

Results of the Financial and Organizational Review of the Cesar Chavez School Network

FINAL REPORT

PRESENTED TO:

Colorado Department of Education
201 East Colfax Avenue
Denver, Colorado 80203

SUBMITTED BY:

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May 3, 2010



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May 3, 2010

Dwight D. Jones
Commissioner of Education
Colorado Department of Education
201 East Colfax Avenue
Denver, Colorado 80203

Dear Commissioner Jones:

As requested by the Colorado Department of Education (department), MGT of America, Inc. presents its report entitled *Results of the Financial and Organizational Review of the Cesar Chavez School Network*. We appreciate the support and assistance provided by the department as well as the Colorado Charter School Institute and Pueblo School District 60. In addition, we appreciate the significant efforts of the Cesar Chavez School Network staff in completing this review.

Thank you for the opportunity to work with you and your staff and please don't hesitate to call with any questions or if you need additional assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Tyler Covey". The signature is written in a cursive style with a large initial "T" and "C".

Tyler Covey
Principal

Enclosures

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EXECUTIVE SUMMARY

OVERVIEW OF REPORT

The Colorado Department of Education (CDE), in conjunction with the Charter School Institute (CSI) and Pueblo City School (PCS) hired MGT of America, Inc. (MGT), to conduct a Financial and Organization Review (review) of the Cesar Chavez School Network (CCSN) and its related entities (we collectively refer to CCSN and its related entities as the Network Entities throughout the report). The review encompassed 19 tasks as follows:

1.0	Legal Status	11.0	Expenditures
2.0	Internal Revenue Service (IRS) Nonprofit Status	12.0	Recap of Network Employees
3.0	Leadership Relationships	13.0	Federal Compliance
4.0	Board Governance	14.0	Funding and Activities
5.0	Board Activities	15.0	Individual Statements
6.0	Financial Policies and Procedures	16.0	Legal Parties to Bonds
7.0	Policy and Procedure Waivers	17.0	Nepotism and Employment Practices
8.0	Bank and Investment Accounts	18.0	Office of Civil Rights Complaints or Labor Violations
9.0	Credit Card Accounts	19.0	Network Entity Vendor Conflicts of Interest
10.0	Lease Agreements and Contracts		

This report is organized in this order by task with our resulting findings and recommendations.

HISTORY OF CCSN

The Cesar Chavez Academy (CCA) public charter school was founded by a group of educators and community members in Pueblo, Colorado, and opened as an alternative elementary school when it began enrolling students for the 2001 school year. The PCS approved the charter application for CCA in November 2000, and in December 2003 approved the application for the affiliated Dolores Huerta Preparatory High School (DHPH), that first opened for the 2004 school year. The mission and vision statements of CCA and DHPH place emphasis on the promotion of academic achievement for all students in English; reading and language arts; writing; mathematics; science; health and fitness; world languages; art; and music with a unique emphasis on the history, culture, and native language of Latinos.

The CCSN was created in June 2005 and chartered by CSI later that year as a network of schools, including the established CCA and DHPH schools in Pueblo, managed by one business office and one board. However, PCS held the charters for CCA and DHPH and prevented CSI from chartering and CCSN from governing the Pueblo schools. Subsequently, CCSN has operated as part of CCA and acted as an

educational management organization (EMO) that provided business services to the two Pueblo charter schools, and eventually to six schools in 2009. From 2007 to 2009, the CCSN and its board expanded to control two schools in Colorado Springs and an online high school—Cesar Chavez Academy Central (CCA-Central), Cesar Chavez Academy North (CCA-North), and the Guided Online Academic Learning Academy (GOAL). Since inception, the Network Entities have been shrouded by a series of allegations related to its governance and including related-party transactions and nepotism. These allegations and the fiscal state of the schools led to the removal of CCSN executives and the separation of the CSI charter schools in late 2009.

SUMMARY OF KEY FINDINGS

This report contains 32 findings and recommendations for the Network Entities. The CDE will review the report and determine if recommendations or referrals to other entities are warranted.

In general, we found that the Network Entities engaged in conflict-of-interest transactions and significant nepotism. Some of the documentation and the fairness surrounding the conflict-of-interest transactions with vendors and board members are questionable. Although we did not find salaries for all related parties to appear excessive, compensation for some executives did appear excessive—almost 200 percent of comparable charter school executives—and that pay may be deemed an excess benefit transaction by the IRS. Moreover, job descriptions and position qualifications for the chief executive officer (CEO) and chief operations officer (COO) were unable to be provided. Based on allegations of favoritism toward family members that the review team received and the lack of job descriptions for executives, it appears that CCSN could have been more transparent regarding its compensation and hiring decisions. This lack of transparency likely contributed to the appearance of favoritism and nepotism.

The Network Entities' boards experienced high turnover and did not always comply with Colorado laws and their charters. The boards failed to make publically available, sufficiently detailed and accurate minutes for all meetings and resolutions. In fact, we found that for 34 of the 179 meetings held during fiscal years 2000-01 through 2008-09 the entities did not maintain minutes at all. Further, the minutes that were maintained were often incomplete as to the details regarding who voted, the results, and the decisions reached. On the CCSN board, the CEO and chief financial officer (CFO), both ex-officio members, were improperly allowed to vote for several years. The boards also violated their charters and bylaws by operating without quorums and not meeting as often as their bylaws required.

Some of the issues we found may have been avoided if the Network Entities had better conflict-of-interest and procurement policies and practices. However, these policies were vague and lacked guidance for staff to follow to document decisions reached and actions taken. The entities also could not demonstrate that they consistently followed these policies as they were unable to provide documentation that they always followed the policy to obtain bids for purchases of more than \$5,000.

In addition, we found credit card transactions that lacked receipts or adequate descriptions for the business purpose or the parties involved in the transaction. This is of greater concern because the entities maintained as many as 26 credit cards and spent nearly \$400,000 on the cards in fiscal year 2008-09 alone. Of this amount, the entities spent more than \$133,000 for travel and almost \$27,000 for meals. Although some of these expenses are covered by grant agreements, these expenditures are a concern because the entities continue to experience financial difficulties, and two of the entities are out of compliance with fund reserve requirements. The credit cards were also used to pay for the cell phones of the CEO and COO's children. Although the CEO reimbursed the entities for the costs, the CEO created an unnecessary workload for CCSN staff.

The review team also found issues with CCSN's supporting documentation for approval of noncredit card expenditures and noted inconsistent recording of transactions within its financial system. Further, many of the Network Entities' expenditures represented imprudent uses of the schools' funds, especially in times of worsening fiscal condition, as total expenditures generally exceeded revenues, and in most cases exceeded budgeted line item amounts.

Although the Network Entities have historically had few civil rights complaints or labor violations, the dismissal of the CEO and COO in September 2009 and subsequent staff layoffs and furloughs appear related to a spike in discrimination and retaliation complaints. The Network Entities currently have one lawsuit and 11 employment complaint cases pending.

We also found that the Network Entities failed to:

- ◆ File timely reports with the Colorado Secretary of State.
- ◆ Obtain federal tax exempt status for three schools.
- ◆ Document board approval for all leases and contracts.
- ◆ Include appropriation clauses in leases and contracts that extend beyond the fiscal period.
- ◆ Document the method used to charge salaries to the Building Corporation.
- ◆ Define the Building Corporation board members after departure of three of the board's four members.
- ◆ Conduct employee performance evaluations.
- ◆ Define and implement an adequate administrative disciplinary process.

Our complete findings and recommendations are contained in Tasks 1 through 19 of this report.

In general, the Network Entities agree with the findings and recommendations in this report except for the following:

- ◆ The Network Entities did not agree with our recommendation to establish an independent ombudsman for employee reporting of discrimination, retaliation, and other employment matters. As stated in their response, instead they plan to implement stronger and better overall organizational leadership, as well as strengthening the human resource department, documenting concrete hiring practices, and establishing an evaluation system and administrative discipline procedures. The full response to the audit report is included in Appendix I to this report. Our comments on their response are included as Appendix J.

The review team sincerely appreciates the significant efforts made by the Network Entities in assisting and providing information for our analyses and reporting; especially noteworthy was the amount of time contributed by CCSN staff.

BACKGROUND

COLORADO CHARTER SCHOOLS

A charter school in Colorado is defined within the Colorado Charter Schools Act of 1993 as a public school operated by a group of parents, teachers, and/or community members as a semi-autonomous school of choice within a school district, operating under a contract, or “charter” contract, between the members of the charter school community and the local board of education. Under Colorado law, a charter school is not a separate legal entity independent of the school district, but rather is a public school defined uniquely by a charter and partially autonomous while remaining within the school district. The approved charter application and accompanying agreements are the “charter,” between the charter school and either the local board of education or CSI. A charter application contains statements about the mission, goals, philosophy, teaching methodology, school management, and governance of the school. The charter application also contains elements similar to a small business plan and delineates mutual agreements among the charter applicants, the school board, and other parties regarding such issues as budget, employment, contracted services, governance, facilities, special education, content standards, curriculum, and assessment of students. The approved charter application serves as the basis for contract negotiations.

In 2004, the Colorado State Legislature created CSI as an independent agency within CDE to authorize charter schools for the state. The CSI is authorized to accept applications for new charter schools or transfers of existing schools in districts without exclusive chartering authority. Most districts in Colorado have been granted exclusive chartering authority by the state board. As of May 2009, only nine of the 178 districts did not have this authority. Charter school applicants wishing to locate a CSI-authorized school in a district which has retained exclusive chartering authority must receive permission from the local board of education in the form of a resolution allowing them to apply to CSI.

Colorado Districts Without Exclusive Chartering Authority as of May 2009

- ♦ Bayfield
- ♦ Cheyenne County
- ♦ Durango
- ♦ Julesburg
- ♦ Lewis Palmer
- ♦ Mesa County Valley
- ♦ Poudre
- ♦ Roaring Fork
- ♦ Sierra Grande

Source: The CDE Web site.

CESAR CHAVEZ SCHOOL NETWORK

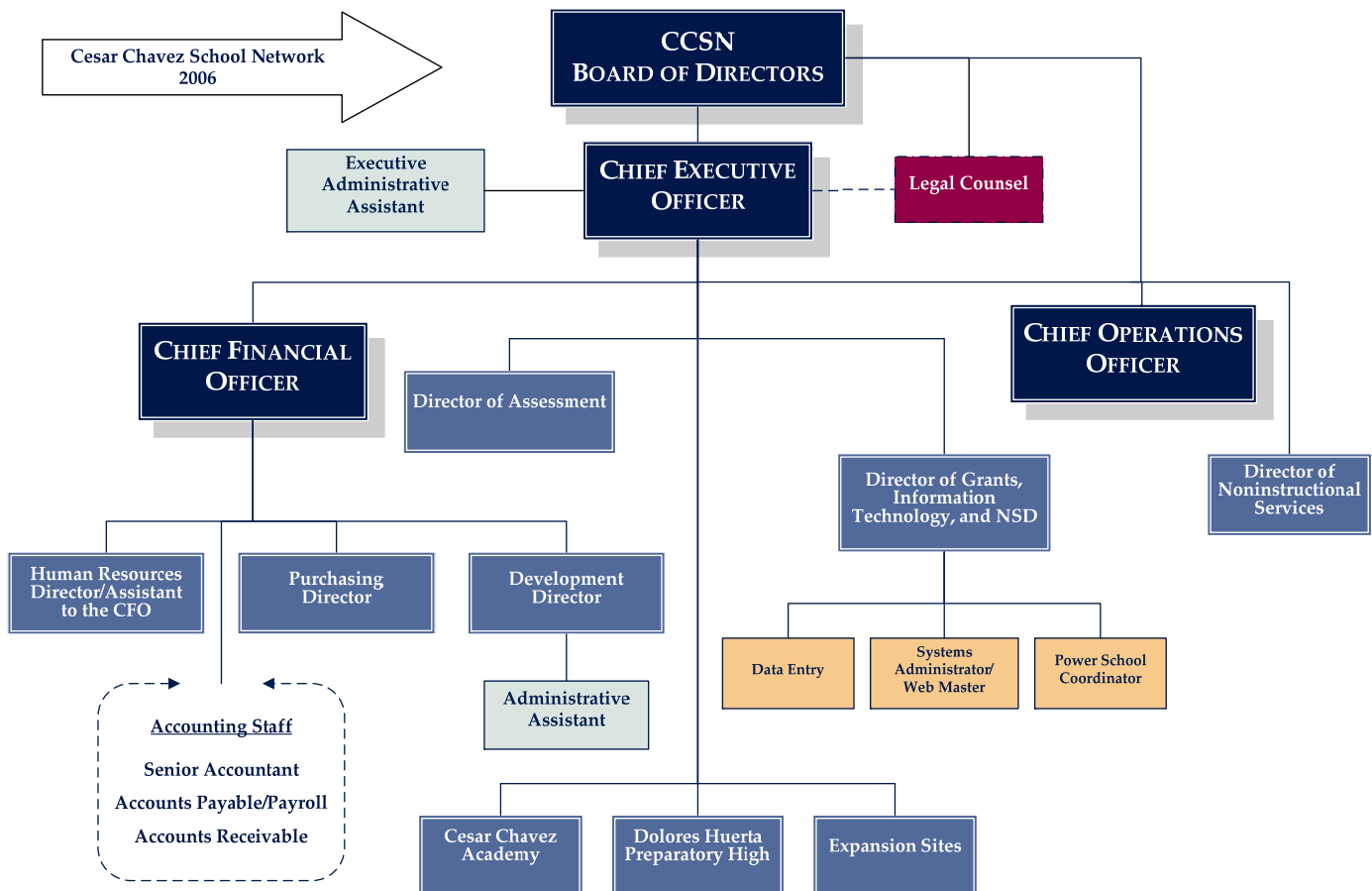
The CCA public elementary charter school was founded by a group of educators and community members in Pueblo, Colorado and opened when it began enrolling students for the 2001 school year. The PCS approved the charter application for CCA in November 2000, and in December 2003 approved the application for the affiliated DPH that first opened for the 2004 school year. The mission and vision statements of CCA and DPH place emphasis on the promotion of academic achievement for all students in English; reading and language arts; writing; mathematics; science; health and fitness; world languages; art; and music with a unique emphasis on the history, culture, and native language of Latinos. The DPH allows students to earn a high school diploma and an associate’s degree by the time they graduate. By 2004, CCA had enrolled 555 students, and DPH enrolled 179 students its first year.

