



# **2014-15 Charter Renewal Report**

## **Cedar Tree Public Charter School**

**December 15, 2014**

DC Public Charter School Board  
3333 14th Street, NW, Suite 210  
Washington, DC 20010  
(202) 328-2660  
[www.dcpsb.org](http://www.dcpsb.org)

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## **RENEWAL DECISION**

On December 15, 2014, the District of Columbia Public Charter School Board (“PCSB”) voted 6-0 to approve the renewal application of Cedar Tree Academy Public Charter School (“Cedar Tree PCS”) and renew the school’s charter for a second fifteen-year term, based on the findings and analysis detailed in the following report.

### **STAFF RECOMMENDATION AND KEY FINDINGS**

After reviewing the renewal application<sup>1</sup> submitted by Cedar Tree PCS, as well as the school’s record established by PCSB, PCSB staff concludes that Cedar Tree PCS met the standard for charter renewal set out in the District of Columbia School Reform Act of 1995, D.C. Code §§ 38-1802 *et seq.* (the “SRA”).

Specifically, the school did not commit a material violation of the law or its charter;<sup>2</sup> is financially in good standing; and met nine and partially met one of its 10 goals and student academic achievement expectations (“academic achievement expectations”). (PCSB did not assess two additional goals for reasons described on pages 7-8 of this report.)

Based on these findings, PCSB staff concludes that Cedar Tree PCS substantially met its goals and academic achievement expectations.

The school completely restructured its education program only last year and adopted the EC PMF as its academic achievement expectations, along with specific measures to be used to determine charter renewal. However, there were technical complications with the pre-kindergarten math assessment that affected the school’s performance on the EC PMF, which prevents PCSB staff from fully analyzing and assessing the school’s academic performance. For this reason, it is essential that the school commit to fully measurable (and rigorous) academic achievement expectations in its renewed charter. PCSB staff recommends that these goals and academic achievement expectations be based on the school meeting sector averages on the indicators of the Early Childhood Performance Management Framework (“EC PMF”).

Because of PCSB staff’s inability to fully analyze and assess the school’s academic performance, over the next three years, PCSB staff will closely monitor the school’s academic performance. If, after three academic years (at the conclusion of the 2016-17 school year) the school has not met its goals and

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<sup>1</sup> See Cedar Tree PCS renewal application, attached to this report as Appendix A.

<sup>2</sup> PCSB notes that as the school reorganized in 2013-14, it inadvertently violated a provision of the SRA by publishing a revised version of its mission before first seeking PCSB Board approval for this change. Cedar Tree PCS is in the process of curing this point of noncompliance. It also should be noted that the changes made were not material.

academic achievement expectations for those years (2014-15, 2015-16, and 2016-17), PCSB staff will undertake a full review of the school’s charter at that time.

The school has expressed interest in expanding its programming to serve additional grades. Given the issues described above, PCSB staff recommends to the PCSB Board that Cedar Tree PCS’s renewal application be approved for the school to continue operating only a pre-kindergarten and kindergarten program at this time. If, at the conclusion of three academic years, PCSB finds that the school has met its goals and academic achievement expectations detailed in its renewed charter, PCSB would then consider a charter amendment from the school to expand grade levels.

### **CHARTER RENEWAL STANDARD**

The standard for charter renewal is established in the SRA: PCSB shall approve a school’s renewal application, except that PCSB shall not approve the application if it determines one or both of the following:

- (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; or
- (2) The school failed to meet the goals and student academic achievement expectations set forth in its charter.<sup>3</sup>

Separate and apart from the renewal process, PCSB is required by the SRA to revoke a school’s charter if PCSB determines 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.<sup>4</sup>

Given the SRA’s standard for charter renewal, as well as PCSB’s obligation to revoke a school’s charter if it has engaged in the above types of fiscal misconduct, this report is organized into three sections. Sections One and Two are analyses of the school’s academic performance and legal compliance, respectively, and serve as the basis for PCSB staff’s renewal recommendation. Section Three is an analysis of the school’s fiscal performance – included so that in the case that a school is found to have met the standard for charter renewal but has also engaged in fiscal mismanagement, PCSB staff can advise the PCSB Board accordingly.

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<sup>3</sup> D.C. Code §38-1802.12(c).

<sup>4</sup> D.C. Code §38-1802.13(b).

## SCHOOL OVERVIEW

Cedar Tree PCS, chartered by PCSB in 2000, originally opened as the Washington Public Charter School For Academic Excellence, Inc., with Advantage Schools as its charter management organization. The school was originally chartered to serve 550 students in kindergarten through fifth grade, and to expand through twelfth grade.<sup>5</sup> Sometime between when the PCSB Board approved the school's petition and its first year in operation, the school changed its name to Howard Road Academy Public Charter School. (The record is unclear as to why or when this change occurred.) In 2001, after the school's first year in operation, Mosaica Education acquired Advantage Schools and Advantage Schools assigned to Mosaica its contract with Howard Road PCS.<sup>6</sup>

In 2008, the school submitted to PCSB a proposal to assume the operations of the Washington Academy Public Charter School ("Washington Academy PCS"), a school serving students in pre-kindergarten through sixth grade that was closing due to economic nonviability.<sup>7</sup> In February 2008, PCSB approved this proposal and an accompanying charter amendment petition for Howard Road PCS to expand to pre-kindergarten-3 and -4, and to increase its enrollment ceiling from 600 to 900 to accommodate the incoming students from Washington Academy PCS.<sup>8</sup> The school expanded through eighth grade in the 2009-10 school year, but never expanded to serve a high school.

