April 2, 2020

District Discussion of Feather River Charter Notice of Violation response

Improvements:

* We finally have an explanation of their financial structure and changes.
* Their financial position looks much better than a few months ago.
* They are on track to maintain a 3% economic reserve.
* They’re no longer allowing interschool loans.
* They’ve made the enrollment adjustments, and these numbers are based on their actual enrollment.
* The 2019-2020 budget is credited the lease payments made on Inspire’s behalf.
* It looks like using Charter Impact for financial services is making a big difference with their finances and financial statements.

Concerns:

* They call themselves an independent charter school, but they’ve basically contracted all services, except financial services, to Provenance/District Office/Inspire Charter Services.  Inspire Charter Services still operates Feather River in many ways.  We don’t have the agreement – or the payment terms - between Inspire Charter Services and Feather River.
* The plan to pay existing interschool loans is extended over two more fiscal years.  I don’t see repayment schedules for the amounts owed to Feather River, or owed by Feather River, nor loan agreements between the entities.  We had requested repayment of all amounts owed by and to Feather River by March 17.  11 related entities owe Feather River money, and Feather River owes four related entities (though only two are substantial).  That’s two years hoping none of these 11 entities fold before paying Feather River back.  If the Board doesn’t want to move forward with revocation, I recommend requesting repayment schedules and regular updates to the Board regarding the status of repayment.
* In the Statement of Financial Position, they list the total amount Due To/From Related Parties as one amount owed to Feather River, as asset.  They don’t break out the amount Feather River owes, a liability.  This obscures their overall financial position.
* Feather River hasn’t been reimbursed by Inspire for Feather River’s payment of Inspire’s lease expenses prior to 2019-2020, which are over $250,000.  This is a misuse of public funds.
* They don’t address the past issues with reporting inconsistencies, etc.

Recommendation if WRESD wishes to not pursue revocation:

* If the district does not wish to pursue revocation proceeding’s then the following is a requested:
  + Quarterly updates until the charter school’s both have a positive ending fund balance, 3% reserve, and the interschool loans are fully paid.
  + Repayment schedules and regular updates to the board on the interschool loans until they are fully paid.
  + Letter issued from the district to discontinue the revocation proceedings.

Recommendation if WRESD wishes to pursue revocation:

* Work with legal to issue a Notice of Intent to Revoke by May 16 (60 days from the end of the remedy period).
* Schedule a public hearing prior to revocation decision.
* Follow the revocation procedures as outlined by the current law.

Sincerely,

Dawn Carl

Superintendent/Principal