The Cesar Chavez School Network (CCSN) was created in June 2005 as a business office that is a part of CCA and acts as an EMO that provided business services to the two Pueblo charter schools in 2005, and eventually provided services to six schools in 2009. In addition to CCA and DPH in Pueblo, CCSN provided services to the following schools:

- ◆ Cesar Chavez Academy Central Colorado Springs (CCA-Central)—CSI approved the charter application for this elementary school in October 2006 and the school opened in 2007 (this school is no longer in existence).
- ◆ Cesar Chavez Academy North Colorado Springs (CCA-North)—CSI approved the charter application for this elementary school in December 2006 and the school opened in 2008 (this school is no longer CCA-North; it is now called the Scholars to Leaders Academy, which was issued under a separate charter).
- ◆ CCSN Guided Online Academic Learning Academy (GOAL), a statewide online high school—CSI approved the charter application in May 2008 and the school opened in 2008 (this school is no longer CCSN GOAL; it is now called GOAL, which was issued under a separate charter).
- ◆ Cesar Chavez Academy Denver (CCA-Denver)—Denver Public Schools (DPS) approved the charter application for this elementary school in November 2008 and the school opened in 2009.

During 2006, CCSN made changes to the organization based upon the approval of a CCSN charter by CSI in late 2005 that defined CCSN as a network of schools managed by one business office and one board. The organizational structure of how the schools were operating during 2006 is depicted in the following organizational chart and included the CCSN board that oversaw the EMO, CCA, DPHH, and the planned expansion schools—CCA-Central and CCA-North.

2006 CESAR CHAVEZ SCHOOL NETWORK ORGANIZATION CHART



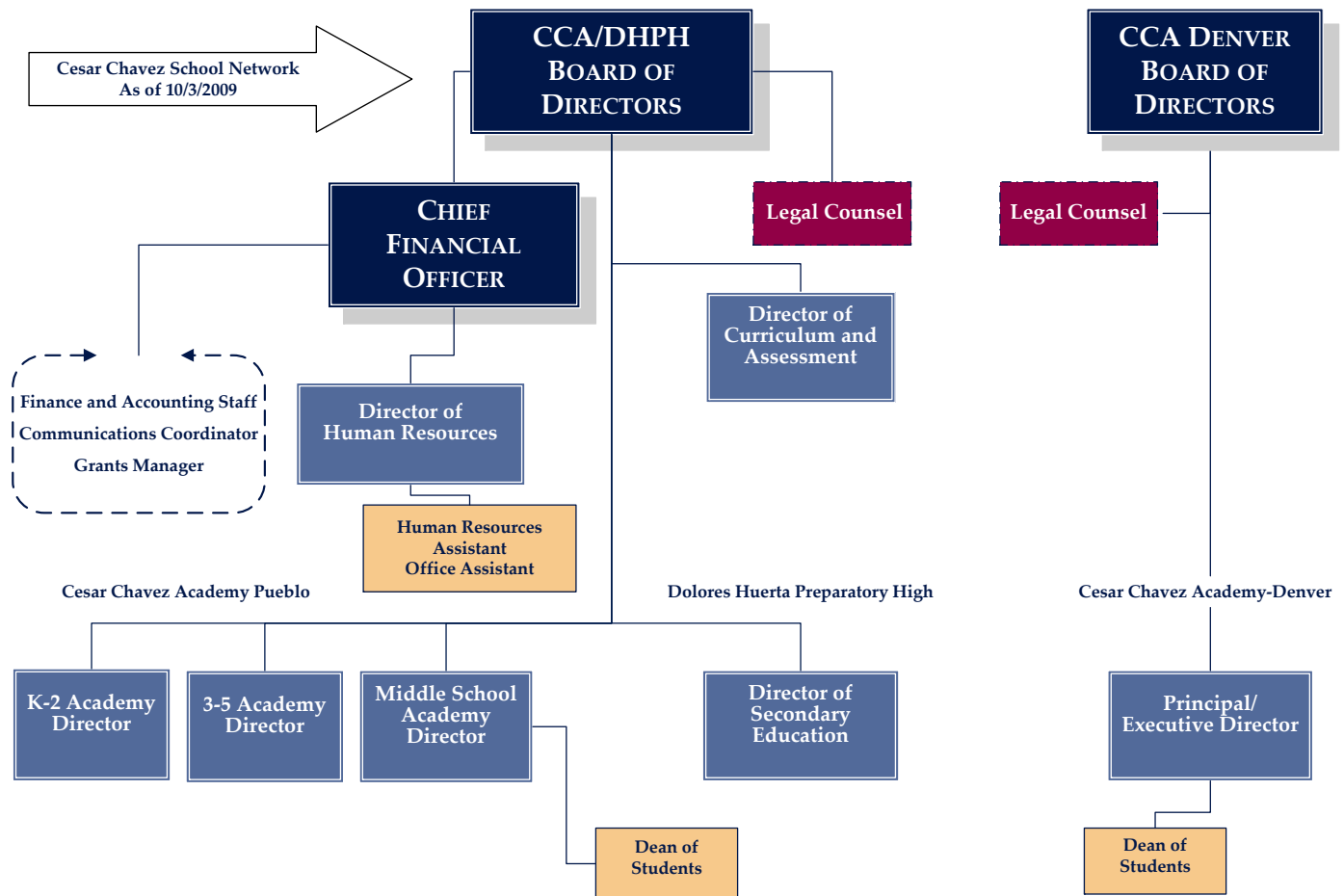
Source: The CCSN CFO.

However, disputes arose between PCS and CCSN during 2006 with regard to the charter authority over CCA and DPHH. Therefore, the boards for CCA and DPHH combined in September 2006 to oversee the Pueblo schools, and the CCSN Board oversaw the Colorado Springs schools.

In 2009, the CCSN schools were again in turmoil related to financial problems and leadership issues. In June 2009, CSI approved plans for CCSN to consolidate the two schools in Colorado Springs—CCA-Central and CCA-North. Then later in 2009, it took action to allow CCA-North and the online GOAL Academy to break away from CCSN. In October 2009, the boards of the schools terminated the CEO and COO, who had not been replaced as of April 2010.

Since October 2009, the organizational structure of the schools included the combined CCA/DHPH Board that oversaw the EMO, CCA, and DPHH, as well as the CCA-Denver Board, as depicted in the following organizational chart.

2009 CESAR CHAVEZ SCHOOL NETWORK ORGANIZATION CHART



Source: The CCSN CFO.

REVIEW SCOPE AND METHODOLOGY

In December 2009, MGT of America, Inc. (MGT) contracted with the Colorado Department of Education (CDE) to conduct a financial and organizational review of the Cesar Chavez School Network. The review encompassed the Cesar Chavez School Network and its associated entities (Network Entities), listed below:

- ◆ Cesar Chavez School Network (CCSN)
- ◆ Cesar Chavez Academy Pueblo (CCA)
- ◆ Dolores Huerta Preparatory High Pueblo (DHPH)
- ◆ Cesar Chavez Academy Central Colorado Springs (CCA-Central)
- ◆ Cesar Chavez Academy North Colorado Springs (CCA-North) (This school separated from the Network Entities on October 7, 2009, and is called the Scholars to Leaders Academy.)
- ◆ CCSN GOAL Academy (GOAL) (This school separated from the Network Entities on October 31, 2009.)

The period under review was July 1, 2008 through June 30, 2009, for the financial review outlined in Scope Items 8 through 14 and 19 below; and from the inception of each Network Entity to the fiscal year ended as of June 30, 2009, for the organizational review outlined Scope Items 1 through 7 and 15 through 18 below.

The scope items were as follows:

SCOPE ITEM 1: Determine and document the legal status of each Network Entity from inception to the fiscal year ending (June 30, 2009).

- a. Documentation shall include the legal filings made for or on behalf of each Network Entity.
- b. The legal status required by the charter school contract agreement shall also be noted.

SCOPE ITEM 2: Determine and document the current IRS Section 501(c)(3) or other IRS nonprofit status of each Network Entity from inception to the fiscal year ending (June 30, 2009).

- a. Documentation shall include the IRS nonprofit application and related filings including, but not limited to, IRS Form 990 made for or on behalf of the entity.

SCOPE ITEM 3: Determine and document the specific individuals or entities included in the definition of leadership in the contract. Determine and document the relationship of each leadership member to the other leadership members.

- a. Determine and document the relationship, including title, of each leadership member to each Network Entity.

SCOPE ITEM 4: Determine and document the bylaws that govern the composition of the board of directors for each Network Entity, documenting any differences between the bylaws

noted in the charter school contract agreement and the bylaws noted in the IRS nonprofit filing, if any.

- a. Document the member changes made to each Network Entity board from its inception to the fiscal year ending (June 30, 2009), and note if such change was handled in keeping with that specific board's approved bylaws.
- b. Determine and document if any authority may have been granted to the CEO, or other leadership members to transact business activities without formal approval of that Network Entity's board of directors.
- c. Determine and document the legal authority, if any, of each of the Network Entity's board of directors to delegate its approval responsibilities to the CEO or other leadership members.

SCOPE ITEM 5: Obtain and read the official approved minutes of the board for each Network Entity from its inception to the fiscal year ending (June 30, 2009).

- a. Document the financial activities discussed and formally approved by the board. The documentation shall include the composition of the board that approved the financial activity, a list of such board members present, the vote cast by each board member, if a valid quorum of the board members was present, and if any board member recused themselves from the vote.
- b. Based on Section 3 above, document if a possible conflict of interest of a board member should have been noted.

SCOPE ITEM 6: Determine and document the financial policies and procedures for each Network Entity from its inception to the fiscal year ending (June 30, 2009) including, but not limited to, the procurement requirements related to contractual agreements (including the required competitive bid process), and conflict-of-interest and/or related-party policies in place.

- a. Document if the financial policies and procedures for each Network Entity meet, and continue to meet, the minimum requirements for such financial policies and procedures as noted in the charter school contract agreement.

SCOPE ITEM 7: Determine and document any financial policy and procedure waivers agreed to between the specific chartering entity (Pueblo City Schools or Charter School Institute), and any of the Network Entities. A comment in the Dolores Huerta Preparatory High Pueblo (DHPH) documents the possible waiver from competitive bids being granted by Pueblo City Schools (PCS). If so, document that PCS had authority to waive such a financial policy and procedure.

SCOPE ITEM 8: Determine and request the bank and/or investment activity for all accounts including, but not limited to, the checking and/or savings accounts held by each of the Network Entities and its related funds and/or activities for the period under review.

SCOPE ITEM 9: Determine and request the credit card activity for all accounts held by each of the Network Entities and its related funds and/or activities including, but not limited to, accounts issued to leadership by such Network Entities for the period under review. Document the approval for the issuance and use of such credit card accounts.

SCOPE ITEM 10: Obtain and review all lease agreements and/or contracts signed by or on behalf of each of the Network Entities.

- a. For any lease agreements and/or contracts that were signed by the CEO or other leadership member, document the acknowledgement and approval of such items by the relevant Network Entity board of directors.
- b. Determine and document that all lease agreements and/or other obligations that extend beyond a fiscal period include the annual appropriations funding clause.

SCOPE ITEM 11: Obtain and review the detailed financial activities, including the relevant supporting documentation for any transaction, check, payment, transfer, reimbursement, and/or journal entry that is equal to or greater than \$500, for each of the Network Entities. Such financial activities may include, but are not limited to, a check, other payment, direct charge, credit card transaction, draw, wire transfer, or journal entry.