In February 2013, the school petitioned to amend its charter to: (a) change its mission; (b) terminate its contract with Mosaica; (c) close its Pennsylvania Avenue and Martin Luther King campuses; (d) eliminate its first through eighth grade programming, and to instruct only pre-kindergarten-3, pre-kindergarten-4, and kindergarten students.<sup>9</sup> The PCSB Board conditionally approved this petition on February 25, 2013, and fully approved it in July 2013. The Board accepted the school's change of name from Howard Road PCS to Cedar Tree PCS on June 24, 2013.

The amendment established that the standard of renewal for the school would be based solely on its 2013-14 performance, with each EC PMF indicator treated as a separate goal. To meet each of these goals, the school needed to score at or above the corresponding indicator's "floor." The 2013-14 EC PMF floors were determined using data from the 2012-13 EC PMF pilot program. Each indicator's floor was set to the respective performance of the school in the tenth percentile among all schools participating in the pilot program.

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<sup>5</sup> See Charter Agreement, attached to this report as Appendix B.

<sup>6</sup> See "Howard Road Opening" memorandum, dated July 12, 2001, attached to this report as Appendix C.

<sup>7</sup> See Howard Road PCS proposal, attached to this report as Appendix D.

<sup>8</sup> PCSB Board Memo – "Howard Road Academy – Charter Amendment and Enrollment Ceiling Increase Requests" dated February 21, 2008, attached to this report as Appendix E.

<sup>9</sup> See PCSB February 25, 2013 board memorandum, attached to this report as Appendix F.

The school currently serves students in pre-kindergarten-3, pre-kindergarten-4, and kindergarten. The school describes its curriculum as “designed to enhance the social and emotional growth as well as cognitive and creative development while preparing students to become active independent learners.”<sup>10</sup>

In its July 2013 charter amendment, the school updated its mission, basing it on the school’s previous mission it used when operating as Howard Road PCS.<sup>11</sup> The updated mission is as follows:

*The Academy is committed to academic excellence for all students. We will build the foundation for all students in a safe learning environment designed to enhance social and emotional growth, cognitive and creative development while preparing students to become active independent learners. – No exception, No excuses!*<sup>12</sup>

However, the school currently publishes a different mission on its website, as well as in its annual report and renewal application.

*Cedar Tree Academy believes all children have the right to be respected, accepted and embraced as having capable, young minds. We are committed to academic excellence for all students and achieve this by building a foundation for lifelong learning, in a safe, nurturing learning environment. Our curriculum is designed to enhance social and emotional growth, as well as cognitive and creative development while preparing students to become active independent learners. Learn Today, Lead Tomorrow.*<sup>13</sup>

The SRA require schools to submit a charter revision petition to change their missions.<sup>14</sup> It does not appear that Cedar Tree PCS followed this rule here. However, the changes made were not material.

Information about the school and its historic performance on accountability plans and PCSB’s Performance Management Framework(s) is included in the table below.

Campus	Grade Levels	Ward	Year Opened	2013-14 Student Enrollment	2010-11	2011-12	2012-13	2013-14
					EC Accountability Plans			EC PMF

<sup>10</sup> See Cedar Tree PCS 2013-14 Annual Report, attached to this report as Appendix G.

<sup>11</sup> The school’s previous mission was “the Academy is committed to academic excellence for all students. We will achieve individual measurable academic outcomes through a rigorous, engaging, and safe learning environment designed to prepare students to gain entry into selective high schools – No exception, No excuses!

<sup>12</sup> See Appendix F.

<sup>13</sup> See Appendix H.

<sup>14</sup> DC Code §38-1802.04(c)(10).

					ES/MS PMF Tier			
Cedar Tree PCS (Formerly HRA PCS-Pennsylvania Ave)	PK3-K	8	2009	322	Met 8 of 10 targets	Met 7 of 9 targets	Met 3 of 5 targets	Met or exceeded 8 of 9 indicator floors <sup>15</sup>
HRA PCS– Main Campus	PK3-2	8	2000	N/A	Met 8 of 10 targets	Met 2 of 9 targets	N/A (closed end of 12-13)	Closed
	3-6				30.5% <b>Tier 3</b>	28.8% <b>Tier 3</b>		
HRA PCS– MLK Middle School	7-8	8	2009	N/A	43.5% <b>Tier 2</b>	29.8% <b>Tier 3</b>	N/A (closed end of 12-13)	Closed

### Charter Reviews

In the 2006-07 school year, PCSB conducted a charter review of the school and found that it met all academic and non-academic standards that were in place at that time.<sup>16</sup> It was noted in this review that the school’s reading proficiency average on the DC CAS was 57.2 and that its math reading proficiency average was 53.6%. Based on this review, the school was granted full charter continuance in January 2007.

