANCE STANDARDS						
Annual Year Target	Performance/Data Provided				Target Met?	
	Baseline	Year 2	Year 3	Year 4	Y	N
1.1 60-65% of students entering school with at least an 8th grade reading level and whose attendance is 80% or better will pass the GED	58%	33%	75%	67%	X	
1.2 80-85% of students testing below an 8 th grade reading level who completed the school year with 80% attendance or better will advance 2 grade levels in reading	58%	72%	96%	85%	X	
1.3 90-95% of students who completed the school year with 80% attendance or better demonstrated an understanding and competency with math as demonstrated by advancing one grade level in mathematics	88%	96%	95%	93%	X	
1.4 60-65% of ELL students who completed the school year with 80% attendance or better were able to communicate in English at a basic level	64%	81%	62.5%	90%	X	
1.5 80-90% of students testing above the 8 th grade level who complete the school year with 80% attendance will be able to write and clear and concise essay	85%	88%	100%	90%	X	
Attained majority of fourth year annual academic performance targets?					X	
The school must demonstrate improvement on a majority of the academic goals over the most two recent years.						X
The school must come within 80% of its (alternative) assessment targets.					X	

Comments:

YouthBuild met two (2) of the three (3) academic performance standards.

**Accountability Plan Performance Analysis
Preliminary Charter Review
Youth Build Public Charter School**

NON-ACADEMIC PERFORMANCE STANDARDS

Annual Target	Performance/Data Provided		Target Met?	
	Baseline	Year 4	Y	N
1.1 0.5-1.5 % annual increase in the attendance rate of the school until the five year target is met	79%	84%	X	
1.2 95-100% of graduating students will demonstrate a mastery of skills and competencies in the construction vocation outlined by the NCCER Curriculum	100%	93%		X
1.3 79-85% of graduating students demonstrated job/college readiness by being placed into employment or further training/college within 3 months of completing school	79%	92%	X	
1.4 95-100% of the students will complete all work requirements for our housing related community service project each year	100%	100%	X	
School-wide average within 80% of annual 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? ¹ 2007-2008 re-enrollment rate = N/A 2008-2009 re-enrollment rate= N/A ¹ re-enrollment standards are not applicable as this is an alternative education program			N/A	

Comments:

YouthBuild met three (3) of three (3) applicable non-academic performance standards.

**Youth Build Public Charter School
Preliminary Charter Review Analysis**

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE - MEETINGS AND BOARD STRUCTURE

4	3	2	1
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
<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>

COMMENTS: The Board of YouthBuild Public Charter School meets regularly and a review of the minutes reflect appropriate governance practices. The Program Development Review (PDR), October, 2009 indicates, "Although the Board of Trustees understands the mission and design of the school, they had difficulty articulating the instructional program and their successes."

PERFORMANCE LEVEL: 2.5

**Youth Build Public Charter School
Preliminary Charter Review Analysis**

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE - REQUIREMENT FOR PCSB ACTION

4	3	2	1
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: YouthBuild Public Charter School has provided satisfactory responses to remedial actions within the designated time frame. The Compliance Review, 2009, concern about the submission of open enrollment procedures was remedied in a timely fashion.

PERFORMANCE LEVEL: 3

**Youth Build Public Charter School
Preliminary Charter Review Analysis**

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE - ANNUAL REPORTING

4	3	2	1
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: YouthBuild Public Charter School submits Annual Reports in a timely fashion. The school has established procedures and systems to effectively provide accountability data and to address performance targets.

PERFORMANCE LEVEL: 4

**Youth Build Public Charter School
Preliminary Charter Review Analysis**

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE – ADEQUATE RESOURCES

4	3	2	1
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: The Board has deployed resources to the school resulting in the addition of a new wing to the school, increased teaching and support staff, added Prometheus Boards and a new technology lab. In addition, the Board is in the process of obtaining a new site to be opened in August, 2011.