- a. Document that appropriate financial policies and procedures were followed and if the transaction was legally incurred for such Network Entity, and was properly authorized.
- b. Any financial activities involving leadership shall be noted and documented including, but not limited to, salary and/or benefit adjustments, bonus payments, contractual agreements, invoice payments, and/or reimbursement requests.

SCOPE ITEM 12: For salary and benefit expenditures, provide a recap of all employees (full, part-time, and hourly), for all Network Entities for the review period and provide a total column for each employee and a total row for each Network Entity for the review period.

- a. Compare and document any differences between actual salaries and benefits paid for the review period and the approved budget for the same period for each Network Entity.
- b. Cross reference any salary and benefit payments identified to the appropriate IRS and/or other required filing including, but not limited to, IRS Form 941, PERA, and workers compensation insurance filings. Document any differences.

SCOPE ITEM 13: For any financial activity in **SCOPE ITEM 11** above that is identified as being related to a federal grant (CDE Chart of Accounts [COA] grant code of greater than 4000), document the transaction as being federally funded and note if such financial activity appears to be in compliance with Education Department General Administrative Regulations (EDGAR) and/or Office of Management and Budget (OMB) Circular A-87 requirements (that is, appears ok; not ok; unknown).

SCOPE ITEM 14: Identify and document in detail, the amount and source of resources provided to each of the Network Entities and its related funds and/or activities for the review period.

- a. Document any resources being provided by leadership members.

SCOPE ITEM 15: Seek and obtain written notarized statements from any individual interested in providing information regarding possible financial irregularities by any Network Entity and/or leadership member.

SCOPE ITEM 16: Determine and document the legal parties to the Colorado Educational and Cultural Facilities Authority Charter School Revenue Bonds issued on or about April 20, 2007.

- a. Document if Network Entities have legal standing for such transactions.

- b. Based on the legal parties identified above and the legal agreements between such legal parties and the Network Entities related to the use of the bond proceeds and the related property, document if the actual transactions related to the property construction and ongoing operations are in keeping with such lease agreements and/or legal documents. In addition, provide answers to the following questions:
1. A reference in the DPHH documents states that “the property will be for the exclusive use of DPHH as long as DPHH holds the charter for District 60 and is in good standing with District 60” (worded oddly). Currently, the property is being accounted for within the CCA books and not the DPHH books. Is this appropriate?
 2. A rental payment made from DPHH to CCA for the apparent use of the property was recorded by CCA into its general fund and not the related Building Corporation fund. Is this appropriate?
 3. What are the appropriate property activities that should be accounted for in the Building Corporation fund by CCA?
 4. Are other transactions being recorded by the Building Corporation fund that should be accounted for in another fund or vice versa?

SCOPE ITEM 17: Determine and document the current relationship of each employee of each Network Entity to the leadership.

- a. Review for and document any possible issues of nepotism and compensation disparities related to employees connected to leadership.
- b. Document the approval process used for the hire, promotion, and performance review for each employee.

SCOPE ITEM 18: Determine and document any Office of Civil Rights (OCR) complaints or labor violations such as mandatory staff meetings on furlough days.

SCOPE ITEM 19: Obtain the list of vendors for each Network Entity including address information.

- a. Obtain a copy of the IRS 1099 forms filed with the appropriate federal agency for the calendar year ending within the review period for each Network Entity.
- b. From the list of vendors, cross reference the known addresses for the leadership and document any matches noted. Such possible addresses for leadership include, but are not limited to, those in the contract.

MGT REVIEW TEAM

Tyler Covey, CPA, CMA, CFM, Partner-in-Charge

Loretta Hall, CISA, CISSP, Co-Project Director

Celina Knippling, CPA, Co-Project Director

Jessica Atkins, Team Member

Joanne Cox, Ed.D., Team Member

R.S. Archibald, Ed.D., Team Member

REVIEW RESULTS

This section outlines the results of the activities and tasks that MGT completed in conducting its review of the Network Entities as defined within the *Scope and Methodology* section of this report. All references to CCSN within the review results pertain to CCA doing business as CCSN, and providing EMO services for the schools. All references to the Network Entities pertain to CCA including the EMO, DPHH, CCA-Central, CCA-North and GOAL, as well as their boards.

TASK 1.0: LEGAL STATUS

BACKGROUND

Charter school management faces complex legal issues when starting and running a school. In 1993, Colorado passed legislation allowing the creation of charter schools and setting forth legal requirements and responsibilities, which have since changed. In 2004, the CSI was created within CDE and granted the authority to approve state charter schools.

The Colorado Charter Schools Act Section 22-30.5-104 states that a charter school shall be a public, nonsectarian, nonreligious, nonhome-based school that operates within a public school district. It defines charter schools as public schools that are accountable to the local board of education to ensure compliance with applicable laws and charter provisions. In addition, it states that charter schools shall be administered and governed by a governing body in a manner agreed to by the charter school applicant and the local board of education.

The Charter School Institute Act Section 22-30.5-500 establishes the state CSI to provide an alternative mode of authorizing charter schools as a means to assist school districts in utilizing best practices for chartering schools and to approve and oversee charter schools in school districts not desiring to do so themselves. It preserves the authority of a school district to authorize charter schools, at the school district's option. It also states that a CSI charter school may organize as a nonprofit corporation pursuant to the Colorado law, which shall not affect its status as a public school for any purposes under Colorado law. It also states that in order to clarify the status of institute charter schools for purposes of tax-exempt financing, an institute charter school, as a public school, is a governmental entity. Direct leases and financial obligations of an institute charter school shall not constitute debt or financial obligations of the state or any school district.

LEGAL STATUS REQUIRED BY THE CHARTER SCHOOL CONTRACT AGREEMENTS

Although Colorado law does not require it, the Network Entities' charters state that the schools shall be Colorado not-for-profit corporations and that the specific duties and responsibilities of their boards are set forth in the written bylaws ratified by each board. The charter agreements require the schools to notify their authorizers of any changes in corporate status, and require authorizer approval of the assignment of the charter to another entity. The agreements also state that, upon termination of the contract, or the ceasing of operations, or dissolution, the assets owned or otherwise held by the school become the property of the authorizer, unless otherwise specified.

LEGAL FILINGS

The Colorado Revised Statutes, Title 7 Corporations and Associations (also referred to as the Colorado Business Corporation Act), Section 7-122-101 states that one or more persons may act as the incorporator or incorporators of a nonprofit corporation by delivering the articles of incorporation to the Secretary of State for filing and that they shall state:

- ◆ The domestic entity name for the nonprofit corporation.
- ◆ The registered agent name and registered agent address of the nonprofit corporation's initial registered agent.
- ◆ The principal office address of the nonprofit corporation's initial principal office.
- ◆ The true name and mailing address of each incorporator.
- ◆ Whether or not the nonprofit corporation will have voting members.
- ◆ Provisions not inconsistent with law regarding the distribution of assets on dissolution.

NONPROFIT CORPORATION STATUS

Our review of the nonprofit status of the Network Entities revealed a trend of late or incomplete annual reports; however, each of the schools remains in good standing with the Colorado Secretary of State.

- ◆ The CCA applied for incorporation as “Cesar Chavez Academy Inc.” with the Colorado Secretary of State in September 2000, when the organization originated. Since incorporation, CCA has failed to file timely annual reports with the Colorado Secretary of State. The most recent annual report was due in November of 2009. As of February 2010, CCA had not submitted this report, but was still considered in good standing with the Colorado Secretary of State.
- ◆ Our review revealed that “Cesar Chavez Academy School Network” was listed at one point as a trade name of CCA, but was not a separate legal entity registered with the Colorado Secretary of State.
- ◆ The DPHH applied for incorporation as “Dolores Huerta Preparatory High” in August 2003. Since applying for incorporation, DPHH has submitted six annual reports to the Colorado Secretary of State. Three of the six reports were not submitted timely, but as of February 2010, DPHH was in good standing with the Colorado Secretary of State.
- ◆ The CCA-Central applied for incorporation as “Cesar Chavez Academy Central” in August 2007. The CCA-Central has failed to submit its second required annual report that was due in November 2009, but as of February 2010 was still currently in good standing with the Colorado Secretary of State.
- ◆ The CCA-North applied for incorporation as “Cesar Chavez Academy North” in July 2008. Since applying for incorporation, CCA-North has submitted one annual report to the Colorado Secretary of State. This report was not submitted timely, but as of February 2010, CCA-North was in good standing with the Colorado Secretary of State.
- ◆ The GOAL applied for incorporation as “CCSN GOAL Academy” in July 2008. Since applying for the incorporation, GOAL has failed to submit its first annual report that was due in July 2009, but as of February 2010 was still currently in good standing with the Colorado Secretary of State.

However, the late filings for the three CSI schools may be related the fact that CSI approved plans for CCSN to consolidate the CCA-Central and CCA-North in June 2009 and allowed CCA-North and GOAL to break away from CCSN later that year.

REVIEW FINDINGS

Finding 1-1 The Network Entities Failed to File Timely Annual Reports

Although they remain in good standing with the Colorado Secretary of State, the Network Entities have routinely failed to submit annual reports timely.

Recommendation 1-1 The Network Entities Should Submit Annual Reports to the Colorado Secretary of State Timely

To better ensure their continued good standing with the Colorado Secretary of State, the Network Entities should make certain that they submit annual reports timely.

TASK 2.0: IRS NONPROFIT STATUS

BACKGROUND

Obtaining federal tax exempt status, or 501(c) (3) status, is necessary for foundations, corporations, or individuals to make deductible, tax exempt donations to the school. In order for donors to claim their contributions to the IRS, the school must have federal tax exempt status.

The Internal Revenue Code allows tax-exempt status be granted after approval of IRS Forms 1023, 8718, Schedule B, and payment of the accompanying fee. If the application is approved, the IRS issues Form Letter 947 to the applicant, indicating that the school has met the requirements for tax exempt status and notifying the school of its obligations to comply with tax exempt regulations. Entities with federal tax exempt status must still file an annual tax return with the IRS. Tax-exempt organizations are required to file IRS Form 990, Return of Organization Exempt from Income Tax. The IRS automatically revokes tax-exempt status for failure to file annual returns or notices for three consecutive years.

Neither tax law nor the IRS requires a conflict-of-interest policy to obtain tax-exempt status. However, the IRS encourages organizations to adopt a policy, provides a sample policy, and advises organizations applying for tax-exempt status that putting in place such policies will help them avoid the possibility that those in positions of authority receive inappropriate benefits and make it more likely that the organization will operate for the benefit of the community and not for private interests.

The IRS requires that tax exempt corporations follow certain tax regulations, which include that the corporation must:

- ◆ Not be organized or operated for the benefit of private interests, and no part of a Section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual.
- ◆ Not engage in an excess benefit transaction—when the value of the economic benefits provided directly or indirectly by the organization exceeds the value of the consideration received by the organization based on fair market value—with a person having substantial influence over the organization. Correction of an excess benefit transaction is accomplished by making a payment in cash or cash equivalents equal to the correction amount to the applicable tax-exempt organization plus interest. Also, the IRS may impose excise taxes of 25 percent or 200 percent of the excess benefit provided by the organization, depending upon when it is corrected.
- ◆ Comply with IRS restrictions regarding how much political and legislative (lobbying) activities they may conduct.
- ◆ Distribute its income for each tax year at a time and in a manner as not to become subject to the tax on undistributed income.
- ◆ Not engage in any act of self-dealing.
- ◆ Not retain any excess business holdings.
- ◆ Not make any investments in a manner as to subject it to tax.
- ◆ Not make any taxable expenditures.

IRS NONPROFIT STATUS

Although the Network Entities filed Form 1023 tax exempt applications for each of the five schools reviewed, the filings for CCA-Central, CCA-North, and GOAL were denied by the IRS because the schools were governed under the CCSN bylaws. The review team performed public records research to verify the information provided by CCSN and to make a determination on the IRS nonprofit status of each Network Entity. As shown in the following table, CCSN could only provide Form Letter 947 for CCA and DPHH, and public records did not show CCA-Central, CCA-North, GOAL, or CCSN as being 501(c)(3) organizations.

IRS Nonprofit Status for Network Entity Schools as of February 2010

SCHOOL:	CCA	DPHH	CCA-CENTRAL	CCA-NORTH	GOAL
YEAR OPENED:	2001	2004	2007	2008	2008
Date 1023 Filed					
	February 2001	February 2004	August 2008 (Rejected)	September 2008 (Rejected)	September 2008 (Rejected)
Date Letter 947 Issued					
	February 2001	November 2004	Not Issued	Not Issued	Not Issued
Nonprofit Status					
	Exempt	Exempt	Not Exempt	Not Exempt	Not Exempt

Sources: The IRS tax forms provided by CCSN and public information.