In January 2012, PCSB conducted another review of the school and granted charter continuance based on it meeting “the PMF Academic standard” in place at the time as well as compliance and fiscal criteria.<sup>17</sup> Notwithstanding the continuance, PCSB staff noted in the charter review that the school’s “curriculum and instruction lacked rigor” and that the staff attrition rate was 70% and the student reenrollment rate was 32.2%.<sup>18</sup>

### October 2014 Amendment

In October 2014, the PCSB Board approved an amendment petition submitted by Cedar Tree PCS to revise two of its academic achievement expectations.<sup>19</sup> The previous school year (2013-14), the school submitted to PCSB the early childhood assessments it selected as part of the EC PMF, as well as metrics specific to these assessments by which PCSB would calculate student achievement and progress on the EC PMF. At this time, the school proposed, and PCSB accepted, to measure kindergarten students’ reading and math achievement and growth on a Scantron assessment based on students’ normal curve

<sup>15</sup> Schools did not receive a score on the Early Childhood PMF in 2013-14, the first year PCSB used this tool to measure early childhood performance. PCSB invalidated the school’s performance on the myIGDI assessment, as described further below.

<sup>16</sup> See 2006 charter review, attached to this report as Appendix I.

<sup>17</sup> See 2012 letter from Brian Jones, PCSB Chair, to Dr. Latonya Henderson, Board Chair of Howard Road Academy PCS, attached to this report as Appendix J.

<sup>18</sup> See 2012 HRA PCS Charter Review Analysis, attached to this report as Appendix K.

<sup>19</sup> See October 2014 amendment, attached to this report as Appendix L.

equivalent score, which would be based on norm-referenced information published by Scantron. When PCSB sought to validate the school's submitted Scantron scores, it found that Scantron did not publish norm-referenced information, meaning the goals the school submitted, and the board accepted, could not be measured. The October 2014 amendment updated the school's goals with new, measurable metrics.

## SECTION ONE: GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

For renewal, the SRA requires PCSB to determine whether or not a school has met its goals and academic achievement expectations. Goals are specific aims that are measurable and usually related to a school’s mission, which may be categorized as academic, non-academic, and organizational, whereas academic achievement expectations are student academic aims measured by state or externally validated assessments. Attainment of goals and meeting academic achievement expectations are key to the renewal analysis.

The table below summarizes PCSB’s determinations regarding the school’s goals and academic achievement expectations that it adopted in its July 2013 amendment. These determinations are further detailed in the body of this report.

	<b>Goals and Academic Expectations</b>	<b>Met?</b>
1	60% of PK3 students will increase 3 points on the Picture Naming section of the myIGDI assessment.	<b>Yes</b>
2	60% of PK4 students will increase 1 cut score level on all three sections Picture Naming, Rhyming, and Sound ID of the myIGDI assessment.	<b>Partially</b>
3	60% of PK3 students will increase 1 cut score on the Quantity Comparison subtest on the lowest level and maintain on higher levels of the myIGDI assessment.	<b>N/A</b>
4	60% of PK4 students will increase 1 cut score on the Oral Counting, Quantity Comparison, and 1-to-1 Correspondence Counting subtests on the lowest level and maintain on higher levels of the myIGDI assessment.	<b>N/A</b>
5	60% of students will show a 200 point scale score increase from fall to spring on the Scantron Performance Series Reading assessment. <sup>20</sup>	<b>Yes</b>
6	60% of students will show a 200 point scale score increase from fall to spring on the Scantron Performance Series Math assessment. <sup>21</sup>	<b>Yes</b>
7	The school will score at least 3 on the Emotional Support domain of the CLASS Assessment.	<b>Yes</b>

<sup>20</sup> This goal was originally drafted as “60% of students will show 0 NCE or meet or exceed the 50th percentile on the Scantron Performance Series Reading assessment. This goal was amended in October 2014, after PCSB found that Scantron did not publish norm-referenced information, meaning the goals the school submitted, and the board accepted, could not be measured.

<sup>21</sup> This goal was originally drafted as “60% of students will show 0 NCE or meet or exceed the 50th percentile on the Scantron Performance Series Math assessment.” This goal was amended in October 2014, after PCSB found that Scantron did not publish norm-referenced information, meaning the goals the school submitted, and the board accepted, could not be measured.

8	The school will score at least 3 on the Classroom Organization domain of the CLASS Assessment.	Yes
9	The school will score at least 1 on the Instructional support domain of the CLASS Assessment.	Yes
10	On average, PK3 and PK4 students will attend school 80% of the days.	Yes
11	On average, Kindergarten students will attend school 82% of the days.	Yes
12	70% of parents will report “Satisfied” or “highly Satisfied” with the school on the end of year parent satisfaction survey.	Yes

**1. 60% of PK3 students will increase 3 points on the Picture Naming section of the myIGDI assessment.**

Assessment: **Cedar Tree PCS met this goal. 76.1% of pre-kindergarten-3 students increased 3 points on the Picture Naming section of the myIGDI assessment.** The myIGDI (the name is based on the phrase “Individual Growth and Development Indicators”) is an assessment designed to monitor progress of beginning reading development. Students have one minute to identify pictures that are shown to them by an administrator. Each student’s score is based on how many pictures he or she identifies.