PERFORMANCE LEVEL: 4

**Youth Build Public Charter School
Preliminary Charter Review Analysis**

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE – IMPLEMENTATION OF SCHOOL DESIGN

4	3	2	1
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 of Trustees of YouthBuild Public Charter School has a strong understanding of the school and with the varied expertise of the Board members, it has the ability to execute the business of the Board. The Board has secured a new facility to include residential housing for designated students to enable them to remain in school with an anticipated opening date of 2011.

PERFORMANCE LEVEL: 4

**Youth Build Public Charter School
Preliminary Charter Review Analysis**

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE – LEADERSHIP

4	3	2	1
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: YouthBuild Public Charter School has stable leadership. The school leader has been at the school for five (5) years and the Executive Director has been at the school over a year.

PERFORMANCE LEVEL: 4

**Youth Build Public Charter School
Preliminary Charter Review Analysis**

ORGANIZATIONAL PERFORMANCE STANDARDS: GOVERNANCE – OPERATING WITHIN BYLAWS

4	3	2	1
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: The Board of Trustees (BOT) upholds and establishes policy through decision-making that aligns with the school's mission. The BOT's varied background and expertise supports its ability to effectively execute the business of the Board and to revise laws and regulations when necessary. The Board had an even number of members, which has since been rectified.

PERFORMANCE LEVEL: 3

**Youth Build Public Charter School
Preliminary Charter Review Analysis**

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

4	3	2	1
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.

COMMENT: YouthBuild has a record of substantial compliance with applicable laws, rules and regulations, with one exception and is currently in compliance with relevant authorities.

PERFORMANCE LEVEL: 3

Accountability Plan Performance Analysis
School: Youthbuild 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, Youthbuild has adhered to GAAP. Key results of the FY09 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.

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

GRADE FOR ACCOUNTING POLICIES: <u>5.00</u>

Accountability Plan Performance Analysis
School: Youthbuild 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: Youthbuild has submitted its annual audits to the PCSB in a timely fashion. Each of the school’s audits (FY06-09) received an unqualified opinion. The school’s leadership team displays a high level of transparency and an interest in continuous improvement of financial management.

GRADE FOR FINANCIAL REPORTING (Audited Statements): 5.00

**Accountability Plan Performance Analysis
School: Youthbuild 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: Youthbuild has submitted its annual budgets and interim financial statements to the PCSB on time with no material problems identified. The school's budgets tend to be conservative reflections of management's cash flow expectations.

GRADE FOR FINANCIAL REPORTING (Budgets and Interim Financials): 5.00

**Accountability Plan Performance Analysis
School: Youthbuild 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): 5.00

Accountability Plan Performance Analysis
School: Youthbuild 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. Youthbuild 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

Accountability Plan Performance Analysis
School: Youthbuild Public Charter School

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

GRADE FOR INTERNAL CONTROLS (Procurement): 4.75

OVERALL GRADE FOR INTERNAL CONTROLS (AVERAGE): <u>4.88</u>

**Accountability Plan Performance Analysis
School: Youthbuild Public Charter School**

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: Youthbuild 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): 5.00

Accountability Plan Performance Analysis
School: Youthbuild Public Charter School

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: Not applicable to this school.

GRADE FOR TRANSPARENCY (Management Organizations): n/a

Accountability Plan Performance Analysis
School: Youthbuild Public Charter School

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: Youthbuild was formed as a not-for-profit corporation on October 7, 2004 by the Latin American Youth Center, a separate 501(c) 3 organization. Prior to its formation, Youthbuild operated as a separate program of the Latin American Youth Center (LAYC). The LAYC received a grant from the US Department of Housing and Urban Development to assist in the operations of the Youthbuild program. Various transactions occurred during the year between the two organizations including the following:

1. Employees of Youthbuild are being included in certain benefit plans of the LAYC.
2. There is a sharing of use for the current facility and equipment.
3. Various bills were paid by the LAYC on behalf of the school. As such, an amount of \$39,667 and \$21,954 was due from Youthbuild to LAYC at June 30, 2009 and 2008 respectively.
4. Office space is subleased by the school from LAYC. As of June 30, 2009, monthly payments were required in the amount of \$22,000. Rent expense to the LAYC for the year ended June 30, 2009 and 2008 was \$184,431 and \$176,036 respectively.
5. Effective April 1, 2007 through September 30, 2007 the school paid \$4,000 per month to the LAYC as a management fee. Total payments made for the year ended June 30, 2008 was \$12,000.
6. Various board members of the school, organizations for which they are affiliated, and relatives of board members gave contributions to the organization in the amount of \$2,100 and \$3,548 during the years ended June 30, 2009 and 2008 respectively.