Because no legal entity named the Cesar Chavez School Network exists, all applications that included the CCSN bylaws were considered erroneous by the IRS. Therefore, on March 10, 2009, the CFO recommended that the CCSN Board take action to seek approval from the IRS for federal tax exempt status again. On February 15, 2010, the CFO stated that the three schools that were rejected were made separate entities and each applied again to the IRS for nonprofit status, which he claimed were approved by the IRS. However, CCSN could not provide to the review team any of the IRS forms 1023 or Letter 947s supporting his claim. Further, the bylaws for CCA-Central, CCA-North, and GOAL were the CCSN bylaws until the schools separated from CCSN, not bylaws for each separate entity.

IRS FILING STATUS

The review team obtained IRS filings from CCSN and verified through research of public records that the forms provided were actually filed with the IRS. As shown in the following table, the schools filed their annual return Forms 990 for prior fiscal years as of February 2010 and filed extensions for fiscal year 2008-09 until May 2010.

IRS Form 990 Filing Status for Network Entity Schools as of February 2010

SCHOOL:	CCA	DHPH	CCA-CENTRAL	CCA-NORTH	GOAL
YEAR OPENED:	2001	2004	2007	2008	2008
Fiscal Year	Filing Status				
2008-09	Filed Extension	Filed Extension	Filed Extension	Filed Extension	Filed Extension
2007-08	Filed	Filed	Filed		
2006-07	Filed	Filed			
2005-06	Filed	Filed			
2004-05	Filed	Filed			
2003-04	Filed	Filed			
2002-03	Filed				
2001-02	Filed				
2000-01	Filed				

Sources: The IRS tax forms provided by CCSN and public information.

REVIEW FINDINGS

Finding 2-1 Three of the CCSN Schools Did Not Obtain Federal Tax Exempt Status

Although they operated as if they were tax exempt while controlled by CCSN, the CCA-Central, CCA-North, and GOAL entities did not obtain federal tax exempt status.

Recommendation 2-1 CCSN Should Resolve Issues Regarding the Tax Exempt Status for Its Schools

Without tax exempt status, the Network Entities jeopardize their good standing with the IRS and may risk incurring penalties or rulings against them. Therefore, CCSN should either hire a tax professional or obtain an understanding of the implications internally, if any, of operating as a nonprofit without obtaining tax exempt status. The CCSN should work with the IRS to resolve any potential issues. In the future, CCSN should ensure it obtains tax exempt status from the IRS in a timely manner for any schools it opens.

TASK 3.0 LEADERSHIP RELATIONSHIPS

BACKGROUND

Charter schools should adopt a basic hiring policy that can be included in a school general policy book as well as the employee handbook. The hiring policy should include selection criteria and procedures outlining who makes the hiring decision and whether or not this decision is subject to board approval, prior to making a final employment offer. It also should include a statement regarding nondiscrimination and nepotism.

After the review team performed preliminary assessment procedures, we focused our leadership review on three of the executives—the CEO, CFO, and COO. Prior to fiscal year 2005-06, the CEO was referred to as the executive director, and the CFO held the titles of director of business affairs, business affairs manager, and accounting and grants manager. In 2001, the COO held the position of office manager, but was promoted to operations coordinator later that year; her title was changed to COO in June 2006. Throughout our report, we refer to these three executives only as the CEO, CFO, and COO, regardless of what their titles may have been during the time period to which we refer.

The CEO was listed as the registered agent and sole incorporator of each of the schools reviewed, except CCA. Both the CEO and his wife, the COO, were listed as incorporators for CCA, and for this entity only, their home address was listed as the corporate principal office. The CEO was an ex-officio member of all boards and the CFO was an ex-officio member of the CCSN Board. Both advised all boards regarding most of their financial decisions.

As part of our leadership review, we also focused on the long-time president of the boards. This individual started as a parent representative on the CCA Board in 2002 and acted as its president starting in 2003. In 2004, he also began serving on the DPH Board as a community member and the treasurer. In 2006, when the CCA and DPH Boards voted to combine the two boards and create a separate CCSN Board, he was elected president of the CAA/DPH Board and the CCSN Board, and he served until his resignation in February 2010.

RELATIONSHIPS

Two of the founders of the Network Entities are married and also served as the schools' CEO and COO until their termination on October 2, 2009, which led to allegations of unfair hiring and compensation practices related to the positions. During the course of our review, we received over a dozen responses from current and former employees of the Network Entities and community members that questioned the qualifications of the COO for the position and her associated compensation. Although the former CEO told the review team that job descriptions and minimum qualifications existed for all positions, the Network Entities could not provide these for the COO's position and several other positions. Therefore, the review team could not determine whether the COO was actually qualified to hold the positions that she occupied with the Network Entities. However, due to the responses we received, it appears that CCSN could have been more transparent regarding its compensation and hiring decisions and should have had job descriptions for all positions, especially executives.

Moreover, the CCSN's hiring policies are inadequate and do not address selection criteria, as they state that the CEO makes all hiring decisions and they do not require that hiring, promotions, and terminations be reported to the school boards. Although the CEO was responsible for hiring the COO position, the boards were involved in the compensation and promotional decisions related to the position due to the

conflict that existed because the CEO and COO were married. The CEO position has been vacant since October 2009, therefore, the boards are currently responsible for ensuring all hiring and terminations are appropriate and in the best interests of the schools.

According to CCSN's consultant, public schools in Colorado generally require the following during the hiring process:

- ◆ Job descriptions with minimum qualifications.
- ◆ Review by human resources for qualifications and potential conflicts of interest or nepotism.
- ◆ Appropriate management authorizations, such as the school principal and director of human resources.
- ◆ Reporting of new hires and terminations to the board.

According to the new board president in place since February 2010, the board planned to review and discuss a revised nepotism policy on April 13, 2010, that would better address family members reporting to one another; and the director of human resources was in the process of developing job descriptions with minimum qualifications for all of the Network Entities' positions.

Another questionable relationship existed between a board member and the CEO and COO, as the COO's stepbrother served on a Network Entity board from March to August 2009 and owned a company that the schools contracted with for janitorial services. The details regarding the conflict of interest that existed and the janitorial services provided by the board member's business are discussed in detail in *Task 19.0 Network Entity Vendor Conflicts of Interest*, as this section addresses only the questionable relationship between the board member and leadership, and board procedures. The CFO and the new board president stated on March 29, 2010 that they agreed that the board member's janitorial business resulted in a conflict of interest. Therefore, the board revised its board selection procedures in July of 2009 to include a questionnaire that contains questions related to nepotism and conflicts of interest that board applicants since then have been required to complete. The new board president stated that the board's nominating committee has historically been responsible for identifying and interviewing potential board members within a set of parameters and with certain skill sets, and reported the results to the board. She also stated that the board had been working with PCS to revise its bylaws to deal with a number of issues and to reflect this new procedure for board selection.

REVIEW FINDINGS

Finding 3-1 Network Entities Leadership Engaged in Poor Hiring Practices

The Network Entities did not have an adequate or transparent hiring process, as it could not provide job descriptions with minimum qualifications for all positions, have appropriate management sign-off for hiring and firing decisions, and did not report hiring and firing decisions to the school boards. The lack of criteria and transparency likely contributed to allegations that the COO was not qualified for her position.

Recommendation 3-1 The Network Entities Should Revise Their Hiring Practices

The Network Entities should revise their hiring practices by establishing clear job descriptions with qualifications for each position and putting in place a process to ensure the new hiring practices are followed for all employees of the organization. Further, CCSN should ensure that all personnel files reflect documentation to demonstrate that all employees possessed the required qualifications for their positions

when hired or promoted, their qualifications were reviewed during the hiring and promoting process, and authorizations were obtained from appropriate management. Further, CCSN should report all changes in employment to the school boards, including hires, terminations, and changes in positions and compensation.

Finding 3-2 A Conflict of Interest Existed Between the Network Entities' Leadership and a Board Member

The Network Entities' Leadership engaged in transactions that appear to be a conflict of interest because the parties were related. Specifically, in 2009, the COO's stepbrother was a board member and the owner of a janitorial service that was a vendor for the schools.

Recommendation 3-2 The Network Entities Should Continue Their Efforts to Prevent Conflicts of Interest

The Network Entities should revise their bylaws to provide clear guidance and procedures for dealing with and protecting against potential conflicts of interest and continue its efforts to implement the newly created board selection procedures to provide better protection against related-party transactions.

TASK 4.0 BOARD GOVERNANCE

BACKGROUND

Charter school bylaws should address board governance, qualifications, and powers, including the delegation of such powers to committees or officers. The bylaws should outline the election, term limits, vacancies, and rules regarding resignation and removal of members. Colorado law requires that a charter school be administered and governed by a governing body in compliance with applicable laws and charter provisions. The Colorado Revised Statutes Article 122 on incorporation states that the initial bylaws are adopted by the board or, if none exists, the incorporators or members. The charters for the Network Entities require the schools to operate within their bylaws.

Colorado law also states that school charters may not exceed a term of five academic year terms, after which a charter school must submit a renewal application. It further states that a charter may be revoked or not renewed by the authorizer for various reasons, including if such board determines that the charter school violated its charter application, failed to meet generally accepted standards of fiscal management, or violated any provision of law from which the charter school was not specifically exempted.

BOARD ENTITIES

From its inception through June 30, 2009, the Network Entities were governed by four different boards—the CCA, DPHH, CCA/DPHH combined, and the CCSN boards. The CCA began doing business as CCSN in 2005, when it intended to function as a network of schools managed by one business office and one board. However, disputes arose in 2006 over the board structure governance of the schools. Therefore, the boards reorganized in September 2006. The boards met and governed over the following dates and schools:

- ◆ The CCA Board met from November 2000 to August 2006 and governed CCA and the opening of DPHH.
- ◆ The DPHH Board met from July 2004 to August 2006 and governed DPHH.
- ◆ The CCSN Board met from February 2006 to June 2009. Initially, Network Entities' Leadership had planned for the CCSN Board to govern all the Network Entities. However, due to an injunction filed by PCS, the CCSN Board governed only the schools chartered through CSI—CCA-Central, CCA-North, and GOAL.
- ◆ The CCA/DPHH Board first began holding joint meetings for the CCA and DPHH Boards in April 2006. The two boards met and voted to officially combine the two boards in September 2006.

SUMMARY OF SCHOOL CHARTER TERMS

The CCA and DPHH charters both incorporated the terms of the bylaws into the charter agreements and had draft bylaws attached to the charters that were to be adopted by the initial boards elected to serve for each school. The CCA, DPHH, and GOAL charters state that any changes to the bylaws must be approved by the authorizer. Whereas the CCA-Central and CCA-North charters require that the schools operate within the bylaws approved by the CCSN Board. In addition, the DPHH charter requires all board members be approved by PCS.

BYLAWS

Three sets of bylaws exist for the Network Entities—CCA, DPHH, and the CCSN bylaws that encompass CCA-Central, CCA-North, and GOAL. These bylaws all include clauses that state that members are not to be compensated, there are no term limits for members, applications include a letter and interview process, and members are appointed by a majority vote of the board for a vacancy or new term. Further, the bylaws all include clauses for presumption of assent that state that members who are present at a meeting at which action is taken shall be presumed to have assented to the action taken unless such member’s dissent shall be entered in the minutes of the meeting, or the member files a written dissent to the action with the person acting as the secretary of the meeting before the adjournment of the meeting, or forwards such dissent by registered mail to the secretary within 24 hours of adjournment of the meeting.

As shown in the table below, there are some differences in board requirements between the Network Entities.

Network Entities’ Bylaw Requirements for Board Composition, Terms, Removal, and Quorum

Board Entity	Number of Voting Board Members	Classes of Membership	Board Terms	Removal	Quorum
CCA (bylaws last revised November 12, 2002)	Nine	<ul style="list-style-type: none"> - Three-to-four Parent Representatives (to make seven Parent and Community Representatives). - Three-to-four Community Representatives (to make seven Parent and Community Representatives). - One Teacher Representative. - One Parents Association President. - Three Ex-officio Representatives (CEO and two Student Representatives). 	<ul style="list-style-type: none"> - Two four-year appointments beginning November 2000. - Two three-year appointments beginning March 2001. - Two two-year appointments beginning September 2002. - Parents Association President is elected annually in April. - Teacher representatives elected annually. 	<ul style="list-style-type: none"> - Absence from three or more consecutive meetings. - Unexcused absence from four consecutive regular meetings or from six total meetings. - Inability or refusal to perform duties. - Unethical or illegal conduct. - Change in status as a Parent Representative. - Change in status as a Community Representative. - Any specified or unspecified action that the Board deems grossly inimical to the Network. 	Five votes are required for general business; two-thirds for removal of a board member or amendments of bylaws.

