



2014-15 Ten-Year Charter Review Report

AppleTree Early Learning Public Charter School

January 26, 2014

DC Public Charter School Board
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BOARD VOTE AND KEY FINDINGS

The District of Columbia Public Charter School Board (“PCSB”) staff has conducted a charter review of the District of Columbia AppleTree Early Learning Public Charter School (“AppleTree PCS”) according to the standard required by the School Reform Act (“SRA”), D.C. Code §§ 38-1802 *et seq.*¹

PCSB staff’s analysis of the school’s goals and academic achievement expectations (“academic expectations”) concludes that AppleTree PCS fully met four goals and academic expectations, substantially met one goal, and partially met two goals. The school has not materially violated the law or its charter, and is in strong fiscal health. Based on these findings, the PCSB Board voted 6-0 at its January 26, 2015 meeting to grant full continuance to AppleTree PCS.

Apple Tree PCS’s campuses vary in their quality, with some showing consistently outstanding academic outcomes for students on multiple metrics and others showing some strengths, but also areas for improvement. AppleTree PCS receives management services from the AppleTree Institute for Education Innovation (the “AppleTree Institute”), which also partners with other schools to provide early childhood instructional support. Given the aggressive growth plan of the AppleTree Institute, and the school’s pending expansion to open a new campus co-located with Rocketship Public Charter School (“Rocketship PCS”), PCSB suggests that the board of AppleTree PCS focus keenly on the quality of its campuses to ensure that they continue to get the needed instructional support to be high-quality schools as measured by the school’s goals. Moreover, the school should note that it must fully meet all of its goals at its 15-year renewal to receive charter renewal.

CHARTER REVIEW STANDARD

The SRA provides that “PCSB shall review [a school’s] charter at least once every [five] years.”² As part of this review, PCSB must determine whether:

- (1) The school committed a material violation of applicable laws or a material violation of the conditions, terms, standards, or procedures set forth in its charter, including violations relating to the education of children with disabilities; and/or
- (2) The school failed to meet the goals and student academic achievement expectations set forth in its charter.³

¹ D.C. Code § 38-1802.12(a)(3).

² D.C. Code §38-1802.12(a)(3).

³ D.C. Code § 38-1802.12(c).

If PCSB determines that a school undergoing a five- or ten-year review has committed a material violation of law, or has not met its goals and expectations, it may, at its discretion, revoke the school's charter, or grant the school a conditional continuance.⁴

Additionally, there is a fiscal component to the charter review. PCSB is required by the SRA to revoke a school's charter if PCSB determines in its review that the school (1) has engaged in a pattern of non-adherence to generally accepted accounting principles ("GAAP"); (2) has engaged in a pattern of fiscal mismanagement; and/or (3) is no longer economically viable.

SCHOOL BACKGROUND

AppleTree PCS began operation in 2005 under authorization from PCSB and currently serves three- and four-year-old pre-kindergarten students. Its mission is "to provide young children with the social, emotional and cognitive foundations that will enable them to succeed in school."⁵

AppleTree PCS was founded by the AppleTree Institute, a non-profit organization founded in 1996 to "increase the supply of effective schools through innovation"⁶ and that created the nation's first charter school incubator. In 2001, AppleTree Institute opened a tuition-free laboratory pre-school that implemented a research-based language and literacy program, which then became AppleTree PCS. The AppleTree Institute currently provides a range of management services to AppleTree PCS, including benefits management, payroll processing, and accounting services, among other things.⁷

In 2005, AppleTree PCS initially served 36 students in Southwest DC. It grew to 180 students in 2008. In 2009, its enrollment almost doubled by expanding from 180 to 320 students; it also opened the Oklahoma Avenue campus that year. It added another 300 students and four new campuses in 2011. Today, AppleTree PCS serves over 640 students across five campuses in Wards 1, 6, 7, and 8. In December 2014, the PCSB Board approved a request from the school to increase its enrollment ceiling from 651 to 833 over the course of three academic years.⁸ Most of this increase relates to a partnership with Rocketship Public Charter School ("Rocketship PCS"). Upon Rocketship PCS's opening, AppleTree PCS will operate a pre-school campus in the Rocketship PCS facility, with projected enrollment of 160 students.⁹

Information about the school and an overview of its performance data are summarized in the table below.

⁴ D.C. Code § 38-1802.12(a)(3); § 38-1802.13.

⁵ AppleTree PCS Charter Agreement and Application, attached as Appendix A.

⁶ See <http://www.appletreeinstitute.org/about/history/>, printout attached as Appendix B.

⁷ See Board Meeting Minutes from June 16, 2014, attached as Appendix C.

⁸ See December 15, 2014 Memorandum, attached to this report as Appendix D.

⁹ See Appendix D.

Campus	Ward	Year Opened	2013-14 Student Enrollment	2010-11 PMF	2011-12 PMF	2012-13 PMF	2013-14 PMF
Columbia Heights	1	2007-08	161	6 of 6 targets	10 of 10 targets	4 of 4 targets	6 of 7 targets
Southwest	6	2007-08	83	Riverside 4 of 6 targets	Riverside 9 of 10 targets	4 out of 4 targets	6 of 7 targets
				Amidon 6 of 6 targets	Amidon 9 of 10 targets		
Oklahoma Avenue	7	2010-11	162	6 of 6 targets	8 of 10 targets	4 of 4 targets	5 of 7 targets
Lincoln Park	6	2011-12	61	N/A	8 of 10 targets	4 of 4 targets	6 of 7 targets
Southeast	8	2011-12	172	N/A	Douglas Knoll 9 of 10 targets	4 of 4 targets	4 of 7 targets
					Parklands 9 of 10 targets		

Charter Amendments

In 2013-14, AppleTree PCS submitted a petition to amend its charter to adopt the Early Childhood PMF¹⁰ as its goals and academic expectations and to formalize its relationship with the AppleTree Institute, which acts as a management organization of the AppleTree PCS campuses. PCSB granted AppleTree PCS’s amendment request at its June 2014 board meeting.¹¹

Previous Charter Review

PCSB conducted a charter review of AppleTree PCS during the 2010-11 school year. In this review, PCSB noted that the school had met its goals and academic expectations; had no known violations relating to the education of children with disabilities; had not engaged in a pattern of fiscal mismanagement; had followed generally accepted accounting principles; and was economically viable.¹² Based on this review, the PCSB Board voted in February 2011 to grant full charter continuance to AppleTree PCS.¹³

¹⁰ The Early Childhood PMF is a standardized framework for assessing the performance of early childhood programs.

¹¹ See Appendix C.

¹² See 5-Year Review Board Memorandum, attached as Appendix E.

¹³ See Board Meeting Minutes from February 28, 2011, attached as Appendix F.

GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

The SRA requires PCSB to review whether a school has met its goals and academic expectations at least once every five years. Goals and expectations are only considered as part of the renewal analysis if they were included in a school's charter, charter agreement, or accountability plans approved by the PCSB Board (collectively, the "Charter").