**2. 60% of PK4 students will increase 1 cut score level on all three sections Picture Naming, Rhyming and Sound ID of the myIGDI assessment.**

Assessment: **Cedar Tree PCS partially met this goal.** No students increased in all three of these sections because no student took the Sound Identification assessment. While 67.7% (84 of 124) of students increased one cut score level in both Picture Naming and Rhyming, the school did not administer a version of the assessment that included a Sound Identification section in the 2013-14 school year. Yet, the school committed to this goal in June 2013.

**3. 60% of PK3 students will increase 1 cut score on the Quantity Comparison subtest on the lowest level and maintain on higher levels of the myIGDI assessment.**

**4. 60% of PK4 students will increase 1 cut score on the Oral Counting, Quantity Comparison and 1-to-1 Correspondence Counting subtests on the lowest level and maintain on higher levels of the myIGDI assessment.**

Assessment: **These goals were not assessed in PCSB’s renewal analysis or recommendation.** In the 2013-14 school year, PCSB and Cedar Tree PCS agreed to set academic progress targets for the myIGBI assessment because it was the school’s preferred assessment tool for the EC PMF, and because the assessment publisher did not set such targets. PCSB has concerns that these targets were set inaccurately, and is considering a possible change to the way that progress is measured for this assessment for the 2014-15 EC PMF. Additionally, PCSB has since learned from the test’s publisher, that while the myIGBI assessment measures student achievement, it is not an appropriate tool to measure student growth. PCSB staff is currently researching whether myIGBY is an appropriate assessment for the EC PMF. Given this open issue, PCSB staff will not assess these goals for purposes of this renewal analysis.

For the record, 51.0% (52 of 102) pre-kindergarten-3 students increased 1 cut score on the Quantity Comparison subtest or maintained the higher level of the myIGDI assessment and 44.7% (55 of 123) of pre-kindergarten-4 students increased one cut score or maintained the highest level on the Oral Counting, Quantity Comparison and 1-to-1 Correspondence Counting subtests of the myIGDI assessment.

#### Qualitative Evidence

The QSR team observed the following regarding math instruction:

The review team noted in about half of the observations of math instruction that learning tasks were a mix of those requiring recall and deeper thinking. Students in one observation used manipulatives with math problems, and then wrote out those same math problems on post cards. In another observation, the teacher read students a math story and asked the students math-related questions

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In terms of moving students to advanced levels of proficiency in math, the review team saw differentiation and assessment in about half of the observations. Students in one observation collectively chose what number they would count by and which counting method.... The review team saw some teachers assess students one-on-one as other students worked in learning centers. In another class, the teacher provided feedback to individual students working at a learning center on a math worksheet.<sup>22</sup>

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<sup>22</sup> See Qualitative Site Review report, p. 5, attached to this report as Appendix M.

**5. 60% of students will show a 200 point scale score increase from fall to spring on the Scantron Performance Series Reading assessment.<sup>23</sup>**

Assessment: **Cedar Tree PCS met this goal.** 80.3% of students increased by at least 200 points on this assessment. The Scantron Performance Series assessment is a standards-based adaptive assessment that is aligned with Common Core standards. Per the publisher of the assessment, 200 points represents appropriate growth for kindergarten students.

Qualitative Evidence

Observations of the QSR team support PCSB staff's determination that this goal has been met:

The review team saw a range of literacy instruction. Observers saw a content-related vocabulary lesson, a discussion on multiple problem-solving thought-processes to tackle a math problem, and phonemic awareness and fluency strategies.

In terms of moving students to advanced levels of proficiency in reading, the review team saw differentiation and assessment in about half of the observations. Students in some observations worked in small, heterogeneous groups to do literacy activities. Students frequently answered direct questions from teachers around letter recognition, what they saw in read-alouds, and what they played with in centers. However, in about half of the observations, assessment was primarily global or relied only on student volunteers to gauge individual learning.<sup>24</sup>

**6. 60% of students will show a 200 point scale score increase from fall to spring on the Scantron Performance Series Math assessment.<sup>25</sup>**

Assessment: **Cedar Tree PCS met this goal.** 72.1% of students increased by at least 200 points on this assessment. The Scantron Performance Series assessment is a standards-based adaptive assessment that is aligned with Common Core standards. Per the publisher of the assessment, 200 points represents appropriate growth for kindergarten students.

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<sup>23</sup> This goal was originally drafted as "60% of students will show 0 NCE or meet or exceed the 50th percentile on the Scantron Performance Series Reading assessment. This goal was amended in October 2014, after PCSB found that Scantron did not publish norm-referenced information, meaning the goals the school submitted, and the board accepted, could not be measured.

<sup>24</sup> See Appendix M, p. 4.

<sup>25</sup> This goal was originally drafted as "60% of students will show 0 NCE or meet or exceed the 50th percentile on the Scantron Performance Series Math assessment." This goal was amended in October 2014, after PCSB found that Scantron did not publish norm-referenced information, meaning the goals the school submitted, and the board accepted, could not be measured.