Continued

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Board Entity	Number of Voting Board Members	Classes of Membership	Board Terms	Removal	Quorum
DHPH (bylaws last revised February 13, 2004)	Seven	<ul style="list-style-type: none"> - Two-to-three Parent Representatives. - Two-to-three Community Representatives. - One Institution of Higher Education Representative (Pueblo Community College) representative. - One Staff Representative. - Three Ex-officio Representatives (CEO, Principal, and a Student Representative). 	<ul style="list-style-type: none"> - Two four-year appointments beginning January 2004. - Two three-year appointments beginning January 2004. - Two two-year appointments beginning January 2004. - Two one-year appointment beginning January 2004. - One Staff Representative elected by the faculty annually in August. - 	<ul style="list-style-type: none"> - Absence from two or more consecutive meetings. - Unexcused absence from six consecutive meetings. - Inability or refusal to perform duties. - Unethical or illegal conduct. - Change in status as a Parent Representative. - Change in status as a Community Representative. - Any specified or unspecified action that the Board deems grossly inimical to the Network. 	Four votes are required for general business; two-thirds for removal of a board member or amendments of bylaws.
CCSN (bylaws last revised December 5, 2006)	Seven to Nine	<ul style="list-style-type: none"> - Up to nine Parent Representatives (to make seven-to-nine Parent and Community Representatives). - Up to nine Community Representatives (to make seven-to-nine Parent and Community Representatives). - At least two Ex-officio Representatives (CFO and CEO). 	<ul style="list-style-type: none"> - Staggered, four years each. 	<ul style="list-style-type: none"> - Absence from three or more consecutive meetings. - Unexcused absence from four consecutive regular meetings or from six total meetings. - Inability or refusal to perform duties. - Change in status as a Parent Representative. - Any specified or unspecified action that the Board deems grossly inimical to the Network. 	Simple majority for general business; two-thirds for removal of a board member or amendments of bylaws.

Sources: Network Entities bylaws.

One main difference between the Network Entities' bylaws is the quorum requirement. The CCA bylaws specifically state that five voting members must be present to form a quorum, and the DPHH bylaws require four voting members. However, the CCSN bylaws require that a simple majority of voting board members constitutes a quorum for regular business. Further, the CCSN bylaws state that once a quorum is present, the vote of a simple majority of those board members present at the meeting may act for the board.

BOARD COMPOSITION

As detailed in Appendices A and D, the board members frequently did not serve full terms, and vacancies existed on the Network Entities' boards. Specifically, the composition of the board changed 18 times for CCA, four times for DPHH, and nine times for their combined boards. Further, vacancies existed for varying lengths of time on each of the boards. In fact, the CCSN Board was comprised of only three voting members from February 2006 until April 2009.

According to the new CCA/DPHH Board president, as of March 2009 the board had identified a matrix of skill sets that were necessary for creating an effective board, and had taken steps to find new board members that met that criteria. She stated that the board purchased printed advertisements and that she had attended speaking engagements in an attempt to recruit board members. Further, the board planned to ask the school directors to identify any parents that may have been interested in serving and sent personal invitations to those parents to encourage them to submit board applications.

BOARD DELEGATION OF AUTHORITY

The Colorado Charter Schools Act states that a charter school shall be responsible for its own operation including, but not limited to, preparation of a budget, contracting for services, and personnel matters. The boards may delegate their authority to the school administration as it deems necessary for the operation of the schools, so long as the authority does not result in a violation of law or applicable policies. The following table lists significant delegations of board responsibilities noted within meeting minutes. The review team found that such delegations appeared appropriate and were within the boards' authority.

Delegations of Authority by Network Entity Boards

DATE	DELEGATION OF AUTHORITY
CCA/DPHH Board	
2/3/09	Authorized the administration to implement furlough days not to exceed five days per staff member for CCA and DPHH to deal with the state recession.
9/15/08	Authorized the administration to seek legal remedy regarding inclusion of the capital construction and facility needs of CCA and DPHH in a bond measure to seek facilities funding.
6/10/08	Authorized the CFO to negotiate the purchase price and terms associated with the purchase of two new buses from McCandless International and Navistar Financial and to execute the purchase.
6/10/08	Authorized the CFO to negotiate purchase price and terms associated with the purchase of two modular buildings from ModSpace and to execute the purchase.
6/10/08	Authorized the CFO to negotiate lease terms with JL Crane and Associates to obtain additional office space and to execute the lease agreement.
10/11/07	Authorized the CFO to negotiate lease terms with US Bank for a new school bus and to execute such lease.
5/15/07	Authorized the CFO and CEO to move forward with negotiations with the Diocese of Colorado Springs for locations for a new school.

Continued

DATE	DELEGATION OF AUTHORITY
CCA/DHPH Board (Continued)	
3/6/07	Authorized the CFO to negotiate terms and execute purchase of a voicemail system for CCA and DHPH for a price not to exceed \$25,000.
11/20/06	Authorized the CFO to execute all closing documents for a lease purchase agreement between CCA and the CCA Building Corporation for the board of directors.
8/1/06	Authorized the CFO to negotiate with lenders to secure financing for the purchase of land, construction of high school facilities, facilities acquisition, and refinance of all modular units, not to exceed \$9,000,000 ^a .
CCA Board	
11/22/05	Authorized CEO to execute the purchase of property located at 331 Lake Avenue for an amount not to exceed \$2.5 million.
8/2/05	Authorized CEO to negotiate and accept charter fund grant and move forward with activities outlined in the expansion proposal including, but not limited to, site negotiations, hiring of central support staff, property acquisition, and submittal of charter applications.
8/2/05	Authorized CEO to move forward with separation from PCS.
10/8/02	Authorized board president, CEO, and one board member to act on behalf of the full board for any other matters that arose through mediation.
4/18/02	Authorized CEO to proceed with negotiations with PCS for CCA facility.

a The board passed a resolution on November 8, 2006 approving a facilities bond issuance for \$15,570,000.

Sources: The CCSN CFO and board minutes for each action.

REVIEW FINDINGS

Finding 4-1 The Network Entities' Boards Experienced Frequent Vacancies and High Turnover

Many of the Network Entities' board members did not hold positions for the terms stated in the bylaws and vacancies frequently existed on the boards.

Recommendation 4-1 The Board Should Continue to Take Steps to Increase Parent and Community Participation

The board should continue its efforts to advertise open board positions and to encourage community members and parents to participate on the board.

Finding 4-2 The Ex-Officio CCSN Board Members Voted on the CCSN Board

The CEO and CFO acted as voting board members on the CCSN Board even though their bylaws listed their positions as nonvoting members. The CCSN Board had only three other members for more than three full years.

Recommendation 4-2 The Network Entities Should Not Allow Ex-Officio Members to Vote

The Network Entities' boards should follow their own bylaws and ensure that ex-officio members are not acting as voting board members.

TASK 5.0 BOARD ACTIVITIES

BACKGROUND

School boards generally hold annual meetings for the election of members, as well as regular meetings and special meetings. The Colorado Sunshine Law requires all meetings of a quorum or three or more members of any local public body, whichever is fewer, at which any public business is discussed or at which any formal action may be taken, are declared to be public meetings open to the public at all times. Further, it states that any meetings at which the adoption of any proposed policy, position, resolution, rule, regulation, or formal action occurs or at which a majority or quorum of the body is in attendance or is expected to be in attendance, shall be held only after full and timely notice to the public. Also, schools are required to record and maintain minutes of all meetings and to retain the electronic recordings of executive sessions for 90 days.

A material conflict of interest exists if an ordinary person would take it into account in making a decision, especially to situations in which financial or other personal considerations may compromise, or may have the appearance of compromising, one's judgment. The bias such conflicts may conceivably impart not only affects interpretation of information, but also the hiring of staff, procurement of materials, sharing of information, and choice of policy or procedures. It is acknowledged that, in their roles as leaders, they may be subject to conflicts of interest that are not necessarily financial, and that are not within the scope of school policies designed to address conflicts of interest in the employer-employee setting.

BOARD MINUTES

The review team summarized the boards' meetings and minutes from inception through June 30, 2009, in Appendices A through D. Appendix A details the changes in board composition that were noted within the available minutes. Appendix B details the key financial transactions noted within the minutes. Appendix C lists each board members attendance at each meeting and determines whether the quorum requirements within the bylaws were met for each meeting; Appendix D details vacancies in board positions.

The review team obtained minutes and meeting notes from independent sources, interviewed current and former board members, discussed board actions with current and former employees of the Network Entities, and examined all documentation provided by CCSN. Based upon our review and the issues with board minutes documented throughout this report, we question the veracity of the board minutes and resolutions. Many of the board meeting minutes, at which significant board decisions were made, were unavailable. The CFO stated that the minutes provided were the only documented minutes available. We requested to review the audio recordings of selected minutes that were missing or lacked sufficient detail regarding discussion of board issues, but CCSN responded to our request with the following statement:

"After speaking with legal counsel, I have learned that under Colorado law, such tapes are required to be kept for only 90 days. We do not have the requested tapes to share with you."

Network Entities Board Meetings without Minutes

Board Entity	Fiscal Year	Meetings	Meetings Without Minutes	Percentage Without Minutes
CCA	2000-01	13	4	31%
	2001-02	14	1	7
	2002-03	23	7	30
	2003-04	13	0	0
	2004-05	12	1	8
	2005-06	12	2	17
DHPH	2003-04	3	1	33%
	2004-05	10	2	20
	2005-06	10	3	30
CCA/DHPH	2006-07	13	1	8%
	2007-08	13	0	0
	2008-09	13	0	0
CCSN	2005-06	5	4	80%
	2006-07	0	0	0 ^a
	2007-08	11	1	9
	2008-09	12	0	0

a According to the CFO, CCSN was unable to obtain a facility for CCA-Central in 2006-07 and therefore, did not meet.

Sources: Network Entities board meeting agendas and minutes.

As shown in the table above, the Network Entities have not always complied with Colorado law regarding public disclosure of board activities. To the Network Entities' credit, they have improved their practices over the last few years. According to the CFO, the improvement was due to CCSN having a paralegal that worked at its attorney's office, and typed up the minutes of the board meetings for the boards' review and approval at subsequent meetings.

Further, the above table demonstrates that the boards violated their charters because they did not always hold 13 board meetings per year. The charters for the Network Entities require the boards to hold one annual meeting, and at least one regular meeting per month. However, based on the minutes and agendas provided by CCSN, the DHPH Board only met ten times during fiscal year 2004-05, and the CCSN Board never met this requirement. In fact, the CCSN Board did not appear to meet at all during fiscal year 2006-07.

BOARD MEMBER PARTICIPATION

The review team summarized the boards' attendance at meetings based upon available meeting minutes and determined whether a quorum was reached for those meetings, as noted in Appendix C. The review team initially intended to also summarize how the members voted on each motion and resolution. However, the meeting minutes were not sufficiently detailed to determine the votes for the passing of motions. Generally, most of the minutes state that the motion carried, but do not include detail of the discussion surrounding the action upon which the board was voting and whether there were any dissenting votes.

For example, the DHPH Board during 2004, inconsistently recorded board members' votes within the meeting minutes and board resolutions, with signatures of the members that approved motions during meetings. For example, on July 9, 2004, the board minutes reflect that votes of each of the five board

members present were in favor of approval of a motion for signing a resolution for a lease between CCA and DPHH, and CCSN provided the associated signed resolution. For the August 24, 2004 DPHH Board meeting, the minutes reflected three votes in favor of a motion to amend the DPHH articles of incorporation and four votes in favor of a motion to pay the COO an additional \$6,000 for work related to a building project, but CCSN provided no resolutions for this meeting. Then on September 21, 2004, the minutes recorded that two motions were unanimously accepted, but CCSN provided only one associated board resolution with signatures.

Further, the review team noted the Network Entities' boards often met without a quorum and made and carried motions without enough board members present to meet the requirements of their bylaws. For example, on April 23, 2001, the CCA Board met and only two voting members were present, the secretary and treasurer. The CCA bylaws stated that five votes are required for a quorum. However, the minutes of the meeting show that the CEO made a motion to determine a quorum referring to Robert's Rules of Order and stating that a simple majority was needed to determine a quorum. At this meeting, motions were made and carried to proceed with a financial presentation during the meeting, review and accept minutes of the last meeting with amendments, formulate a list of interested board member recruitments, go forward with planning of a fundraiser, initiate creation of a 501(c)(3) building corporation, develop a policy related to multiyear employment contracts, and an executive session was held without the minutes stating the purpose of the session.

As shown in the table below, the boards did not always operate according to their bylaws. Many board meetings were held without the required number of voting board members to achieve a quorum, and at times significant board vacancies occurred that contributed to the boards' not meeting the requirements of their bylaws.

**Network Entities Board Meetings Held
Without a Quorum and Number of Vacancies**

Board Entity	Fiscal Year	Meetings With Minutes Available	Meetings Held Without a Quorum	Vacant Voting Positions
CCA	2000-01	9	4	1-3
	2001-02	13	6	1-2
	2002-03	16	5	0-3
	2003-04	13	0	0-1
	2004-05	11	0	0
	2005-06 ^a	10	1	0-1
DHPH	2003-04	2	0	0
	2004-05	8	0	0-1
	2005-06 ^a	7	1	1-2
CCA/DHPH ^b	2006-07	12	4/0	0-1/0-3
	2007-08	13	9/1	3-4/1-2
	2008-09	13	0/0	0/0
CCSN	2005-06	1	0	4
	2006-07	0	0	4
	2007-08	10	0	4
	2008-09	12	1	0-4

a Includes a meeting in August 2006, as the CCA and DPHH Boards voted to act as a single combined board in September 2006.

b The CCA bylaws require five votes for a quorum and nine voting board members total, whereas DHPH only requires four votes for a quorum and seven voting board members.