In June 2014, the PCSB Board approved AppleTree PCS's petition to amend its charter to adopt goals and expectations related to PCSB's EC PMF.¹⁴ Consistent with PCSB policy, when a school adopts the PMF as its goals and academic expectations, PCSB will assess whether a school has met its goals and academic expectations starting in the school year that the respective PMF was formally adopted by the PCSB Board. As such, the EC PMF is considered to be AppleTree PCS's goals and academic expectations for pre-kindergarten 3 and pre-kindergarten 4 starting in school year 2013-14. Per PCSB policy and the school's 2014 amendment, these grade levels will be deemed to have met their goals and academic expectations at the school's ten-year charter review based on:

- Attainment of the majority of targets outlined in the school's Early Childhood Accountability Plans for school years 2010-11 and 2011-12, and the Pilot EC PMF 2012-13.
- Attainment of all of the following targets in the EC PMF for school years 2013-14:

60% of pre-kindergarten-3 and pre-kindergarten-4 students will meet or exceed the average growth or will score in the proficient range on the literacy portion of the Every Child Ready assessment, as designated by the publisher;

60% of pre-kindergarten-3 and pre-kindergarten-4 students will meet or exceed the average growth or will score in the proficient range on the math portion of the Every Child Ready assessment, as designated by the publisher;

The school will obtain an average score of 3 on Instructional Support, 5 on Emotional Support, and 5 on Classroom Organization on the CLASS assessment;

On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 88% of the days; and

60% of pre-kindergarten-3 and pre-kindergarten-4 students will progress to grade level baseline on the Social-Emotional Learning portion of the Positive Behavior Rating Scale assessment, as designated by the publisher.

¹⁴ See Appendix C.

The chart below summarizes PCSB’s determinations of whether each academic program met their respective goals and academic expectations. These determinations are further detailed in the body of this report.

	Goals and Academic Expectations	Met?
1	Literacy Progress	Substantially
2	Literacy Achievement	Yes
3	Math Progress	Yes
4	Math Achievement	Yes
5	Attendance	Partially
6	The school will obtain an average score of 3 on Instructional Support, 5 on Emotional Support, and 5 on Classroom Organization on the CLASS Assessment.	Partially
7	60% of pre-kindergarten-3 and pre-kindergarten-4 students will progress to grade level baseline on the Social-Emotional learning Portion of the Positive Behavior Rating Scale assessment, as designated by the publisher.	Yes

1. Early Childhood Literacy Progress.

Assessment: **AppleTree PCS substantially met this goal.** The school met the majority of its literacy progress targets over the past four years, but did not meet literacy progress targets at two of its five campuses in 2013-14.

Early Childhood Literacy Progress as measured by the Peabody Picture Vocabulary Test ("PPVT")								
		Target Met?						
Year	Target	Columbia Heights	Southwest ¹⁵		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2010-11	Preschool and pre-kindergarten students will demonstrate an average gain of 4 or more standard score points from fall to spring on the PPVT.	Yes (Students achieved an average gain of 6.53 points.)	No (Students achieved an average loss of 4.24 points.)	Yes (Students achieved an average gain of 9.97 points.)	Yes (Students achieved an average gain of 6.79 points.)	Not open in 2010-11.	Not open in 2010-11.	
2011-12	Pre-kindergarten-3 and pre-kindergarten-4 students beginning below a standard score of 100 will increase 4 or more points by the spring administration on the PPVT.	Yes (Students increased an average of 13.7 points.)	Yes (Students increased an average of 13.7 points.)	Yes (Students increased an average of 13.7 points.)	Yes (Students increased an average of 7.2 points.)	Yes (Students increased an average of 6.2 points.)	Yes (Students increased an average of 13.7 points.)	Yes (Students increased an average of 9.5 points.)
2011-12	Pre-kindergarten-3 and pre-kindergarten-4 students beginning at or above a standard score of 100 will maintain or increase their standard score points by the spring administration on the PPVT.	Yes (Students increased an average of 1.1 points.)	Yes. (Students increased an average of 3.7 points.)	Yes. (Students increased an average of 3.7 points.)	No. (Students decreased an average of 2.7 points.)	No. (Students decreased an average of 4.1 points.)	Yes. (Students increased an average of 3.7 points.)	Yes. (Students increased an average of 0.4 points.)
2012-13	60% of pre-kindergarten-3 and pre-kindergarten-4 students will gain at least four standard score points in literacy/language on the PPVT.	Yes. (95.0% of students met this target.)	Yes. (96.0% of students met this target.)		Yes. (99.0% of students met this target.)	Yes. (98.0% of students met this target.)	Yes. (93.0% of students met this target.)	

¹⁵ Although the Douglas Knoll and Parklands facilities reported as one campus during the 2012-13 and 2013-14 school years and Riverside and Amidon facilities reported as one campus during the 2012-13 and 2013-14 school years, each facility reported separately in the 2010-11 and 2011-12 school years.

Early Childhood Literacy Progress as measured by Test of Preschool Early Literacy (“TOPEL”)								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2010-11	Preschool and pre-kindergarten students will demonstrate an average gain of 4 or more standard score points from fall to spring on TOPEL.	Yes (Students achieved an average gain of 5.29 points.)	No (Students achieved an average loss of 1.79 points.)	Yes (Students achieved an average gain of 16.9 points.)	Yes (Students achieved an average gain of 13.9 points.)	Not open in 2010-11.	Not open in 2010-11.	
2011-12	Pre-kindergarten-3 and pre-kindergarten-4 students beginning below a standard score of 100 will increase 4 or more points by the spring administration on the TOPEL.	Yes (Students increased an average of 19.5 points.)	Yes (Students increased an average of 18.3 points.)	Yes (Students increased an average of 18.3 points.)	Yes (Students increased an average of 25.1 points.)	Yes (Students increased an average of 27.5 points.)	Yes (Students increased an average of 18.3 points.)	Yes (Students increased an average of 24.6 points.)
2011-12	Pre-kindergarten-3 and pre-kindergarten-4 students beginning at or above a standard score of 100 will maintain or increase their standard score points by the spring administration on the TOPEL.	Yes (Students increased an average of 1.3 points.)	Yes (Students increased an average of 1.8 points.)	Yes (Students increased an average of 1.8 points.)	No (Students decreased an average of 0.5 points.)	Yes (Students increased an average of 5.1 points.)	Yes (Students increased an average of 1.8 points.)	Yes (Students increased an average of 6.5 points.)

Early Childhood Literacy Progress as measured by the Every Child Ready assessment								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2013-14	60% of pre-kindergarten-3 and -4 students will meet or exceed the average growth or will score in the proficient range on the literacy portion of the Every Child Ready assessment, as designated by the publisher.	Yes (63.5% of students met this target.)	Yes (67.6% of students met this target.)	Yes (63.5% of students met this target.)	No (56.5% of students met this target.)	Yes (82.0% of students met this target.)	No (46.4% of students met this target.)	

Qualitative Evidence

In April 2014, PCSB conducted Qualitative Site Reviews (“QSRs”) of all AppleTree PCS campuses, and observed the following evidence in support of this goal.

Campus	QSR Evidence ¹⁶
Columbia Heights	Teachers worked with students in small groups to blend sounds, read sight words, and write in journals about the thematic unit. Students also read books about dinosaurs in the library center. Teachers read books aloud in a whole group setting, stopping to ask the students about the book and engage them in a discussion about the topic.
Southwest	Students learned how to break down phonemes and identified sight words during small group instruction...During one of the small groups, students learned emergent writing skills as they practiced writing letters to their dinosaur pen pals. Students also worked on identifying letters and practicing writing their name.
Oklahoma Avenue	Pre-literacy skills were infused throughout the day. Read Aloud time enabled the teacher to dissect a book in many ways. Teachers asked questions about the sequence of events and conducted pictures walks. In rooms where students had evidently read the book a few times, the teachers asked about the main characters, setting, and character traits. Students practiced singing songs that focused on letters, sounds, and a variety of vocabulary terms during song time and practiced letters or words during journal time.
Lincoln Park	Teachers presented literacy instruction by emphasizing isolated letter sounds, modeling combining sounds to form words, and leading small groups of students in practicing beginning, ending and medial sounds. Teachers worked with small groups to identify words in a group that rhymed and asked students to explain to peers how they knew that the words rhymed.
Southeast	Teachers instructed students in phonics where students learned about letter sounds and rhyming words. Classroom activities included students practicing the sounds that individual letters and letter pairings made as well as choosing the rhyming words in a poem. Students also explored literacy within the centers instruction through a variety of activities.