**7. The school will score at least 3 on the Emotional Support domain of the CLASS Assessment.**

Assessment: **Cedar Tree PCS met this goal.** The school scored 5.8 (on a scale of 1 to 7) on the Emotional Support domain of the Classroom Assessment Scoring System (“CLASS”) assessment. The Emotional Support domain is designed to assess “teachers’ attempts to support children’s social and emotional functioning in the classroom.”<sup>26</sup>

All DC charter early childhood programs that participated in PCSB’s Early Childhood PMF Pilot, including Cedar Tree PCS, were assessed by independent reviewers using CLASS, which focuses on classroom interactions that boost student learning. CLASS measures emotional support, classroom organization, and instructional support. Each indicator is scored on a scale from 1-7, where 1-2 is low, 3-5 is medium, and 6-7 is high.

Qualitative Evidence

For the most part, the QSR team’s observations support staff’s determination that this goal was met. They found 78% of teachers to be proficient or exemplary in creating an environment of respect and rapport.<sup>27</sup> “Teachers in many observations created personal connections with students by asking them what they did the evening or day before.” Further,

[R]oughly two-thirds of teachers scor[ed] proficient or exemplary on the Classroom Environment [domain]. Teachers throughout these observations fostered social and emotional growth by helping students interact positively with classmates, as in one observation where the teacher redirected a student by asking the student to think of a nicer way to play with blocks. Additionally, teachers enhanced social and emotional growth by warmly greeting students as they entered classrooms, connecting with them at eye level, and encouraging them to resolve turn-taking issues on their own in respectful ways.<sup>28</sup>

**8. The school will score at least 3 on the Classroom Organization domain of the CLASS Assessment.**

Assessment: **Cedar Tree PCS met this goal.** The school scored 5.2 (on a scale from 1 to 7) on the Classroom Organization domain of the CLASS assessment, which assesses “classroom-level regulation processes that take place throughout the day.”<sup>29</sup>

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<sup>26</sup> 2013-14 District of Columbia CLASS Pre-K Evaluation Report, p. 9, attached to this report as Appendix N.

<sup>27</sup> See Appendix M, p. 7.

<sup>28</sup> See Appendix M, p. 7.

<sup>29</sup> See Appendix N, p. 9.

**9. The school will score at least 1 on the Instructional Support domain of the CLASS Assessment.**

Assessment: **Cedar Tree PCS met this goal.** The school scored 2.7 (on a scale of 1 to 7) on Instructional Support domain of the CLASS assessment, which assesses “ways in which teachers effectively support cognitive and language development in their classrooms.”<sup>30</sup>

**10. On average, PK3 and PK4 students will attend school 80% of the days.**

Assessment: **Cedar Tree PCS met this goal.** In 2013-14, the school’s pre-kindergarten-3 and pre-kindergarten-4 in-seat attendance rate was 84.7%, which is above the Early Childhood PMF floor of 80.0%.

**11. On average, Kindergarten students will attend school 82% of the days.**

Assessment: **Cedar Tree PCS met this goal.** In 2013-14, the school’s kindergarten in-seat attendance was 86.4%, which is above the Early Childhood floor of 82%.

**12. 70% of parents will report “Satisfied” or “Highly Satisfied” with the school on the end of year parent satisfaction survey.**

Assessment: **Cedar Tree PCS met this goal.** This mission-specific goal was also included in the school’s June 2013 amendment, and is not a goal based on the EC PMC. While Cedar Tree PCS did not address this goal in its renewal application, it presented supporting data regarding this survey in its 2013-14 annual report. The school wrote that it “exceeded this goal, with 93.9% of parents [out of 225 respondents] reporting “Strongly Agree” or “Agree Somewhat” with the overall satisfaction with the child’s experience at school.”<sup>31</sup> While these survey results do not align exactly to the text of the goal the school agreed to, PCSB finds them sufficient to find the school met this parent satisfaction goal.

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<sup>30</sup> See Appendix N, p. 9.

<sup>31</sup> See Appendix G.

## **SECTION TWO: COMPLIANCE WITH CHARTER AND APPLICABLE LAWS**

To renew a school’s charter, PCSB must determine that the school has not “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.”<sup>32</sup> 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. Since 2010-11, PCSB has found in its annual compliance reviews that Cedar Tree PCS has been in substantial compliance with applicable laws detailed in the table below.

<b>Compliance Item</b>	<b>Description</b>	<b>School’s Compliance Status 2012-13 to present<sup>33</sup></b>
<b>Fair enrollment process</b> 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.	Compliant since 2010-11
<b>Notice and due process for suspensions and expulsions</b> D.C. Code § 38-1802.06(g)	DC charter school discipline policies must afford students due process <sup>34</sup> and the school must distribute such policies to students and parents.	Compliant since 2010-11
<b>Student health and safety</b> 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. <sup>35</sup> 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"> <li>- have qualified staff members that can administer medications;</li> <li>- conduct background checks for all school employees and volunteers; and</li> <li>- have an emergency response plan in place and conduct emergency drills as required by DC code and regulations.</li> </ul>	In 2011-12, the school did not have documentation available that all employees and volunteers had a background check on file; this issue has since been cured.
<b>Equal employment</b> D.C. Code § 38-1802.04(c)(5)	A DC charter school’s employment policies and practices must comply with federal and local employment laws and regulations.	Compliant since 2010-11

<sup>32</sup> SRA § 38.1802.12(c).

