April 2, 2020

District Discussion of Winship Community Notice of Violation response

Improvements:

* We have an explanation of their financial structure and changes.
* Their financial position looks much better than a few months ago.
* They’re no longer allowing interschool loans.
* They’ve adjusted their budget to reflect actual enrollment.
* 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 the school in many ways.  We don’t have the agreement – or the payment terms - between Inspire Charter Services and Winship Community.
* The plan to pay existing interschool loans is extended over one more fiscal year.  I don’t see repayment schedules for the amounts owed to Winship Community, or owed by Winship Community, nor loan agreements between the entities.  We had requested repayment of all amounts owed by and to Winship Community by March 17.  Six related entities owe Winship Community money, and Winship Community owes four related entities.  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 negative sum as an asset.  Amounts owed are a liability, not an asset, and they don’t separate the amounts due Winship Community (assets) from the amounts Winship Community owes (liabilities).  This obscures their overall financial position.
* They assign 3% as an economic reserve, but also have a negative unassigned amount.  That seems like a reserve in name only.
* 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