¹⁶ See AppleTree PCS Qualitative Site Review reports, attached to this report as Appendix G.

2. Early Childhood Literacy Achievement.

Assessment: **AppleTree PCS met this goal.** The school met all targets related to this goal.

Early Childhood Literacy Achievement as measured by the PPVT								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2010-11	85% of preschool and pre-kindergarten students will achieve a standard score within the normal range on the PPVT	Yes (92% of students achieved a score within the normal range.)	Yes (87% of students achieved a score within the normal range.)	Yes (97% of students achieved a score within the normal range.)	Yes (92% of students achieved a score within the normal range.)	Not open in 2010-11.	Not open in 2010-11.	
2011-12	85% of pre-kindergarten-3 and pre-kindergarten-4 students will achieve a standard score at or above the normal range, 86 or greater on the PPVT	Yes (91.2% of students achieved a score within the normal range.)	Yes (92% of students achieved a score within the normal range.)	Yes (92% of students achieved a score within the normal range.)	Yes (92.7% of students achieved a score within the normal range.)	Yes (93.1% of students achieved a score within the normal range.)	Yes (90.3% of students achieved a score within the normal range.)	Yes (90.3% of students achieved a score within the normal range.)
Early Childhood Literacy Achievement as measured by the TOPEL								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2010-11	85% of preschool and pre-kindergarten students will achieve a standard score within the normal range on the TOPEL.	Yes (96% of students achieved a standard score within the normal range.)	Yes (97% of students achieved a score within the normal range.)	Yes (100% of students achieved a score within the normal range.)	Yes (100% of students achieved a standard score within the normal range.)	Not open in 2010-11.	Not open in 2010-11.	

2011-12	85% of pre-kindergarten-3 and pre-kindergarten-4 students will achieve a standard score at or above the normal range, 86 or greater on the TOPEL.	Yes (97.3% of students achieved a standard score within the normal range.)	Yes (97.3% of students achieved a score within the normal range)	Yes (97.3% of students achieved a score within the normal range.)	Yes (98.7% of students achieved a standard score within the normal range.)	Yes (100% of students achieved a score within the normal range.)	Yes (96.1% of students achieved a score within the normal range.)	Yes (96.1% of students achieved a score within the normal range.)
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Qualitative Evidence

In April 2014, PCSB reviewers observed the following evidence in support of this goal.

Campus	QSR Evidence¹⁷
Columbia Heights	Teachers worked with some students individually to support more independent reading and writing. Teachers also modeled writing in a whole group setting while differentiating levels of what the students could do. Some students were encouraged to draw a picture and explain it while others were asked to label their drawings in their journals.
Southwest	During one of the observations, all of the students learned sight words beginning with the letter F. The teacher differentiated the level of support to students by having one group engage in extra practice identifying sight words... Teachers also assessed students using pictures of “rare words.” Students were expected to tell the name of each picture.
Oklahoma Avenue	Generally, students worked in leveled groups in all classrooms and the teachers rotated through, differentiating instruction by spending more time with students who needed more attention. The teachers wrote notes throughout the lessons, assessing and tracking the skills of the students during most observations.
Lincoln Park	Teachers provided differentiated instruction in reading and assessed students to determine progress. Teachers pulled small, homogeneous groups of students to work at their skill-level and asked each student to demonstrate the particular skill that they were working on e.g., choosing pairs of rhyming words, identifying beginning, ending, and medial sounds, and naming words that began with a certain sound. Teachers provided timely and constructive feedback to students and retaught when students had trouble answering questions.
Southeast	Students worked in small groups with a teacher in the majority of observations. Teachers gave students individual attention in the small groups and assessed their work in real-time. In a few observations teachers also gave students feedback on their work quickly and guided students to make adjustments.

¹⁷ See Appendix G.

3. Math Progress Indicators.

Assessment: **AppleTree PCS met this goal.** The school met the majority of the targets related to this goal.

Early Childhood Math Progress as measured by the Test of Early Mathematics Ability (“TEMA”)								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2010-11	Preschool and pre-kindergarten students will demonstrate an average gain of 4 or more standard score points from fall to spring on TEMA.	Yes (Students achieved an average gain of 7.91 points.)	Yes (Students achieved an average gain of 6.37 points.)	Yes (Students achieved an average gain of 19.57 points.)	Yes (Students achieved an average gain of 14.1 points.)	Not open in 2010-11.	Not open in 2010-11.	
2011-12	Pre-kindergarten-3 and pre-kindergarten-4 students beginning below a standard score of 100 will increase 4 or more points by the spring administration on the TEMA.	Yes (Students increased an average of 10.1 points.)	Yes (Students increased an average of 12.4 points.)	Yes (Students increased an average of 12.4 points.)	Yes (Students increased an average of 14.9 points.)	Yes (Students increased an average of 13.2 points.)	Yes (Students increased an average of 12.4 points.)	Yes (Students increased an average of 11.3 points.)
2011-12	Pre-kindergarten-3 and pre-kindergarten-4 students beginning at or above a standard score of 100 will maintain or increase their standard score points by the spring administration on the TEMA.	Yes (Students increased an average of 6.3 points.)	No (Students decreased an average of 0.5 points.)	No (Students decreased an average of 0.5 points.)	Yes (Students increased an average of 6.6 points.)	Yes (Students increased an average of 0.7 points.)	No (Students decreased an average of 0.5 points.)	Yes (Students increased an average of 3.6 points.)
2012-13	60% of pre-kindergarten-3 and pre-kindergarten-4 students will gain at least four scale points in mathematics on the TEMA.	Yes (79.0% of students met this target.)	Yes (82.0% of students met this target.)		Yes (82.0% of students met this target.)	Yes (94.0% of students met this target.)	Yes (85.0% of students met this target.)	

Early Childhood Math Progress as measured by the Every Child Ready assessment								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2013-14	60% of pre-kindergarten-3 and -4 students will meet or exceed the average growth or will score in the proficient range on the math portion of the Every Child Ready assessment, as designated by the publisher.	Yes (80.4% of students met this target.)	Yes (81.7% of students met this target.)	Yes (80.4% of students met this target.)	Yes (68.3% of students met this target.)	Yes (85.2% of students met this target.)	No (55.4% of students met this target.)	

Qualitative Evidence

In April 2014, PCSB reviewers observed the following evidence in support of this goal.

Campus	QSR Evidence ¹⁸
Columbia Heights	The teachers used small dinosaur toys to provide a visual representation of the numbers in the equation. Teachers also delivered math instruction in small groups using laminated placemats for counting and adding. Students used manipulatives to solve math problems.
Southwest	[S]tudents in one of the centers worked on identifying and writing two and three digit numbers on their whiteboards. Students also used counter blocks to count the number of sounds within a word.
Oklahoma Avenue	The school has implemented effective instruction in math to support students' academic progress. Teachers incorporated math instruction throughout the day including songs that were focused on numbers and counting.
Lincoln Park	[T]he team noticed the integration of math concepts at various points during the observed lessons. A few teachers asked students to count as they transitioned from one activity to another.
Southeast	Teachers worked with students on counting and foundational numeracy. The QSR team observed students doing various counting activities from singing along with a counting video to counting to a certain number in order to be dismissed to snack. Counting numbers were posted on the stairs and in the hallways for students to practice.