<sup>33</sup> See school compliance reports, attached to this report as Appendix O.

<sup>34</sup> See *Goss v. Lopez*, 419 U.S. 565 (1975).

<sup>35</sup> SRA § 38.1802.04 (c)(4)(A).

<b>Compliance Item</b>	<b>Description</b>	<b>School's Compliance Status 2012-13 to present<sup>33</sup></b>
<b>Insurance</b> As required by the school's charter	A DC charter school must be adequately insured.	Compliant since 2010-11
<b>Facility licenses</b> D.C. Code § 47-2851.03(d); D.C. Mun. Regs., tit. 14, §§ 14-1401 et seq.	A DC charter school must possess all required local licenses.	Compliant since 2010-11
<b>Highly Qualified Teachers</b> Elementary and Secondary Education Act ("ESEA"), 20 U.S.C. §§ 6311 et seq.	DC charter schools receiving Title I funding must employ "Highly Qualified Teachers" as defined by ESEA.	Compliant since 2010-11
<b>Proper composition of board of trustees</b> 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, the school was not compliant with the SRA regarding board composition; this issue has since been cured.
<b>Accreditation Status</b> 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**

D.C. Code § 38-1802.04(c)(1) generally 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. 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. Cedar Tree PCs is in full compliance with this requirement.

<b>Year</b>	<b>Qualifying contracts executed by Cedar Tree PCS</b>	<b>Corresponding documentation submitted to PCSB</b>
2010-11	8	8
2011-12	5	5
2012-13	5	5

## 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 Act (“IDEA”)<sup>36</sup> and the Rehabilitation Act of 1973.<sup>37</sup> The following section summarizes Cedar Tree PCS’ special education compliance from 2011-12 to the present.

### OSSE Special Education Compliance Reviews

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 Cedar Tree PCS’ special education compliance are summarized below.

#### Annual Determinations

As required by IDEA’s implementing regulations, OSSE annually analyzes each LEA’s compliance with 20 special education compliance indicators, and publishes these findings in an Annual Determination report.<sup>38</sup> 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.

Cedar Tree PCS’s Annual Determination compliance performance is detailed in the table below.<sup>39</sup>

Year	Percent compliant with audited special education federal requirements	Determination Level
2010	75%	Needs Improvement
2011	64%	Needs Improvement

#### 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. If a school is less than 100% compliant with a student-level and/or LEA-level indicator, it must implement corrections and report these corrections to OSSE.<sup>40</sup>

In 2013, OSSE published an on-site Compliance Monitoring Report of Cedar Tree PCS based on the school’s performance in the 2011-12 school year.<sup>41</sup> **The school was required to implement**

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<sup>36</sup> 20 USC §1413(a)(5).

<sup>37</sup> 29 U.S.C. § 794a *et seq.*

<sup>38</sup> As required by federal regulation 34 C.F.R. § 300.600(c).

<sup>39</sup> See Cedar Tree PCS 2010 and 2011 annual determination reports, attached to this report as Appendix P.

<sup>40</sup> If OSSE finds that the school is less than 100% compliant with a student-level indicator that was impossible for the school to cure retroactively, OSSE would identify the point of noncompliance as an LEA-level violation.

<sup>41</sup> See 2012-2013 On-Site Monitoring Report Attachments, attached to this report as Appendix Q.

corrections as indicated in the following table. OSSE has since verified that Cedar Tree PCS has implemented corrections for all identified student- and LEA-level findings.

Student-Level Compliance		LEA-Level Compliance	
Compliance Area	Number of indicators where corrections were required	Compliance Area	Number of indicators where corrections were required
Initial Evaluations and Reevaluations	6 out of 8	Dispute Resolution	1 out of 1
Individualized Education Program Development	9 out of 12	Fiscal	2 out of 16
Least Restrictive Environment	1 out of 4	<b>Total indicators where corrections were required</b>	<b>3 out of 17</b>
Discipline	2 out of 2		
Data Verification	4 out of 7		
<b>Total indicators where corrections were required</b>	<b>22 out of 33</b>		

### 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 LEA’s compliance in three areas: (1) Initial and Reevaluation Timelines; (2) Early Childhood Transition Timelines; and (3) Secondary Transition Requirements.

In September 2013, OSSE found the school to be noncompliant in reevaluation requirements.<sup>42</sup> The school has since cured this issue.

### Blackman Jones Implementation Review

With compliance requirements pursuant to the Individuals with Disabilities Education Act (IDEA) and the 2006 Blackman Jones Consent Decree, OSSE manages and oversees the Blackman Jones database that tracks each LEA’s timely implementation of Hearing Officer Determinations (HODs) and Settlement Agreements (SAs).

As of July 2014, the Blackman Jones Database showed that Cedar Tree PCS had no HODs or SAs.

<sup>42</sup> See Cedar Tree PCS quarterly report, attached to this document as Appendix R.

**SECTION THREE:**  
**FISCAL MANAGEMENT AND ECONOMIC VIABILITY**

Separate and apart from the standard for charter renewal, the SRA requires that PCSB Board shall revoke a school’s charter if PCSB determines that the school:

- Has engaged in a pattern of non-adherence to generally accepted accounting principles;
- Has engaged in a pattern of fiscal mismanagement; or
- Is no longer economically viable.