Accountability Plan Performance Analysis
School: Youthbuild Public Charter School

7. The National Chapter of Youthbuild USA gave various donations and grants to the school during the year ended June 30, 2009 and 2008. Total contributions and grants were as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Youthbuild – Program expansion – Passed through Wal-Mart Foundation	\$0	\$30,000
Teacher training and curriculum development – passed through the Gates Foundation	21,666	28,125
General support donation	<u>0</u>	<u>3,000</u>
Total	<u>\$31,666</u>	<u>\$61,125</u>

GRADE FOR TRANSPARENCY (Related Party Transactions): 4.75

OVERALL GRADE FOR TRANSPARENCY (AVERAGE): 4.88

Accountability Plan Performance Analysis
School: Youthbuild Public Charter School

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: Youthbuild has concluded each of its fiscal periods with positive net income balances, enabling the school to amass an adequate net asset reserve (see table).

Fiscal Period	2006	2007	2008	2009
NI	\$ 83,766	\$ 180,783	\$ 370,339	\$ 266,420
Cumulative Reserves	\$ 103,643	\$ 284,426	\$ 654,765	\$ 921,185

GRADE FOR FISCAL PRUDENCE (Balanced Budget): 5.00

Accountability Plan Performance Analysis
School: Youthbuild Public Charter School

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. Policies 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. Policies 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: Youthbuild has elected to refrain from using excessive long-term debt to advance its growth or sustain its operations. Thus, the school has not been exposed to the financial pressures which routinely accompany excessive debt balances.

GRADE FOR FISCAL PRUDENCE (Debt Capacity): 5.00

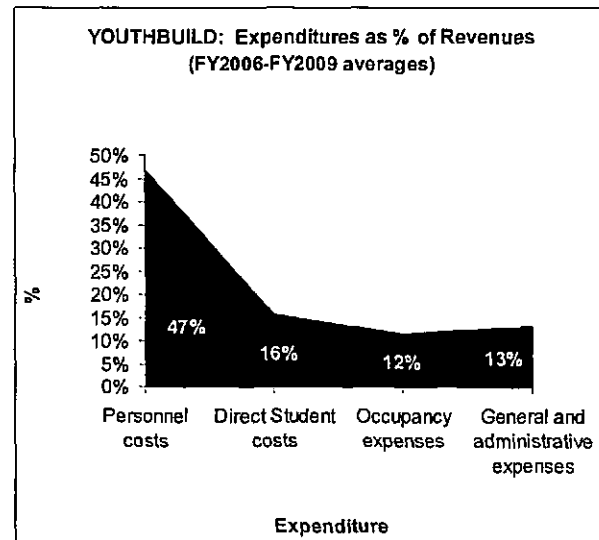
**Accountability Plan Performance Analysis
School: Youthbuild Public Charter School**

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:

Youthbuild 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 47% and 12% respectively; PCSB established thresholds are 50% for salary as a percentage of revenues and 25% for occupancy as a percentage of revenues (75% when summed).



GRADE FOR FISCAL PRUDENCE (Appropriate Spending): 5.00

Accountability Plan Performance Analysis
School: Youthbuild Public Charter School

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: Youthbuild 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). The school has sufficient liquid assets as indicated by the FY09 year ending liquidity ratio of 3.87.