¹⁸ See Appendix G.

4. Math Achievement Indicators.

Assessment: **AppleTree PCS met this goal.** The school only measured math achievement in 2011-12, but the majority of campuses met the target that year.

Early Childhood Math Achievement as measured by the TEMA								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2011-12	85% of pre-kindergarten-3 and pre-kindergarten-4 students will achieve a standard score at or above the normal range, 86 or greater on the TEMA.	Yes (89.2% of students achieved a standard score at or above the normal range.)	Yes (88.0% of students achieved a standard score at or above the normal range.)	Yes (88.0% of students achieved a standard score at or above the normal range.)	Yes (91.3% of students achieved a standard score at or above the normal range.)	Yes (100% of students achieved a standard score at or above the normal range.)	No (74.2% of students achieved a standard score at or above the normal range.)	No (74.2% of students achieved a standard score at or above the normal range.)

Qualitative Evidence

In April 2014, PCSB reviewers observed the following evidence in support of this goal.

Campus	QSR Evidence ¹⁹
Columbia Heights	Teachers also led small group math instruction and presented different levels of problems to different groups of students. Students also had opportunities to work independently.
Southwest	The teachers were able to individually assess student learning through questioning and observation. During two classroom observations students were assessed individually using the Every Child Readiness Curriculum (ECR).
Oklahoma Avenue	Teachers had multiple opportunities to differentiate learning for students throughout the day in both reading and math instruction...The teachers wrote notes throughout the lessons, assessing and tracking the skills of the students during most observations.

¹⁹ See Appendix G.

Lincoln Park	The teachers generally used all time for instruction. One teacher asked students to count to 20 while she searched for a song they had requested to sing. The teacher gave the students a choice in how they wanted to count: doing jumping jacks, clapping their hands, or jumping. This teacher also asked students what day it was based on the date from yesterday, asking one student to explain this to the rest of the class.
Southeast	Students worked in small groups with a teacher in the majority of observations. Teachers gave students individual attention in the small groups and assessed their work in real-time. In a few observations teachers also gave students feedback on their work quickly and guided students to make adjustments.

5. Attendance.

Assessment: **AppleTree PCS partially met this goal.** The school met 12 of 21 attendance targets since 2010-11.

Attendance Targets								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2010-11	On average, preschool and pre-kindergarten students will attend school 85% of the days	Yes (88.1% in-seat attendance)	Yes (86.2% in-seat attendance)	Yes (86.2% in-seat attendance)	Yes (85.1% in-seat attendance)	Not open in 2010-11.	Not open in 2010-11.	
2011-12	On average, preschool and pre-kindergarten students will attend school 85% of the days	Yes (89.3% in-seat attendance)	Yes (90.4% in-seat attendance)	Yes (90.4% in-seat attendance)	Yes (86.5% in-seat attendance)	No (82.6% in-seat attendance)	No (84.9% in-seat attendance)	No (84.9% in-seat attendance)
2012-13	On average, preschool and pre-kindergarten students will attend school 88% of the days	No (87.3% in-seat attendance)	No (82.1% in-seat attendance)		Yes (90.9% in-seat attendance)	Yes (90.5% in-seat attendance)	No (83.8% in-seat attendance)	
2013-14	On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 88% of the days.	No (87.2% in-seat attendance)	Yes (89.0% in-seat attendance)		No (84.2% in-seat attendance)	Yes (92.1% in-seat attendance)	No (82.2% in-seat attendance)	

6. The school will obtain an average score of 3 on Instructional Support, 5 on Emotional Support, and 5 on Classroom Organization on the Classroom Assessment Scoring System (“CLASS”) Assessment.

Assessment: **AppleTree PCS partially met this goal.** For the most part, the school met targets related to the emotional support and classroom organization indicators. However, the school did not make the targets related to instructional support at any campus and did not meet the target for Classroom Organization at the Oklahoma Campus.

CLASS is an observational tool that provides a common framework for measuring the quality of classroom interactions that promote children’s development and learning. In the 2013-14 school year, the DC Office of the State Superintendent of Education (“OSSE”) contracted with an external vendor to administer observations of Pre-K classrooms in all schools with early childhood programs. AppleTree PCS received ratings across three domains:

- *Emotional Support* – how well teachers promote a positive classroom climate
- *Classroom Organization* -- how well teachers manage children's behavior, time and attention
- *Instructional Support* – how well teachers implement the curriculum to promote cognitive and language development

2013-14 CLASS Scores for Early Childhood Programs <i>(all ratings on a '1' to '7' scale, with '7' as the highest score)</i>			
Campus	Emotional Support	Classroom Organization	Instructional Support
Columbia Heights	5.47	5.33	2.69
Southwest	5.87	5.48	2.30
Oklahoma Avenue	5.35	4.84	2.40
Lincoln Park	5.83	5.41	2.74
Southeast	5.73	5.38	2.35

Qualitative Evidence

In April 2014, PCSB reviewers observed the following evidence in support of this goal.

Campus	QSR Evidence ²⁰
Columbia Heights	<p>Overall, PCSB reviewers scored 87.5% of the observations as proficient or exemplary in classroom environment and 85% of observations as proficient or exemplary in instructional delivery. Reviewers recorded many instances of teachers and staff exhibiting patience with students and skilled management of students' individual behavior:</p> <p style="padding-left: 40px;">Teachers handled crying students in a calm manner with soft voices. Some were briefly removed from the room to get a drink. Teachers encouraged students to take deep breaths and explain why they were upset.</p> <p style="text-align: center;">...</p> <p style="padding-left: 40px;">Teachers maintained high expectations for students and encouraged them to keep trying. Students who were having trouble blending some sounds continued to practice and were rewarded with praise after accomplishing the task.</p> <p>Reviewers also recorded many instances of teachers clearly communicating expectations for learning, directions, and procedures to the students through oral and written communication:</p> <p style="padding-left: 40px;">Teachers communicated directions to students and modeled instructional tasks. Teachers embedded ways to gauge student understanding of the material such as asking students to give a thumbs up if they understood or agreed with another student's answer.</p> <p style="text-align: center;">...</p> <p style="padding-left: 40px;">Teachers posed numerous questions to elicit student responses during whole and small group instruction. Teachers repeated aspects of the lesson such as putting sounds together to form a word when a student did not arrive at the correct answer. Teachers also moved to more challenging tasks depending on student responses. When students finished a set of addition problems during small group work, the teacher moved on to more difficult equations with bigger numbers.</p> <p>Reviewers rated only 67% of the observations as establishing a culture of learning and noted that teachers in a few isolated instances were not engaged with students and exhibited a low level of energy for the work. Additionally, reviewers noted a few isolated instances where teachers did not pace the lessons well or adjust the lessons based on the student responses or participation level.</p>

²⁰ See Appendix G.