In the following section, PCSB has analyzed the financial information provided to it by Cedar Tree PCS. Based on audited results, PCSB deems the school to be compliant with GAAP standards, to be economically viable, and to have shown no patterns of fiscal mismanagement.

**SUMMARY OF FINDINGS**

Cedar Tree Academy PCS was identified as a high fiscal-performing school by PCSB in FY2013. The School has no pattern of non-adherence to GAAP.

**FINANCIAL OVERVIEW**

The following table provides an overview of the school’s financial information over the past four fiscal years. Notwithstanding the school’s decreased enrollment, Cedar Tree PCS had a strong net asset position, with a surplus of over \$10 million. The school has adjusted its expenses to account for the reduced revenue. The school’s assets are high in part because the school owns two facilities.

	<b>Audit Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Audited Enrollment	933	798	805	684
Total DC Funding Allocation	\$10,943,321	\$10,323,166	\$11,774,900	\$10,272,167
Total Federal Entitlements and Funding	\$2,938,954	\$3,026,611	\$2,020,085	\$1,519,992
Unrestricted Cash and Cash Equivalents on 6/30/14	\$3,025,744	\$4,337,297	\$7,638,820	\$8,277,840
Total Assets	\$16,987,767	\$16,933,019	\$19,347,366	\$19,161,639
Total Current Assets	\$4,102,057	\$6,558,345	\$8,757,472	\$9,374,210
Total Liabilities	\$9,550,368	\$8,893,640	\$9,320,401	\$8,607,280
Total Current Liabilities	\$1,466,421	\$1,893,472	\$2,688,775	\$1,181,115
Net Asset Position	\$7,437,399	\$8,039,379	\$10,026,965	\$10,554,359
Total Revenues	\$14,226,663	\$13,657,880	\$13,997,450	\$11,966,510
Total Expenses	\$12,564,318	\$12,816,462	\$12,009,864	\$11,711,126
Change in Net Assets	\$1,662,345	\$841,418	\$1,987,586	\$527,394

## SPENDING DECISIONS

The following table provides an overview of the School’s spending decisions over the past four fiscal years, which are in line with PCSB’s financial metrics for general education public charter schools.

	Audit Year			
	2010	2011	2012	2013
Total Personnel Salaries and Benefits	\$7,948,653	\$7,315,223	\$7,035,994	\$6,446,543
Total Direct Student Costs	(not detailed)	\$1,218,398	\$1,827,158	\$1,527,331
Total Occupancy Expenses	\$714,973	\$1,371,030	\$1,633,832	\$1,587,616
Total Office Expenses	(not detailed)	\$224,986	\$471,497	\$239,167
Total General Expenses	\$3,900,692	\$2,686,825	\$1,041,383	\$1,910,469
Operating Surplus/(Deficit)	\$1,662,345	\$841,418	\$1,987,586	\$527,394
as a percent of revenue				
Total Personnel Salaries and Benefits	56%	54%	50%	54%
Total Direct Student Costs	(not detailed)	9%	13%	13%
Total Occupancy Expenses	5%	10%	12%	13%
Total Office Expenses	(not detailed)	2%	3%	2%
Total General Expenses	27%	20%	7%	16%
Operating Surplus/(Deficit)	12%	6%	14%	4%

## ADHERENCE TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

**Audits of Cedar Tree Academy PCS establish that the School has adhered to GAAP.** The auditor expressed unqualified opinions on the financial statements in each of the past four years.

The auditor had no internal control findings in the past three years. The FY2010 audit findings related to lack of documentation for disbursement and payroll transactions, general ledger adjusting entries, and reimbursement claims to OSSE. These FY2010 audit findings were not subsequently repeated.

The following table provides a summary of Audit results for each of the past four fiscal years.

	FY2010	FY2011	FY2012	FY2013
<b>Statement Opinion.</b> Required when auditor finds areas of doubt/questionable matters.	Unqualified	Unqualified	Unqualified	Unqualified
<b>Statement Material Weakness.</b> A deficiency in internal control, indicating a reasonable possibility that a material financial misstatement will not be prevented.	No	No	No	No
<b>Statement Non-Compliance.</b> Auditor tests for compliance with certain provisions of laws, regulations, contracts, and grant agreements.	No	No	No	No
<b>Program Opinion (A133).</b> Review of compliance with federal requirements conducted when school receives \$500K+ in federal funds.	Unqualified	Unqualified	Unqualified	Unqualified
<b>Program Material Weakness (A133).</b> Lack of internal control over compliance with applicable laws, regulations, etc.	No	No	No	No

<b>Findings &amp; Questioned Costs.</b> Findings important enough to merit attention by those charged with governance, with documentation of corrective action plans noting the responsible party.	3	No	No	No
<b>Unresolved Prior Year Findings.</b> Disclosure of prior audit findings that have not been corrected.	No	No	No	No
<b>Going-Concern Issue.</b> Indicates the financial strength of the school is questioned.	N/A	N/A	No	No
<b>Debt-Compliance Issue.</b> School was not in compliance with certain debt covenants. A debt-compliance issue may prelude insolvency.	N/A	N/A	No	No

## **FISCAL MANAGEMENT**

**Cedar Tree Academy PCS has not engaged in a pattern of fiscal mismanagement.** In November 2012, the school completed an \$8M refinancing package with a local bank for outstanding debt related to the 2004 purchase of its main campus and the 2009 purchase of a building on Martin Luther King Avenue, SE for its second campus.