Fiscal Period	2006	2007	2008	2009
Net Working Capital	\$ 91,730	\$ 236,138	\$ 591,463	\$ 745,160
Liquidity ratio	1.52	2.71	6.24	3.87

GRADE FOR FISCAL PRUDENCE (Investment Decisions): 5.00

OVERALL GRADE FOR FISCAL PRUDENCE (AVERAGE): <u>5.00</u>

**Accountability Plan Performance Analysis
School: Youthbuild Public Charter School**

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

YOUTHBUILD PCS: 4-YEAR BALANCE SHEET ANALYSIS				
	2006	2007	2008	2009
Assets				
Current Assets:				
Cash/Cash equivalents	\$ 8,079	\$ 23,608	\$ 650,853	\$ 923,412
Accounts Receivable	\$ -	\$ 736	\$ 519	\$ 5,347
Grants Receivable	\$ 252,712	\$ 339,357	\$ 32,675	\$ 32,760
Promises receivable	\$ 2,500	\$ 2,900	\$ 17,063	\$ 12,500
Prepaid/other current assets	\$ 5,345	\$ 7,237	\$ 3,123	\$ 30,923
Total Current Assets	\$ 268,636	\$ 373,838	\$ 704,233	\$ 1,004,942
Fixed Assets				
PPE net	\$ 11,913	\$ 48,288	\$ 63,302	\$ 176,025
Total Fixed Assets, net	\$ 11,913	\$ 48,288	\$ 63,302	\$ 176,025
Other assets	\$ 32,000	\$ -	\$ -	\$ -
Total assets	\$ 312,549	\$ 422,126	\$ 767,535	\$ 1,180,967
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 58,315	\$ 15,134	\$ 31,065	\$ 41,411
Due to related party	\$ 15,954	\$ 61,471	\$ 21,954	\$ 39,667
Accrued salary/vacation	\$ 47,481	\$ 47,779	\$ 41,894	\$ 75,728
Payroll withholding/related liabilities	\$ 4,394	\$ 5,302	\$ 17,857	\$ 19,210
Refundable advances	\$ 50,762	\$ 8,014	\$ -	\$ 83,766
Total current liabilities	\$ 176,906	\$ 137,700	\$ 112,770	\$ 259,782
Long term liabilities				
Long-term liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ 176,906	\$ 137,700	\$ 112,770	\$ 259,782
Net Assets:				
Net Income	\$ 83,766	\$ 180,783	\$ 370,339	\$ 266,420
Beg. Net Assets	\$ 19,877	\$ 103,643	\$ 284,426	\$ 654,765
Total Net Assets (Ending Net Assets)	\$ 103,643	\$ 284,426	\$ 654,765	\$ 921,185
Total liabilities and net assets	\$ 280,549	\$ 422,126	\$ 767,535	\$ 1,180,967
Long-term debt/ Total Equity ratio:				
Net working capital:	\$ 91,730	\$ 236,138	\$ 591,463	\$ 745,160
Liquidity ratio:	1.52	2.71	6.24	3.87

YOUTHBUILD PCS: 4-YEAR INCOME STATEMENT ANALYSIS				
	2006	2007	2008	2009
Revenue:				
Support and revenue:				
Revenue:	\$ 1,358,117	\$ 1,645,769	\$ 1,946,579	\$ 2,033,331
Total revenue	\$ 1,358,117	\$ 1,645,769	\$ 1,946,579	\$ 2,033,331
Expenses:				
Personnel costs	\$ 583,257	\$ 767,496	\$ 891,618	\$ 1,066,654
Direct Student costs	\$ 232,098	\$ 265,111	\$ 263,469	\$ 327,787
Occupancy expenses	\$ 155,391	\$ 203,486	\$ 223,242	\$ 236,539
General and administrative expenses	\$ 303,605	\$ 228,893	\$ 197,911	\$ 135,931
Total expenses	\$ 1,274,351	\$ 1,464,986	\$ 1,576,240	\$ 1,766,911
Net Income	\$ 83,766	\$ 180,783	\$ 370,339	\$ 266,420
Beginning Net Assets	\$ 19,877	\$ 103,643	\$ 284,426	\$ 654,765
Total Net Assets (Year End Balance)	\$ 103,643	\$ 284,426	\$ 654,765	\$ 921,185
Profit Margin				
Personnel costs/Total Revenue	43%	47%	46%	52%
Direct Student costs/Total Revenue	17%	16%	14%	16%
Occupancy expenses/Total Revenue	11%	12%	11%	12%
G&A expenses/Total Revenue	22%	14%	10%	7%