Southwest	<p>The Southwest campus had the strongest QSR ratings of all AppleTree PCS campuses in 2013-14: reviewers rated 100% of observations as proficient or exemplary in classroom environment and 100% of observations as proficient or exemplary in instructional delivery. Students were focused and understood the routines and procedures, and teachers maximized every minute of instruction and communicated effectively with the students. Additionally, reviewers observed that:</p> <p style="padding-left: 40px;">The learning centers and small group instruction were comprised of activities and learning opportunities that allowed students to experiment with manipulatives and develop basic reading and writing skills. The teachers used a variety of materials and resources when working with small and whole groups of students. The teachers also used timers to measure time on task and time spent completing tasks and assessments.</p>
Oklahoma Avenue	<p>At the Oklahoma Avenue campus, reviewers scored 79% of observations as proficient or exemplary in classroom environment and 85% of observations as proficient or exemplary in instructional delivery. Examples of teachers and students promoting an environment of learning, exploring, and understanding include:</p> <p style="padding-left: 40px;">During one observation students were acting out a bear hunt with the music. When the teacher needed them to lower their voices and focus on her, she said, “Please catch a bubble.” Another teacher indicated she needed quiet for a task and students put their fingers to their lips. When teachers signaled the change of an activity, the students took the initiative to distribute and collect materials needed for the next lesson.</p> <p style="text-align: center;">...</p> <p style="padding-left: 40px;">All teachers communicated the importance of learning to students, saying, “It is important that we all learn this, it will help us be good at other things.” and, “That is good, you all knew it. Students, can we do one more?” Teachers expected effort and participation from all students. Students responded by being persistent and completed high quality work. Students were excited to share their work with the teacher and other students.</p> <p>Reviewers observed teachers clearly communicating the lesson to students, and students were actively engaged in learning:</p> <p style="padding-left: 40px;">Teachers clearly stated the purpose of the lesson and used challenging, age-appropriate vocabulary in all classrooms. The teachers’ explanation of the content was clear which invited student participation and thinking. Teachers also incorporated additional vocabulary when reading books to the class, such as “cooperate,” “compromise,” “museum,” and “illustrate.” Teachers modeled vocabulary and then invited students to use the new words in sentences.</p> <p style="text-align: center;">...</p> <p style="padding-left: 40px;">Students had extensive choice in how they completed tasks and the materials and resources supported the learning goals. Students</p>

	<p>actively worked on completing graphic organizers, writing their own ideas, designing their own artwork, and creating their own play experiences. Additionally the pacing of the lessons provided the time needed for students to be intellectually engaged.</p> <p>Under the “managing student behavior” domain, reviewers rated only 67% of observations as proficient or exemplary because teachers’ response to student misbehavior was inconsistent and could be harsh. Furthermore, reviewers rated only 67% of observations under the “instructional use of assessments” domain as proficient or exemplary. Reviewers noted that teachers in a small number of observations globally assessed understanding in the class without giving specific feedback to students.</p>
Lincoln Park	<p>The Lincoln Park campus received the second highest rating of all of AppleTree PCS’s campuses. Reviewers rated 100% of observations as proficient or exemplary in classroom environment and 92% of observations as proficient or exemplary in instructional delivery. PCSB staff concluded that the school had extensive strategies in place to meet the needs of all learners and that the six-to-one student ratio allowed teachers to continuously check in with individual students, provide feedback, and differentiate instruction. Reviewers recorded many instances of teachers and staff leading caring, cooperative classrooms:</p> <p style="padding-left: 40px;">Teachers told students that they expected their best work, saying, “You are going to sing this song in your best voice.” Teachers recognized student effort in small groups as they asked each student a question related to the skill they were learning. Teachers said, “I like how you are repeating the words that you heard,” and “Nice job!” Students praised each other for good work, saying, “Super, good job!” and “You’re doing a great job!”</p> <p style="text-align: center;">...</p> <p style="padding-left: 40px;">Across all classrooms students transitioned smoothly without assistance from the teacher during center time. Teachers established routines and rituals effectively throughout all classrooms, as students quietly entered classrooms at the beginning of the day and sat on the carpet, walked up the stairs quietly with their hands on the railing for safety, and cleaned up from snack on their own. Students responded consistently to cues and transition techniques, such as, “Everybody stop, hands on top,” which caused all students to quiet down and raise hands to show they were listening.</p> <p>Reviewers also saw teachers presenting lessons clearly, inviting students to think and offer answers to open-ended and single-path questions, and ensuring students were following along:</p> <p style="padding-left: 40px;">Teachers asked open-ended questions during story time related to students’ prior knowledge of dinosaurs as well as questions related to the plot of the book. Students extended the discussion by asking their own higher order questions, like why dinosaurs</p>

	<p>lived before humans. During snack time teachers walked around the classroom, asking students what they were learning and if their snacks were healthy, prompting students to freely discuss with both teachers and peers.</p> <p>...</p> <p>Teachers provided timely feedback and scaffolding. Teachers praised the students for correct answers and persistence and helped students get to the correct answers when needed. In one observation of a small group doing targeted work on social skills, the teacher asked each student to say one thing that he or she learned and every student was able to do so.</p>
Southeast	<p>Reviewers rated 84% of observations as proficient or exemplary in classroom environment and 66% of observations as proficient or exemplary in instructional delivery. Teachers showed a high regard for student ability, and reviewers noted well-established routines and procedures. For example:</p> <p>Teachers and students engaged in positive interactions through actions and words. Students asked teachers for help with tying shoes and opening snack bags by regularly saying “please” and “thank you.” Students called classmates by their first names when speaking to each other. Teachers also used hand motions and signals such as clapping hands, smiling faces, and high fives when students met or exceed expectations to indicate feelings.</p> <p>Reviewers also noted that students were consistently engaged in learning tasks and that teachers asked questions that elicited a variety of answers and built on peers’ responses:</p> <p>Teachers asked open-ended questions and welcomed multiple approaches to answering questions. All of the observations scoring proficient included teachers asking students questions like “What words start with the letter N?” and “Tell me what you mean by ‘big’,” which prompted students to share ideas and talk freely. One teacher asked students to respond by adding on to what their classmates had said.</p> <p>PCSB noted that some observations rated below proficient in instructional delivery because teachers asked primarily recall questions, did not use appropriate vocabulary, or did not appropriately pace the lessons. For example:</p> <p>Some teachers did not call on the students who were distracted or sitting improperly, causing only students who could sit quietly to fully participate in the learning task. Some students had trouble keeping the pace with a video of a song, which resulted in about half of the students not participating in that activity.</p>

5. 60% of pre-kindergarten-3 and pre-kindergarten-4 students will progress to grade level baseline on the Social-Emotional learning portion of the Positive Behavior Rating Scale assessment, as designated by the publisher.

Assessment: **AppleTree PCS met this goal.**

Early Childhood Math Achievement as measured by the Positive Behavior Rating Scale Assessment (“PBRs”)								
		Target Met?						
Year	Target	Columbia Heights	Southwest		Oklahoma Avenue	Lincoln Park	Southeast	
			Riverside	Amidon			Douglas Knoll	Parklands
2013-14	60% of pre-kindergarten-3 and pre-kindergarten-4 students will progress to grade level baseline on the Social-Emotional learning portion of the Positive Behavior Rating Scale assessment, as designated by the publisher.	Yes (85.1% of students met this target.)	Yes (64.8% of students met this target.)		Yes (85.1% of students met this target.)	Yes (70.2% of students met this target.)	Yes (69.3% of students met this target.)	

Qualitative Evidence

In April 2014, PCSB reviewers observed the following evidence in support of this goal.