The school’s management and general expenses increased from \$1.0 million in FY2012 to \$1.9 million in FY2013 as result of the school’s separation from Mosaica. The school offset this increase in expenses by decreasing other expenses by \$1.2 million from FY2012 to FY2013. At the same time, Cedar Tree PCS modified its loan agreement with the bank to reduce the outstanding balance by approximately \$650,000 and to provide additional cash collateral of \$483,000 as it transitioned from operating three campuses to one campus.

## **ECONOMIC VIABILITY**

**Cedar Tree PCS is economically viable.** The school experienced a substantial enrollment decrease between FY2012 and FY2013 from 805 to 684 students. Consequently, the school’s total revenue was \$11.9 million in FY2013, while it was \$13.9 million in FY2012.

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,” i.e., how much its total annual revenues exceed its total annual expenditures. In general, PCSB recommends that a school’s annual operating results equal at least zero. Another indicator of a school’s financial performance is its earnings before depreciation (“EBAD”)<sup>43</sup>, a financial performance measure that eliminates the effects of financing and accounting decisions.

The School’s financial performance has been good. Cedar Tree Academy PCS reported an operating surplus in each of the past four years. The decrease in operating surplus from \$1.9 million in FY2012 to

<sup>43</sup> EBAD is the change in net assets plus amortization and depreciation.

\$527K in FY2013 was primarily attributable to decreased enrollment. Expenses were mostly consistent between these years: \$11.7 million in FY2013 and \$12.0 million in FY2012.

	Indicator of Concern	Audit Year			
		2010	2011	2012	2013
Operating Surplus/(Deficit)	< 0	\$1,662,345	\$841,418	\$1,987,586	\$527,394
Earnings Before Depreciation	< 0	\$1,662,345	\$1,235,887	\$2,378,140	\$924,389
Aggregated 3-Year Total Margin	< -1.5	(not measured)	10.5%	10.7%	7.8%

### **Liquidity**

Two indicators of a school’s short-term economic viability are its current ratio<sup>44</sup> and its days of cash on hand.<sup>45</sup> A current ratio greater than one indicates a school’s ability to satisfy its immediate financial obligations. The school’s FY2013 current ratio of 7.9 is one of the highest among DC charter schools.

Typically, 90 days or more of cash on hand indicates a school can satisfy immediate obligations with cash. Less than 30 days of cash on hand is a liquidity concern. With 254 days of cash on hand at June 30, 2013, the School is in excellent position to meet immediate obligations.

Cash Flow from Operations decreased from \$3.9 million in FY2012 to \$229k in FY2013. The substantial decrease was primarily due to decreased enrollment. Unrestricted cash was \$8.2 million at June 30, 2013.

	Indicator of Concern	Audit Year			
		2010	2011	2012	2013
Current Ratio	< 0.5	2.8	3.5	3.3	7.9
Days of Cash On Hand	< 30	87	122	229	254
Cash Flow from Operations	< 0	\$1,998,187	\$1,935,390	\$3,950,616	\$229,863
Multi-Year Cumulative Cash Flow	< 0	(not measured)	\$2,698,306	\$4,613,076	\$3,940,543

### **Debt Burden**

A school’s debt ratio<sup>46</sup> indicates the extent to which a school relies on borrowed funds to finance its

<sup>44</sup> Current assets divided by current liabilities. Current refers to the 12 months or normal operating cycles that a school can convert certain assets into cash or use up or settle certain obligations.

<sup>45</sup> “Cash on hand” equals unrestricted cash and cash equivalents divided by total expenditures divided by 360 days.

<sup>46</sup> Debt ratio equals total liabilities divided by total assets.

operations. A debt burden ratio in excess of 0.92 is a liquidity concern to PCSB. With a FY2013 debt ratio of 0.45, the School has no reliance on borrowed funds to finance its operations.

	Indicator of Concern	Audit Year			
		2010	2011	2012	2013
Debt Ratio	> 0.92	0.56	0.53	0.48	0.45
Debt Service Ratio	> 10.0%	2.0%	7.0%	5.0%	2.8%

### **Sustainability**

A school's net assets<sup>47</sup> and primary reserve ratio demonstrate its sustainability.<sup>48</sup> 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. With FY2013 net assets of \$10.5 million exceeding ten months of operating expenses, Cedar Tree Academy PCS' net assets of \$10.5 million exceed ten months of operating expenses, well above PCSB's recommendation.

	Indicator of Concern	Audit Year			
		2010	2011	2012	2013
Net Asset Position	< 0	\$7,437,399	\$8,039,379	\$10,026,965	\$10,554,359
Primary Reserve Ratio	< 0.00	0.59	0.6	0.81	0.9

<sup>47</sup> Net Assets equals total assets minus total liabilities.

<sup>48</sup> Primary Reserve Ratio equals total net assets divided by total annual expenses.