Sources: Network Entities' board meeting agendas and minutes.

Although during 2008-09 the CCA/DPH Board for the Network Entities met its charter and bylaw requirements for meetings held, vacancies, and quorum, more recent events have resulted in vacancies on the CCA/DPH Board.

POTENTIAL CONFLICTS OF INTEREST

On June 5, 2007, the CCA/DPH Board met and discussed the proposed purchase of insurance policies from American Family Insurance, of which the board president was an owner. The annual premiums for the CEO's life insurance policy were \$20,773, for the COO were \$16,140, and for the CFO were \$15,973. We examined the board minutes and associated board resolution for approval to purchase these policies. Several factors led us to question the veracity of the resolution provided by CCSN. First, we noted that the resolution was not filed with the meeting minutes associated with the action. Second, we noted that the paper appeared to be crisper and newer compared to the other board documents in that particular binder. Third, the minutes were signed by the board secretary on August 8, 2007, although she was not reported as present at the meeting and is also an independent owner of another American Family Insurance agency. However, the board secretary at the time (current board president) stated that she attended the meeting via telephone and that the former board president abstained from voting. However, none of this is reflected in the minutes. Fourth, we obtained a written statement from a former board member that claimed the board never voted on purchasing the insurance policies in the executive session of the board meeting where the insurance policies were discussed. The former board member stated that the minutes did not reflect what occurred at the meeting because the board never put forth a motion to approve the purchase of the policies outside of the executive session, as stated in the minutes of the meeting. Although the former board member claims that the board held the executive session on June 5, 2007 and discussed the merits of the proposal, the board member stated that the board instructed the CFO to pursue bids from other insurers for the board to consider and that the understanding was that the board would choose a policy to purchase based on the presentation of those bids. The CFO states that he was not present in the executive session and that he was not instructed to get competing bids. Fifth, the resolution to purchase the insurance was signed by the board president himself.

According to the CFO, the policies in question will all be cancelled by June 2010, but the policies were appropriate and were in place to cover the cost of replacement and training of key positions within the organization. However, the Network Entities do not plan to have similar policies for key positions in the future. Nevertheless, the purchase of the policies is a related-party transaction, the minutes and resolution related to the purchase appear questionable, no evidence exists that bidding occurred, and the related party should not have signed the resolution approving the purchase of the policies from his agency.

Moreover, in March 2002, CCA issued a payment to the CEO under the business name Latino Development Group for developing, administering, and supervising the alternative licensing program. The board minutes during this time did not note any board approval or disclosure of any conflict of interest regarding this payment. According to the CFO, the PCS independent auditor reviewed the payment in 2002 and determined that the CCA Board approved the expenditure and was aware of the conflict, but noted that CCA should have paid the \$6,000 to the CEO as an employee instead of as a contractor. However, the PCS CFO provided a copy of the 2002 audit report with appendices and nothing is noted about board approval, conflict of interest, or that an expenditure of this type should have been reported as a payroll item.

REVIEW FINDINGS

Finding 5-1 The Network Entities' Boards Did Not Always Comply with Colorado's Sunshine Law

The Network Entities' boards did not always meet the requirements of Colorado's Sunshine Law that require the boards to record, maintain, and make publically available sufficiently detailed and accurate minutes for all board meetings and resolutions.

Recommendation 5-1 The Network Entities Should Ensure that Their Boards Record, Maintain, and Make Publically Available All Board Meeting Minutes and Resolutions

To comply with the law and provide better information to the community, the Network Entities should continue to improve upon its recent efforts to record detailed and accurate minutes for all of the board's meetings.

Finding 5-2 The Network Entities' Boards Could Improve the Content and Availability of Their Meeting Minutes and Board Resolutions

The Network Entities' board minutes often did not contain sufficient detail to understand the issues discussed, determine how each member voted for motions, vacancies that existed, when members were elected or removed, and when and why members resigned from the boards. Further, the board resolutions for the Network Entities were inconsistently created and authorized. We noted that the minutes also generally did not document whether a quorum was reached and did not consistently record elections, appointments, resignations, and removals of board members. Also, the board minutes were kept at the CCSN office and anyone who wanted to view the minutes had to make a formal request to the business office to view them.

Recommendation 5-2 The Network Entities Should Create More Detailed Board Minutes and Consider Posting Them on a Web Site

To improve accountability and transparency, the Network Entities should require sufficient detail within their minutes so that readers can understand the boards' composition, whether quorum requirements were met, the issues discussed, how each member voted for every motion, and all changes to board membership and vacancies that exist. Further, the boards should ensure that resolutions are in place for all board motions approved during board meetings and document in a written board policy, any motions for which resolutions are not necessary.

To improve the availability of minutes to the public, the Network Entities should consider posting their minutes and board resolutions on a Web site shortly after they have been reviewed and approved by the board. According to the new board chair, the Network Entities are already acting on this recommendation and are scheduled to begin posting board minutes online near the end of April 2010.

Finding 5-3 The Network Entities' Boards Did Not Always Operate Within Their Charters and Bylaws

The Network Entities' boards did not always meet the requirements of their charters and bylaws concerning the number of meetings held, the composition of board members, and quorum requirements. Based on interviews of Network Entities' Leadership and review of the boards' documents and minutes, the review team noted the boards did not meet as often as required and did not always meet the requirements for a quorum at board meetings.

Recommendation 5-3 The Network Entities Should Ensure that Their Boards Operate Within Their Charters and Bylaws

The Network Entities should ensure that they operate within their charters and bylaws by holding 13 meetings per year, promptly electing officers to avoid vacancies, and follow the quorum requirements within their charters.

Finding 5-4 The Leadership and Boards of the Network Entities Engaged in Related-Party Transactions

The review team identified instances where related-party transactions occurred and disclosures of the conflicts were not always sufficiently documented within meeting minutes.

Recommendation 5-4 The Network Entities Should Improve their Policies, Procedures, and Internal Controls to Avoid or Properly Document Conflict-of-Interest Transactions

The Network Entities should put in place policies and procedures to better document disclosures of conflicts of interest within board meeting minutes. They should consider reviewing agenda items and asking at the beginning of each board meeting whether any of the board members have potential conflicts of interest to disclose. If a conflict arises, the entities should require the conflicted member to recuse him or herself from the meeting and should thoroughly document its actions including evidence that the transaction is fair and reasonable and in the best interests of the entity.

Finding 5-5 The Network Entities' Boards Experienced Repeated Absences for Certain Members

As detailed within Appendix C, many of the Network Entities' board members did not attend meetings.

Recommendation 5-5 The Network Entities Should Take Steps to Replace Board Members who have Poor Attendance Records

The Network Entities should consider putting in place a policy to ensure that roll call is taken at the beginning of each board meeting, including announcing which members are absent, whether they are excused, and the number of consecutive meetings the member has missed. The entities should record these actions in the minutes. According to the new board chair, the Network Entities have a new board application and attendance policy that will be in place soon.

TASK 6.0 FINANCIAL POLICIES AND PROCEDURES

BACKGROUND

The Colorado Charter School Financial Management Guide was developed under a grant from CDE in January 2003, and provides guidance to charter schools regarding financial policies and procedures. Although specific accounting procedures may vary depending on the school, certain components are necessary to ensure the quality of information in any financial report is based on a sound accounting system. Financial policies and procedures should establish constraints on investing money, public bidding requirements, and a decision-making process for receiving and spending money. Procedures should establish controls, the processing of financial transactions that ensure proper authorization, documentation, physical controls, and segregation of duties. The basic concept is that no financial transaction should be carried out from beginning to end (approval to reconciliation), by one person. Even in very small environments, a minimum of three people should be involved at some point in a transaction.

The Network Entities' charters state that the schools are responsible for their own operations and that they must submit financial reports including revenues and expenditures to their authorizers with comparisons to budgets and other financial information. They also require the schools to establish, maintain, and retain appropriate financial records in accordance with all applicable federal, state and local laws, and rules and regulations.

FINANCIAL POLICIES

The CCSN financial policies and procedures do not sufficiently address conflict of interest and do not outline specific conflict-of-interest procedures. Instead the policies simply state that the organization shall operate free from conflict-of-interest complications and that procedures should be followed. Nevertheless, the procedures the organization uses to ensure it operates within the policy are not documented or in place. The IRS provides a sample conflict-of-interest policy within its Form 1023 that includes detailed procedures and requires disclosures of financial interests and all material facts to the directors and members or committees with governing board delegated powers. The IRS sample procedures require that the person with the financial interest leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon, although the person may make a presentation at the meeting prior to leaving. Then the board determines whether the organization can obtain a more advantageous transaction or arrangement that would not give risk to a conflict of interest, the transaction or arrangement in question is the organization's best interests and is fair and reasonable, and decides whether to enter into the transaction. The sample procedures also call for board disciplinary or corrective action if it determines that a member has failed to disclose actual or possible conflicts of interest, and includes a requirement for annually signed statements that affirm each director, principal officer, or member of a committee with governing board-delegated powers has received and understands the conflict of interest policy, has agreed to comply with it, and understands that in order to maintain its federal tax exemption the organization must engage primarily in activities which accomplish its tax exempt purposes. Finally, the IRS sample policy requires periodic reviews to ensure the controls are functioning as designed.

The CCSN financial policies require bids for purchases over \$5,000, but again lack associated procedures for obtaining, reviewing, and monitoring those bids to ensure no conflicts exist or appear to exist. As a best practice, organizations that require bids should also require that the bids are sufficiently documented, the selection method is outlined, the selection is documented, and the organization periodically reviews the bidding practices of its employees.

REVIEW FINDINGS

Finding 6-1 The CCSN's Financial Policies and Procedures Do Not Sufficiently Address Conflicts of Interest or Procurement Procedures

The CCSN's policies and procedures regarding conflicts of interest and procurement practices lack adequate specificity to guide staff on how to handle or document potential related-party transactions and procurement bids.

Recommendation 6-1 The Network Entities Should Continue its Efforts to Revise Its Financial Policies and Procedures

The Network Entities should continue to improve their financial policies and procedures. In doing so, they should incorporate formal and routine disclosure of economic interests from all board members and staff that may influence purchasing decisions, including procedures for dealing with potential related-party transactions as they arise. The Network Entities should ensure that required forms for procurements and financial transactions are completed, retained, reviewed, and authorized. By putting in place these detailed policies and procedures, the Network Entities should operate more effectively, and limit the possibility of errors or improper related-party transactions—even in the face of high turnover of the entities' leadership and board members. According to the new board chair, the Network Entities are currently reviewing their policies and procedures and plan to present their updates to the board in May 2010.

TASK 7.0 POLICY AND PROCEDURE WAIVERS

BACKGROUND

Although most of the functions of the Network Entities are very similar to Colorado's public schools, their financial issues and financial management functions differ. The Network Entities are responsible for procurement, contracting, accounting, budgeting, and facility planning. The Colorado Charter Schools Act states that charter schools may operate free from specified school district policies and state regulations, pursuant to charter school contracts, and that they are responsible for their own operation, including preparation of a budget, contracting for services, and personnel matters. The law also requires that the school charter reflect all agreements regarding the release of the charter school from the school district's policies. Charter schools can request waivers from state regulations as well. Any such waivers of state regulations must by law, be reflected in the contract between the charter school and the local board of education, which must jointly request such releases from the state board.

Financial policies and procedures should be enforced by school management and boards, and any waiver of financial requirements should be sufficiently detailed, authorized, and available for review.

The Colorado Charter Schools Act Section 22-30.5-104 states that charter schools may operate free from specified school district policies and state regulations, pursuant to charter school contracts, and that they are responsible for their own operation, including preparation of a budget, contracting for services, and personnel matters. However, the law also requires that the charter schools report to CDE, information regarding pupil enrollment and school finances.

The law further states that the contract between the charter school and its authorizer shall reflect all agreements regarding the release of the charter school from the school district's policies, and that all requests for release of the charter school from state regulations shall be reflected in the contract as well. The authorizer and the charter school are required to jointly request any such release from state regulations from the state board.

Further, the Colorado Code of Regulations specifically states that the state board automatically waives the following state statutes and state rules for charter schools, and that these automatically waived state statutes shall be reflected in the contract between the charter school and its charter school authorizer.