Campus	QSR Evidence ²¹
Columbia Heights	The QSR team scored 92% of the observations as exemplary or proficient in Creating an Environment of Respect and Rapport. Teacher and student interactions were warm and respectful. Teachers encouraged sharing and helped students cooperate as needed. Teachers managed student behavior with patience and understanding. They used behavior charts and the “Sit and Watch” chair when appropriate. Teachers placed stickers on the behavior charts to highlight appropriate behavior and talked about each student’s behavior as they placed the stickers next to the names. The “Sit and Watch” chair was used sparingly. The few students who sat in it were there for a brief time before they reentered the class activity.
Southwest	Students managed their feelings and behaviors and also worked cooperatively in their small groups. The students had healthy interactions with their classmates and were not observed having many behavioral issues. The teaching staff modeled the appropriate behavior that they wanted to see from students and redirected students’ misbehavior in a positive manner. Teachers used a “Sit and Watch” chair for students who were having trouble following

²¹ See Appendix G.

	directions. A student would sit and learn from other students who were on task and behaving appropriately. Some of the students hugged the teaching staff when they entered the classrooms.
Oklahoma Avenue	To provide students with the social foundation to succeed in school, teachers help students work together, share, and cooperate. Teachers discussed these components with students using stories, questions, and one-on-one time. One teacher read a book about sharing and then led the class through questions and a discussion about how to share supplies and how to cooperate with others.
Lincoln Park	Teachers consistently emphasized social skills in interactions with students by modeling respectful behavior and by praising students for positive interactions with peers. One teacher had a conversation with a student about the difference between tattling on a child misbehaving but not harming anyone versus telling an adult when a student is putting himself or others in danger. A small group of students worked in a small “social skills” group where they learned about age- appropriate social skills and had the opportunity to practice and demonstrate what they learned. Teachers supported emotional development by (1) having students watch other students follow directions in a “Sit and Watch” chair in order to get the student back on track, (2) praising students for staying on task and paying attention to the teacher’s directions, and (3) allowing the students to choose their own activities during center time. Students demonstrated social and emotional proficiency as they transitioned smoothly from center to center and through the absence of serious misbehavior.
Southeast	There was evidence that the school provides students with a social foundation. The students played and worked together in every observation. Teachers reminded students how to share appropriately, when necessary, and the students were generally comfortable completing tasks with each other. The QSR team also observed teachers using a “Sit and Watch” chair. Students were directed to sit in this chair and watch other students who were following directions. The classroom environments allowed students to celebrate each other’s successes. Teachers encouraged students to keep trying when they made a mistake. In one classroom where parents visited, the students told the parents about how they learned to tell whether things were a “big deal” or a “little deal,” as it related to how they learned to address issues that arose in class.

COMPLIANCE WITH CHARTER AND APPLICABLE LAWS

The SRA requires PCSB to determine at least every five years whether a school has “committed a material violation of applicable laws or a material violation of the conditions, terms, standards, or procedures set forth in its charter, including violations relating to the education of children with disabilities.”²² The SRA contains a non-exhaustive list of applicable laws, and PCSB also monitors charter schools for compliance with additional laws in annual compliance reviews. Below is a summary of the school’s compliance record.

Compliance Item	Description	School’s Compliance Status 2010-11 to present²³
Fair enrollment process D.C. Code § 38-1802.06	DC charter schools must have a fair and open enrollment process that randomly selects applicants and does not discriminate against students.	In 2011-12, PCSB found that all campuses violated D.C. Code § 38-1802.06 when the school requested students be potty trained in its application. PCSB asked the school to remove this request and resubmit the application for PCSB review. This issue was resolved.
Notice and due process for suspensions and expulsions D.C. Code § 38-1802.06(g)	DC charter school discipline policies must afford students due process ²⁴ and the school must distribute such policies to students and parents.	Compliant since 2010-11.
Student health and safety D.C. Code §§ 38-1802.04(c)(4), 4-1321.02, 38-651	The SRA requires DC charter schools to maintain the health and safety of its students. ²⁵ To ensure that schools adhere to this clause, PCSB monitors schools for various indicators, including but not limited to whether schools: <ul style="list-style-type: none"> - have qualified staff members that can administer medications; - conduct background checks for all school employees and volunteers; and - have an emergency response plan in place and conduct emergency drills as required by DC code and regulations. 	Compliant since 2010-11.

²² D.C. Code § 38.1802.12(c).

²³ See AppleTree PCS Compliance Reports, attached to this report as Appendix H.

²⁴ See *Goss v. Lopez*, 419 U.S. 565 (1975).

²⁵ D.C. Code § 38.1802.04 (c)(4)(A).

<p>Equal employment D.C. Code § 38-1802.04(c)(5)</p>	<p>A DC charter school’s employment policies and practices must comply with federal and local employment laws and regulations.</p>	<p>Compliant since 2010-11.</p>
<p>Insurance As required by the school’s charter</p>	<p>A DC charter school must be adequately insured.</p>	<p>Compliant since 2010-11.</p>
<p>Facility licenses D.C. Code § 47-2851.03(d); D.C. Mun. Regs., tit. 14, §§ 14-1401 <i>et seq.</i></p>	<p>A DC charter school must possess all required local licenses.</p>	<p>In 2011-12, the Parklands, Oklahoma Avenue, and Columbia Heights campuses were in the process of obtaining updated Certificates of Occupancy.</p> <p>In 2012-13, the Oklahoma Avenue had received its updated Certificate, but the Columbia Heights and Parklands updated Certificates of Occupancy were still pending. Additionally, the Amidon campus was also in the process of obtaining an updated Certificate of Occupancy.</p> <p>In 2013-14, all previously pending Certificates of Occupancy had been updated. The Lincoln Park campus was in the process of obtaining an updated Certificate of Occupancy. The school since notified PCSB that an updated Certificate of Occupancy for this campus was not needed because it did not intend on enrolling as many students in 2014-15.</p>

Highly Qualified Teachers Elementary and Secondary Education Act (“ESEA”) 20 U.S.C. § 6301	DC charter schools receiving Title I funding must employ “Highly Qualified Teachers” as defined by ESEA.	N/A ²⁶
Proper composition of board of trustees D.C. Code § 38-1802.05	A DC charter school’s Board of Trustees must have: an odd number of members that does not exceed 15; a majority of members that are DC residents; and at least two members that are parents of a student attending the school.	In 2011-12, PCSB found that only one parent was on the board. This issue was resolved.
Accreditation Status D.C. Code § 38-1802.02(16)	A DC charter school must maintain accreditation from an SRA-approved accrediting body approved by the SRA.	Compliant since 2010-11.

Procurement Contracts

The SRA requires DC charter schools to utilize a competitive bidding process for any procurement contract valued at \$25,000 or more, and within three days of awarding such a contract, to submit to PCSB all bids received, the contractor selected, and the rationale for which contractor was selected.²⁷ To ensure compliance with this law, PCSB requires schools to submit a “Determinations and Findings” form to detail any qualifying procurement contract that the school has executed.

Year	Qualifying contracts executed by AppleTree PCS	Corresponding documentation submitted to PCSB
2010-11	Data unavailable	-
2011-12	8	6
2012-13	4	4
2013-14	6	6

²⁶ Pre-Kindergarten schools are not required to have “Highly Qualified Teachers,” as the requirement only applies to elementary and secondary schools.

²⁷ D.C. Code § 38-1802.04(c)(1).

Special Education Compliance

Charter schools are required to comply with all federal and local special education laws, including, among others, the Individuals with Disabilities Education Act²⁸ (“IDEA”) and the Rehabilitation Act of 1973. The following section summarizes AppleTree PCS’s special education compliance from 2011-12 to the present.

OSSE Special Education Compliance Reviews

The DC Office of the State Superintendent of Education (“OSSE”) monitors charter schools’ special education compliance and publishes three types of reports detailing these findings: (1) Annual Determinations; (2) On-Site Monitoring; and (3) Quarterly Findings (also called Special Conditions Reports). OSSE’s findings of AppleTree PCS’s special education compliance are summarized below.

Annual Determinations

As required by a federal regulation, OSSE annually analyzes each LEA’s compliance with 20 special education compliance indicators, and publishes these findings in an Annual Determination report.²⁹ Each year’s report is based on compliance data collected several years earlier. As such, OSSE does not require schools to cure any compliance issues detailed in these reports. In 2014, OSSE published its 2011 Annual Determination reports (based on the school’s 2011-12 performance). AppleTree PCS’s Annual Determination compliance is detailed in the table below.³⁰

Year	Percent compliant with audited special education federal requirements	Determination Level
2010	90%	Meets Requirements
2011	71%	Needs Assistance
2012	106% ³¹	Meets Requirements

On-Site Monitoring Report

OSSE periodically conducts an on-site assessment of an LEA’s special education compliance with student-level and LEA-level indicators, and publishes its findings in an On-Site Monitoring Report. At the time, if a school was less than 80% compliant with a student-level and/or LEA-level indicator, it was required to implement corrections and report these corrections to OSSE.

²⁸ 20 U.S.C. § 1413(a)(5).

²⁹ As required by federal regulation 34 C.F.R. § 300.600(c).

³⁰ See FFY 2011 IDEA Part B LEA Performance Determinations, attached to this report as Appendix I.

³¹ The school’s compliance rate is over 100% because OSSE issued a “bonus” compliant indicator – not having any longstanding noncompliance issues from FY2009, FY2010, or FY2011.

(Beginning in 2013, LEA's are responsible for being 100% compliant with student-level indicators and LEA-level indicators on On-Site Monitoring Reports.)³²

In 2011, OSSE published an on-site Compliance Monitoring Report of AppleTree PCS based on the school's performance in 2011-12.³³ The school was required to implement corrections in the following areas. OSSE has since verified that AppleTree PCS has implemented corrections for all identified student level findings.

Student-Level Compliance	
Compliance Area	Number of indicators where corrections were required
Part C to B transition	1 out of 1
Initial Evaluations and Reevaluations	2 out of 3
IEP Development	4 out of 9
Least Restrictive Environment	2 out of 2
Discipline	0 out of 2
Data Verification	4 out of 7
Total indicators where corrections were required	12 out of 23

LEA-Level Compliance	
Compliance Area	Number of indicators where corrections were required
Data Verification	0 out of 1
Fiscal Requirements	2 out of 13

³² If the school was found to be less than 100% compliant with a student-level indicator that could not be cured retroactively, OSSE would identify the point of noncompliance as an LEA-level violation.

³³ See 2011-12 On-Site Monitoring Report Attachments, attached to this report as Appendix J.

Total indicators where corrections were required	2 out of 14
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Special Conditions Quarterly Reports

OSSE submits quarterly reports to the U.S. Department of Education’s Office of Special Education Programs detailing District of Columbia LEAs’ compliance in three areas: (1) Initial and Reevaluation Timelines; (2) Early Childhood Transition Timelines; and (3) Secondary Transition Requirements.

In recent special conditions reporting on OSSE’s DC Corrective Action Tracking System Database (“DCCATS”), AppleTree PCS was found to be noncompliant for Timely Completion of Initial Evaluation during the span of October 1- December 31, 2012. According to OSSE, the LEA has since corrected this issue of noncompliance. AppleTree PCS was again found to be noncompliant for Timely Completion of Initial Evaluation during the span of January 1, 2013 - March 31, 2013. According to OSSE, the LEA has since corrected this issue of noncompliance.³⁴

Blackman Jones Implementation Review

With compliance requirements pursuant to IDEA and the 2006 Blackman Jones Consent Decree, OSSE manages and oversees the Blackman Jones database that tracks each LEAs’ timely implementation of Hearing Officer Determinations (“HODs”) and Settlement Agreements (“SAs”).

As of June 2014, the Blackman Jones Database shows AppleTree PCS has no HODs or SAs.

³⁴ See Quarterly Findings Summaries, attached to this report as Appendix K.

FISCAL REVIEW

STANDARD OF REVIEW

The SRA requires PCSB to revoke a school's charter if PCSB determines that the school:

- Has engaged in a pattern of non-adherence to generally accepted accounting principles (“GAAP”);
- Has engaged in a pattern of fiscal mismanagement; and/or
- Is no longer economically viable.³⁵

As part of the charter review process, PCSB reviewed AppleTree Charter School's financial record regarding these areas.³⁶

SUMMARY OF FINDINGS

AppleTree PCS has no pattern of non-adherence to GAAP, nor are there indications that it engaged in a pattern of fiscal mismanagement. The school received the highest possible score on PCSB's Charter Audit Resource Management framework – also known as the CHARM™ - in each year from FY2011 to FY2013. While many financial metrics improved in FY2014, the School's fiscal score will decline slightly due to two audit findings and a qualified opinion on its compliance with the National School Lunch and Breakfast Program. The school has received all unqualified audits on its financial statements in each of the last four years.

FINANCIAL OVERVIEW

The following table provides an overview of AppleTree PCS's financial information over the past four fiscal years. Enrollment almost doubled in FY2011 with a corresponding increase in revenue. In the last two years, enrollment has risen incrementally to 647 students in FY2014. The school has had four consecutive years of operating surpluses, which has allowed it to build a much stronger balance sheet, growing both its net asset position and cash balances.

³⁵ See D.C. Code § 38-1802.13(b).

³⁶ This review is based on the school's FY2011, FY2012, FY2013, and FY2014 audits, attached to this report as Appendix L.

	Audit Year			
	2011	2012	2013	2014
Audited Enrollment	317	617	639	647
Total DC Funding Allocation	\$5,024,489	\$10,085,050	\$11,008,686	\$11,063,469
Total Federal Entitlements and Funding	\$1,720,231	\$810,728	\$404,243	\$874,568
Unrestricted Cash and Cash Equivalents on 6/30/14	\$608,102	\$1,038,521	\$1,576,777	\$2,341,590
Total Assets	\$6,177,404	\$6,453,414	\$6,680,045	\$7,634,887
Total Current Assets	\$3,280,650	\$1,513,082	\$19,752,102	\$2,931,895
Total Liabilities	\$4,488,584	\$4,458,402	\$4,080,884	\$4,033,359
Total Current Liabilities	\$1,081,796	\$1,271,406	\$1,113,680	\$1,285,947
Net Asset Position	\$1,688,820	\$1,995,012	\$2,599,161	\$3,601,528
Total Revenues	\$6,982,093	\$11,198,735	\$12,008,981	\$13,032,827
Total Expenses	\$5,750,787	\$10,892,540	\$11,404,832	\$12,030,460
Change in Net Assets	\$1,231,306	\$306,195	\$604,149	\$1,002,367

SPENDING DECISIONS

The following table provides an overview of AppleTree PCS's spending decisions over the past four years. In FY2012, the school's spending on personnel increased due to its increased enrollment, from 54% to 62% percent of its total revenue, in line with the typical charter school in DC. As the school has grown over the four-year period, its occupancy costs have almost doubled. However, as a percentage of revenue, occupancy costs have remained in a relatively tight range between 17-19%. All of the school's spending ratios are near the average of DC charter schools.