- ◆ 1081734 3.06(a) Section 22-9-106, C.R.S., local board duties concerning performance evaluations for licensed personnel.
- ◆ 1081735 3.06(b) Section 22-32-109(1) (f), C.R.S., local board duties concerning selection of personnel and pay.
- ◆ 1081736 3.06(c) Section 22-32-110(1) (h), C.R.S., local board powers concerning employment termination of school personnel.
- ◆ 1081737 3.06(d) Section 22-32-126, C.R.S., employment and authority of principals.
- ◆ 1081738 3.06(e) Section 22-63-201, C.R.S., Teacher Employment, Compensation and Dismissal Act of 1990: Employment—license required—exception.
- ◆ 1081739 3.06(f) Section 22-63-202, C.R.S., Teacher Employment, Compensation and Dismissal Act of 1990: contracts in writing—duration—damage provision.

- ◆ 1081740 3.06(g) Section 22-63-203, C.R.S., Teach Employment, Compensation and Dismissal Act of 1990: Probationary teachers—renewal and nonrenewal of employment contract.
- ◆ 1081741 3.06(h) Section 22-63-206, C.R.S., Teacher Employment, Compensation and Dismissal Act of 1990: Transfer of teachers—compensation.
- ◆ 1081742 3.06(i) Section 22-63-301, C.R.S., Teacher Employment, Compensation and Dismissal Act of 1990: Grounds for dismissal.
- ◆ 1081743 3.06(j) Section 22-63-302, C.R.S., Teacher Employment, Compensation and Dismissal Act of 1990: Procedures for dismissal of teachers and judicial review.
- ◆ 1081744 3.06(k) Section 22-63-401, C.R.S., Teacher Employment, Compensation and Dismissal Act of 1990: Teachers subject to adopted salary schedule.
- ◆ 1081745 3.06(l) Section 22-63-402, C.R.S., Teacher Employment, Compensation and Dismissal Act of 1990: License, authorization of residency required in order to pay teachers.
- ◆ 1081746 3.06(m) Section 22-63-403, C.R.S., Teacher Employment, Compensation and Dismissal Act of 1990: Payment of salaries.

FINANCIAL POLICY WAIVERS

As outlined in Colorado law, all waivers of policy must be specified in the schools' charters. Waivers of state policy or regulation must be approved by the state board, and the charter school and the district or CSI would need to apply jointly. The district superintendent or CSI has ten days to review the request and then present the matter to the board at its next regular meeting for its action.

The Network Entities' charters contain sections regarding waivers that generally state that the schools are granted waivers from school-board approved policies, as set forth in the charters and associated charter applications. The process for requesting additional waivers includes the school requesting in writing to the district superintendent or CSI with the reasons or need for the waiver.

The CCA and DPH charters explicitly state that the schools are responsible for their own operations and that in exercising these powers, the charter schools shall comply with all applicable PCS-approved policies unless a specific waiver is obtained. The PCS specifically granted waivers within the CCA and DPH charters from its policies and regulations concerning the compensation, evaluation, promotion, discipline, and termination of employees. The CCA-North, CCA-Central, and GOAL charters were all based upon a single charter application that stated that the same waivers requested within the application did not differ from the ones that were in use by CCA and DPH. The network entities were specifically granted waivers from the following financial policies:

- ◆ Board of Education Specific Duties 22-32-109(1) (b), grants the board of education authority to adopt policies and prescribe rules and regulations for efficient administration of the district.
- ◆ Payment of Salaries, governs the payment of salaries upon termination of the employment of a teacher.
- ◆ Salary Schedule, provides for the district board of education to adopt a salary schedule and place teachers on the schedule.

Although the charters appear to have explicitly exempted the Network Entities from competitive bidding policies of their school districts, CCSN's own policy requires competitive bidding for all purchases of \$5,000 or more. The CCA and DPH charters specifically state the schools' exemption from Colorado regulation 22-32-109 (1) (b) that requires boards of education to adopt procedures for competitive bidding in the purchase of goods and services, except professional services, for the district. However, to its credit, CCA and CCSN's financial policies and procedures state that at least three quotes will be obtained for any purchase of goods or services of \$5,000 individually, and that quotes should be attached to and kept with the paid invoice of the item purchased and be available for audit purposes. Further, this policy was explicitly stated within the charter application for CCA-North, CCA-Central, and GOAL. Although CCSN did not provide financial policies and procedures specifically for DPH, the school and its board operated under this policy as well. Therefore, the Network Entities appear to be exempt from the districts' competitive bidding policies, but are beholden to their own. However, we noted two cases where the Network Entities entered into annual service agreements for fiscal year 2008-09 that they did not solicit bids—one for more than \$5,000 and another for almost \$100,000—both for janitorial services.

REVIEW FINDINGS

Finding 7-1 The Network Entities Did Not Always Maintain Documentation or Solicit Bids As Its' Policy Requires

According to the CFO, very little documentation exists to support price checking or bid solicitations in the past for nonfacility or bond-related items. Moreover, for at least two cases, the Network Entities did not obtain bids as required by their policy. To partially resolve the documentation issue, the CFO told us that CCA plans to include a section on its purchase orders to document price comparisons and quotes. In addition, he stated that CCSN is in the process of revising its procurement policies and is modeling them after the CDE solicitation policies and practices.

Recommendation 7-1 The Network Entities Should Solicit Bids and Maintain Documentation in Accordance with its Policy and Document the Reasons for Any Sole-Source Purchases

In addition to complying with its policy, soliciting bids for large dollar purchases is a best practice and can help to ensure that an entity gets the best value for its money. Maintaining adequate documentation provides an audit trail to verify the work and efforts of staff and can be used for future comparisons should the same goods or services be needed again.

TASK 8.0 BANK AND INVESTMENT ACCOUNTS

BACKGROUND

Charter schools are required to report financial information in the CDE-prescribed format each year, but the reporting is done through the school district. The charter school and school district determine the formatting, frequency of reporting, and deadlines for the Network Entities. The Network Entities' funds should be organized into groups of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Internal controls over accounts should be in place to ensure proper authorization, documentation, and segregation of duties, so no financial transaction can be carried out from beginning to end (approval to reconciliation) by one person, with a minimum of three people being involved at some point in a transaction.

BANK AND INVESTMENT ACCOUNTS

The Network Entities held five bank accounts, but did not hold any investment accounts during fiscal year 2008-09 (the bond-related CCA Building Corporation accounts are discussed in *Task 16.0 Legal Parties to Bonds*). The five bank accounts for the Network Entities were associated with the five schools we reviewed and were business checking accounts under the following business names:

- ◆ Cesar Chavez Academy, Inc.
- ◆ CCA-Central
- ◆ Cesar Chavez Academy North
- ◆ Dolores Huerta Preparatory High
- ◆ CCSN GOAL Academy

The review team examined statements for these accounts for fiscal year 2008-09 and determined that the deposits to and withdrawals from the accounts generally appeared to be associated with school activities. Further, the Network Entities appeared to generally hold funds and record transactions related to the school whose name was listed on the accounts. The review team noted that transfers between these accounts occurred for various reasons, some of which were easily identifiable in our review of the bank accounts and associated financial data as allowable transfers, such as payments of fees from the other schools to CCA for CCSN services. However, the validity of some transfers between accounts could not be determined based upon the review of the associated financial data, as further discussed in *Task 11.0 Expenditures*. The services CCSN provides the schools include human resources, accounts payable and receivable, accounting, payroll, grant writing, reporting, and other back-office operations. In addition to CCA activities, the CCA bank account included transactions or activities related to CCSN and bond expenditures.

Until October 2009, the CEO, CFO, and director of human resources were the individuals authorized to execute for the accounts. However, the CEO was removed from the accounts in October because of his termination. As of April 2010, the only individual authorized signers for the accounts were the CFO and director of human resources.

REVIEW FINDINGS

See *Task 11.0 Expenditures*.

TASK 9.0 CREDIT CARD ACCOUNTS

BACKGROUND

Effective internal controls work to prevent, detect, or correct errors, irregularities, fraud, waste, and abuse. A good internal control system relies on a network of checks and balances (internal control techniques), placed at key levels of program responsibility to ensure it operates as intended. The Network Entities should establish standards for internal controls that apply to credit card account issuance and usage that includes monitoring of credit card usage. Best practices dictate that credit card transactions be supported through adequate source documentation to identify the nature and purpose of the transaction. Additionally, managers should review and approve credit card reconciliations, verifying that the source documentation evidences that transactions occurred, were legitimate, and supported the organization's primary goals.

CREDIT CARD ACCOUNTS

During the review period, the review team analyzed credit card statements and cardholders assigned to the various credit cards. We found that during fiscal year 2008-09, the five schools had 26 credit cards issued to a total of 17 individuals, as shown in the following table.

List of Credit Cards and Cardholders by Organization for CCA and Related Entities, Fiscal Year 2008-09

	Issuer	Organization	Credit Card Ending with:	Card Holder
1	US Bank	Cesar Chavez Academy	0643	Chief Operating Officer
2	Advanta	Cesar Chavez Academy	7027	Chief Operating Officer
3	US Bank	Cesar Chavez Academy	1229	Chief Executive Officer
4	Advanta	Cesar Chavez Academy	9015	Chief Executive Officer
5	US Bank	Cesar Chavez Academy—Central	8209	Chief Executive Officer
6	US Bank	Cesar Chavez Academy—North	1332	Chief Executive Officer
7	US Bank	Dolores Huerta Preparatory High	0791	Chief Executive Officer
8	US Bank	GOAL	5558	Chief Executive Officer
9	US Bank	Cesar Chavez Academy	0619	Chief Financial Officer
10	US Bank	Cesar Chavez Academy	5074	Transportation Coordinator—CCA and DPH
11	US Bank	Dolores Huerta Preparatory High	2391	Transportation Coordinator—CCA and DPH
12	US Bank	Cesar Chavez Academy—Central	1253	Chief Academic Officer
13	US Bank	Cesar Chavez Academy—North	1340	Chief Academic Officer
14	US Bank	Cesar Chavez Academy—Central	1261	Clerical Staff—CCA—Central
15	US Bank	Cesar Chavez Academy—North	1357	Clerical Staff—CCA—Central
16	US Bank	Cesar Chavez Academy	1139	Executive Administrative Assistant
17	Advanta	Cesar Chavez Academy	0030	Purchasing Director
18	US Bank	Cesar Chavez Academy	3955	3-5 Academy Director—CCA
19	US Bank	Cesar Chavez Academy	5033	Director of Human Resources

Continued

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	Issuer	Organization	Credit Card Ending with:	Card Holder
20	US Bank	GOAL	5566	Director—GOAL
21	US Bank	Cesar Chavez Academy	3963	Middle School Academy Director—CCA
22	US Bank	Cesar Chavez Academy	3043	K-2 Academy Director—CCA
23	US Bank	Cesar Chavez Academy—Central	1007	Administrator—CCA Central
24	US Bank	Dolores Huerta Preparatory High	5714	Director of Secondary Education, DPHH
25	US Bank	Dolores Huerta Preparatory High	1135	Executive Assistant / Director of Teacher Recruitment
26	US Bank	Cesar Chavez Academy	5066	Administrator—CCA

Source: Credit card statements provided by CCA.

According to the CFO, the CEO was the personal guarantor for all the Network Entities' credit cards and had to be on each of the accounts. Also, he stated that the cards were not necessarily used solely by the cardholder. Specifically, the schools allowed employees to "check out" the credit cards to make purchases. The CFO stated, however, that the schools did not adequately track information on who was using the cards. Therefore, he said that determining what staff in particular made the charges would be difficult. The CFO and school staff could not provide our team with complete logs to show who had checked out credit cards or made selected transactions. In the following sections, although the team reports information by cardholder title, the Network Entities' staff believes that these cardholders may not have been the ones making the charges.

As shown in the following table, the five schools collectively charged almost \$400,000 to the 26 credit cards during fiscal year 2008-09. These credit card charges were for a variety of goods and services. The following table presents the credit card charges listed by account number and name of the cardholder.