	Audit Year			
	2011	2012	2013	2014
Total Personnel Salaries and Benefits	\$ 3,760,675	\$ 6,953,220	\$ 7,576,897	\$ 8,127,002
Total Direct Student Costs	\$ 602,697	\$ 1,043,719	\$ 907,556	\$ 886,140
Total Occupancy Expenses	\$ 1,178,731	\$ 2,078,105	\$ 2,135,829	\$ 2,241,869
Total Office Expenses	\$ 93,943	\$ 259,509	\$ 268,965	\$ 306,205
Total General Expenses	\$ 114,741	\$ 557,987	\$ 515,585	\$ 469,244
Operating Surplus/(Deficit)	\$ 1,231,306	\$ 306,195	\$ 604,149	\$ 1,002,367
as a percent of revenue				
Total Personnel Salaries and Benefits	54%	62%	63%	62%
Total Direct Student Costs	9%	9%	8%	7%
Total Occupancy Expenses	17%	19%	18%	17%
Total Office Expenses	1%	2%	2%	2%
Total General Expenses	2%	5%	4%	4%
Operating Surplus/(Deficit)	18%	3%	5%	8%

ADHERENCE TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Audits of AppleTree Charter School establish that the School has adhered to GAAP. The auditor expressed unqualified/unmodified opinions on the financial statements in each of the past four years. However, the school received a qualified program opinion for its compliance with the National School Lunch Program in FY2014. Additionally, auditors noted two findings in the most recent year. One of the findings was due to the school’s controls around the lunch program. Specifically, AppleTree PCS failed to certify all of the forms submitted by parents. The other finding was due to a lack of a lease or sublease agreement on file to support lease payments to a third party landlord for office space. In both cases, the school’s management has responded with a plan to rectify the findings.

	FY2011	FY2012	FY2013	FY2014
Statement Opinion. Required when auditor finds areas of doubt/questionable matters.	Unqualified	Unqualified	Unqualified	Unmodified
Statement Material Weakness. A deficiency in internal control, indicating a reasonable possibility that a material financial misstatement will not be prevented.	No	No	No	No
Statement Non-Compliance. Auditor tests for compliance with certain provisions of laws, regulations, contracts, and grant agreements.	No	No	No	No
Program Opinion (A133). Review of compliance with federal requirements conducted when school receives \$500K+ in federal funds.	Unqualified	Unqualified	N/A	Qualified
Program Material Weakness (A133). Lack of internal control over compliance with applicable laws, regulations, etc.	No	No	N/A	No
Findings & Questioned Costs. Findings important enough to merit attention by those charged with governance, with documentation of corrective action plans noting the responsible party.	0	0	0	2
Unresolved Prior Year Findings. Disclosure of prior audit findings that have not been corrected.	0	0	0	0
Going-Concern Issue. Indicates the financial strength of the school is questioned.	N/A	No	No	No
Debt-Compliance Issue. School was not in compliance with certain debt covenants. A debt-compliance issue may prelude insolvency.	N/A	No	No	No

FISCAL MANAGEMENT

The school has not engaged in a pattern of fiscal mismanagement. While the School had audit findings in FY2014, the first in several years, there are no other concerning signs in the financial statements. The school has grown significantly over the last several years, and has used the additional revenue to strengthen its balance sheet. For the years of this review, AppleTree PCS has consistently received unqualified opinions on its financial statements.

The AppleTree Institute, the school’s management organization³⁷, managed all aspects of its finances, including accounting and fiscal compliance services. AppleTree PCS and AppleTree Institute are related parties, and share the same board of directors.³⁸ The school also leases and subleases facilities from AppleTree Institute. In FY2014, AppleTree PCS paid its CMO

³⁷ While the school maintains that the AppleTree Institute is not a management organization of the school, PCSB believes that it is appropriate to characterize the relationship as such given that AppleTree Institute provides both administrative and educational services to the LEA.

³⁸ See Appendix L..

\$407,619 for administrative costs. It paid an additional \$207,000 to AppleTree Institute to provide services related to its federal grant to develop its curriculum.³⁹

ECONOMIC VIABILITY

AppleTree PCS is economically viable. Audited enrollment has more than doubled in the last four years to 647 students in FY2014. The additional revenue has enabled the school to build its cash position and net assets. The following tables provide a summary of financial results for the past four fiscal years. Areas of concern (where the school falls outside the norm among DC charter schools) are highlighted where applicable.

Financial Performance

PCSB assesses a school’s financial performance with two key indicators. The first indicator is a school’s “operating result” – how much its total annual revenues exceed its total annual expenditures. In general, PCSB recommends that a school’s annual operating results are positive. Another indicator of a school’s financial performance is its earnings before depreciation (“EBAD”)⁴⁰, a financial performance measure of profitability. Based on these measures, **AppleTree PCS’s financial performance has been strong in the most recent four years.**

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Operating Surplus/(Deficit)	< 0	\$1,231,306	\$306,195	\$604,149	\$1,002,367
Earnings Before Depreciation	< 0	\$1,285,620	\$540,149	\$916,290	\$1,319,635
Aggregated 3-Year Total Margin	< -1.5	12.0%	6.9%	7.1%	5.3%

Liquidity

Two indicators of a school’s short-term economic viability are its current ratio⁴¹ and its days of cash on hand.⁴² A current ratio greater than one indicates a school’s ability to satisfy its immediate financial obligations. The school’s current ratio has been above 1.0 in all four years and was 2.3 at the end of FY2014.

Days of cash on hand is an important liquidity measure because it reflects whether a school can withstand unexpected cash delays and still satisfy its financial obligations. Typically, 90 days or more of cash on hand is recommended. Less than 30 days of cash on hand is a liquidity concern. **AppleTree PCS’s cash on hand has been above 30 days each of the last four years and**

³⁹ See AppleTree PCS FY2014 audit, pp. 7 and 12.

⁴⁰ EBAD is the change in net assets plus amortization and depreciation.

⁴¹ A school’s current ratio is its current assets divided by current liabilities.

⁴² “Cash on hand” equals unrestricted cash and cash equivalents divided by total expenditures divided by 360 days. It is a measure of the school’s ability to pay debts and claims as they come due.

improved to 70 days at the end of FY2014. The school has realized a positive cash flow from operations in each of the past four years.

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Current Ratio	< 0.5	3.0	1.2	1.7	2.3
Days of Cash On Hand	< 30	38	34	50	70
Cash Flow from Operations	< 0	\$1,770,301	\$543,603	\$838,908	\$1,154,463
Multi-Year Cumulative Cash Flow	< 0	(\$252,158)	\$407,870	\$968,675	\$1,875,180

Debt Burden

A school's debt ratio⁴³ indicates the extent to which a school relies on borrowed funds to finance its operations, and a ratio in excess of 0.92 is a concern to PCSB. AppleTree PCS's debt ratio has been below the threshold of concern in all four years, and declined to 0.53 in FY14. The school received very favorable financing on its bond in 2010, which resulted in a debt service ratio that is well below the threshold for concern. **Therefore, the school's debt burden does not pose a threat to its economic viability.**

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Debt Ratio	> 0.92	0.73	0.69	0.61	0.53
Debt Service Ratio	> 10.0%	0.0%	1.1%	1.8%	1.7%

Sustainability

A school's net assets⁴⁴ and primary reserve ratio are indicators of its sustainability.⁴⁵ PCSB recommends that schools accrue net asset reserves equal to three to six months of operating expenditures, and PCSB would be concerned with net assets reserves below zero. AppleTree PCS has increased its net asset position significantly in the last four years. In FY2014, the school exceeded the recommended three months of operating expenditures. **Since neither the net asset position nor the primary reserve ratio was negative in any of the four years, the school is financially sustainable.**

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Net Asset Position	< 0	\$1,688,820	\$1,995,012	\$2,599,161	\$3,601,528
Primary Reserve Ratio	< 0.00	0.24	0.16	0.2	0.3

⁴³ Debt ratio equals total liabilities divided by total assets.

⁴⁴ Net Assets equals total assets minus total liabilities.

⁴⁵ Primary Reserve Ratio equals total net assets divided by total annual expenses.