Credit Card Usage by Account and Cardholder, CCA and Related Organizations, Fiscal Year 2008-09

Account Number	Account Description	CEO	COO	CFO	All Others	TOTAL
0240	Benefits—Tuition Reimbursement	\$0.00	\$0.00	\$0.00	\$1,667.00	\$1,667.00
0313	Purchased Professional Services—Bank Fees/Payroll Services	990.97	0.00	15.00	215.54	1,221.51
0339	Purchased Professional Services—Professional Service	0.00	0.00	27.40	68.50	95.90
0390	Purchased Professional Services—Other Purchased Professional or Technical Services	0.00	189.90	0.00	30.58	220.48
0410	Purchased Property Services—Water Service	0.00	260.42	0.00	0.00	260.42
0421	Purchased Property Services—Trash Removal	0.00	0.00	0.00	154.00	154.00
0424	Purchased Property Services—Lawn Care	0.00	0.00	0.00	502.50	502.50
0430	Repairs/Maintenance	0.00	0.00	0.00	1,039.20	1,039.20
0442	Equipment Rental	148.62	0.00	0.00	1,564.06	1,712.68
0500	Other Purchased Services—Cellular Services	4,980.65	0.00	0.00	0.00	4,980.65

Continued

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Account Number	Account Description	CEO	COO	CFO	All Others	TOTAL
0500	Other Purchased Services–Telephone Services	59.97	0.00	0.00	69.94	129.91
0513	Contracted Field Trips	3,779.80	1,400.00	0.00	3,116.89	8,296.69
0519	Other Student Transportation	0.00	0.00	0.00	277.00	277.00
0531	Other Purchased Services–Phone Service	0.00	0.00	0.00	182.25	182.25
0532	Other Purchased Services–Postage Machine Rental	0.00	0.00	0.00	282.83	282.83
0533	Other Purchased Services–Postage	216.54	299.21	1,010.98	2,083.84	3,610.57
0534	Other Purchased Services–Online Services	668.80	0.00	99.00	29.85	97.65
0540	Other Purchased Services–Advertising	4,732.19	2,208.50	1,020.00	1,000.39	8,961.08
0550	Other Purchased Services–Printing and Binding	0.00	244.70	0.00	1,570.78	1,815.48
0580	Travel/Registration	62,613.92	11,321.62	7,344.85	51,798.94	133,079.33
0600	Supplies	555.58	201.29	0.00	1,073.17	1,830.04
0600	Supplies–Accountability & Testing Support	0.00	0.00	0.00	521.98	521.98
0600	Supplies–Custodial Supplies	1,806.77	126.18	534.72	11,562.00	14,029.67
0600	Supplies–Elementary General Supplies	8,051.65	10,425.19	421.61	56,497.45	75,395.90
0600	Supplies–High School General Supplies	65.38	0.00	0.00	6,290.93	6,356.31
0600	Supplies–Office Supplies	5,671.73	3,805.33	5,217.46	21,060.47	35,754.99
0600	Supplies–Special Education	0.00	0.00	0.00	58.28	58.28
0600	Supplies–Sports Supplies	1,158.57	127.27	0.00	13,387.67	14,673.51
0600	Supplies–Student Awards	396.93	83.71	53.69	8,164.13	8,698.46
0610	Supplies–General Supplies	0.00	0.00	0.00	3.19	3.19
0626	Supplies–Gasoline Vehicle	147.33	30.01	561.17	36,140.74	36,879.25
0650	Supplies–Software	0.00	0.00	59.98	199.95	259.93
0690	Supplies–Uniforms	88.26	0.00	0.00	117.36	205.62
0630	Food	852.54	449.90	24.17	4,528.55	5,855.16
0640	Books and Periodicals	213.45	240.74	0.00	8,800.25	8,064.40
0733	Equipment–Furniture	0.00	0.00	0.00	38.00	38.00
0734	Equipment–Technology Equipment	1,051.96	0.00	0.00	9,411.93	10,463.89
0735	Non-Capital Equipment	6,058.47	0.00	1,107.36	0.00	7,165.83
0800	Other Objects	0.00	0.00	0.00	42.05	42.05
0810	Dues and Fees	739.94	0.00	65.00	1,368.85	2,173.79
0830	Interest Expense	0.00	0.00	0.00	454.66	454.66
Total Credit Card Usage		\$105,050.02	\$31,413.97	\$17,562.39	\$245,375.70	\$399,402.08

Source: Credit card statements and fiscal year 2008-09 general ledger provided by CCA.

The team noted several expenditure types or categories that we believed should be reported as part of our analysis. Many of these charges, such as meals and travel, are allowable, and some may have been funded specifically through private grants or donations. However, the team questions the total amounts expended given the Network Entities’ fiscal challenges.

As reported by the Network Entities’ independent financial auditor for the year ending June 30, 2009, CCA was not in compliance with the covenants required by the Colorado Educational and Cultural Facilities Authority (CECFA) debt agreements, which require an unrestricted fund balance of 5 percent of operating expenditures, and DPHH did not have adequate resources to establish the emergency reserve required by the Taxpayer’s Bill of Rights (TABOR) Amendment. Per the June 2009 audited financial statements, the CCA year-end general fund balance was \$252,934. The 5 percent of operating expenditures balance required by CECFA would have been \$479,000. Reducing travel costs and other nonessential charges (such as meals or incentives), would have allowed the Network Entities to make a great deal of progress in closing the approximate \$226,000 gap between required and actual fund balances. The team’s presentation of the following expenditures is used to illustrate expenditures that, had the Network Entities been more diligent about controlling their expenditures, may have been reduced to allow them to meet their fund balance requirements:

Collectively, the organizations paid out more than \$5,500 for cellular services, phones, and equipment for the CEO and his wife’s children (children of the COO and the CEO’s stepdaughter and stepson). This includes more than \$300 for a new phone (Apple iPhone). Although it appears that the organization billed the CEO for many of the children’s cellular service charges, this generally is not an acceptable practice and we did not find records of other employees being extended the option of charging their family members’ plan fees on school credit cards with the option of repaying the charges at a later date. In some cases the repayments were several months after the charges were incurred by the school.

CEO and Family Member Cell Phone Charges

CEO's phone (monthly charges)	\$4,183.16
CEO's new phone, phone case, and miscellaneous equipment	357.61
CEO's stepdaughter's (COO's daughter's) phone	413.09
CEO's stepson's (COO's son's) phone	563.78
Charges billed to CEO for stepchildren's phones	(900.97)
Total	\$4,616.67

Source: The CCSN general ledger.

Staff reported to our team members that the schools’ policy was to charge back cardholders for items that were missing receipts. The team notes that statements provided by CCA show that, in addition to the \$900.97 shown in the table above, the CEO was billed another \$69.71 for items that were missing receipts or that represented costs of meals for his family. However, the team also found an additional \$1,001 in credit card charges for the CEO and for which the schools had added memos indicating there was “no receipt;” “unknown;” or staff remarks on what the staff believed the charge to be related to (for example, “CEO’s card assume drinks”). These were not billed back to the CEO

The review team noted that the cardholders used the credit cards to charge meals at more than 180 restaurants—some of which were in Pueblo, Colorado. The expenses were usually recorded under “Travel and Registration,” although some were recorded under “Food or Supplies” account codes. School

employees explained that their policy was to charge all staff or board meeting costs and meals under the “Travel and Registration” category.

The review team analyzed the restaurant charges and identified \$36,423 in credit card charges specifically recorded in the general ledger as being for staff or board meetings or meals. Of this, \$10,316 was charged on cards issued to the three executives—the CEO, COO, and CFO. As will be discussed later in this section, the team’s testing of credit card transactions revealed numerous problems with documentation, including missing receipts and no records of the business purposes of transactions.

**Board and Staff Meals and Meeting Expenses Charged to
Network Entity Credit Cards per Restaurant During Fiscal Year 2008-09**

Restaurant	Charged on Executive Cards	Charged on Other Cards	Total Charged on All Cards
3 Margaritas	\$0.00	\$1,566.07	\$1,566.07
Adolfos Mexican Food	\$0.00	\$774.50	\$774.50
Angelos Pizza	\$47.42	\$1,384.23	\$1,431.65
Applebee's	\$371.59	\$621.59	\$993.18
Aramark	\$66.00	\$609.47	\$675.47
Arby's	\$0.00	\$597.39	\$597.39
Arriba's	\$232.34	\$594.75	\$827.09
Battista's Hole in the Las	\$0.00	\$493.19	\$493.19
Bistro D'Asia	\$0.00	\$486.01	\$486.01
Black Eyed Pea	\$225.44	\$462.93	\$688.37
Black Jack Pizza	\$0.00	\$447.25	\$447.25
Bocaza Mexican Grill	\$0.00	\$447.17	\$447.17
Boston Market	\$36.78	\$445.43	\$482.21
Burger King	\$22.66	\$442.01	\$464.67
Burrito King	\$155.00	\$433.01	\$588.01
Burritos Betty	\$0.00	\$424.67	\$424.67
C & F Food Stores, Inc.	\$0.00	\$409.41	\$409.41
C and C Catering	\$0.00	\$402.48	\$402.48
Cactus Flower Restaurant	\$0.00	\$398.92	\$398.92
Cactus Flower	\$774.50	\$380.00	\$1,154.50
Cafe De La Esquina	\$0.00	\$372.70	\$372.70
Capitol City Brewing	\$0.00	\$320.90	\$320.90
Carl's JR	\$0.00	\$296.07	\$296.07
Carniceria Leonela	\$0.00	\$294.65	\$294.65
Center Cafe	\$0.00	\$293.07	\$293.07
Cheesecake Denver	\$0.00	\$268.11	\$268.11
Cheesecake	\$0.00	\$262.71	\$262.71
Cheryl&CO	\$131.70	\$259.39	\$391.09

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Restaurant	Charged on Executive Cards	Charged on Other Cards	Total Charged on All Cards
Chili's Grill	\$0.00	\$256.51	\$256.51
Chili's	\$0.00	\$253.43	\$253.43
China Pantry #2	\$47.41	\$251.06	\$298.47
China Village, Inc.	\$0.00	\$238.36	\$238.36
Chipotle	\$40.20	\$461.72	\$501.92
Chong's Cafe	\$100.25	\$222.14	\$322.39
Circle K	\$0.00	\$208.47	\$208.47
Collette's Catering Inc.	\$0.00	\$203.01	\$203.01
Conway Restaurant	\$0.00	\$399.25	\$399.25
Corner Cafe	\$19.00	\$191.06	\$210.06
Country Buffet	\$0.00	\$189.48	\$189.48
Country Donuts	\$0.00	\$187.59	\$187.59
Cozollis Pizza	\$40.00	\$187.38	\$227.38
Dairy Queen	\$0.00	\$178.99	\$178.99
DC's on B Street	\$284.81	\$166.29	\$451.10
Denny's	\$0.00	\$161.66	\$161.66
Dillard's	\$0.00	\$158.86	\$158.86
Dion's	\$0.00	\$152.99	\$152.99
Domino's Pizza	\$30.03	\$295.02	\$325.05
Dubliner Restaurant	\$0.00	\$146.59	\$146.59
Ebenzers Coffeehouse	\$13.97	\$145.72	\$159.69
Einstein Brothers	\$0.00	\$282.96	\$282.96
El Centro Su Teatro	\$0.00	\$133.71	\$133.71
El NoaNoa Mexican Restaurant	\$0.00	\$131.70	\$131.70
ESPN Zone	\$0.00	\$128.24	\$128.24
Exquisite Taste	\$98.56	\$125.34	\$223.90
Famous Famiglia	\$8.43	\$123.78	\$132.21
Feelin a Little Philly	\$0.00	\$123.77	\$123.77
First Cup Cafe	\$0.00	\$114.00	\$114.00
Fox Sky Box	\$27.06	\$110.04	\$137.10
Fox Sports	\$0.00	\$106.71	\$106.71
Fritangas Mexican Restaurant	\$0.00	\$106.15	\$106.15
Gaglianos Italian	\$0.00	\$106.07	\$106.07
Galileo's	\$73.49	\$102.44	\$175.93
Giacomo's	\$42.28	\$100.25	\$142.53
Giovanni Ristorante	\$145.72	\$98.56	\$244.28
Golden Corral	\$563.17	\$97.20	\$660.37

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Restaurant	Charged on Executive Cards	Charged on Other Cards	Total Charged on All Cards
Gunther Toody's	\$0.00	\$97.17	\$97.17
HAAD THAI Restaurant	\$0.00	\$91.85	\$91.85
Hacienda Colorado	\$123.77	\$90.86	\$214.63
Hamilton's Bar & Grill	\$0.00	\$90.65	\$90.65
Hapa Sushi Grill	\$47.64	\$90.21	\$137.85
Harry's	\$0.00	\$88.08	\$88.08
Honey Baked ham	\$0.00	\$86.99	\$86.99
Hudson News	\$0.00	\$85.68	\$85.68
Hyatt Hotels	\$25.70	\$85.45	\$111.15
IHop	\$242.48	\$85.27	\$327.75
Jaleo DC	\$0.00	\$84.57	\$84.57
Jamba Juice	\$5.41	\$84.32	\$89.73
Jorge's Restaurant	\$79.69	\$164.71	\$244.40
KFC	\$57.32	\$81.14	\$138.46
King Soopers	\$0.00	\$80.46	\$80.46
Kinga's Lounge	\$0.00	\$80.12	\$80.12
La Mariposa	\$26.08	\$79.58	\$105.66
Las Margaritas	\$59.30	\$76.28	\$135.58
Leos Cafe	\$39.75	\$75.92	\$115.67
Little Anitas	\$0.00	\$75.46	\$75.46
Little Cesars Pizza	\$0.00	\$224.19	\$224.19
Loaf N Jug	\$179.18	\$73.55	\$252.73
Lodo's Bar & Grill	\$30.45	\$73.49	\$103.94
Los Arcos Mexican Rest	\$0.00	\$72.93	\$72.93
Los Carboncitos	\$123.78	\$72.78	\$196.56
Los Cuates	\$0.00	\$72.21	\$72.21
Los Tres	\$46.26	\$70.35	\$116.61
Louie's Pizza	\$0.00	\$70.00	\$70.00
M & D Cafe	\$0.00	\$69.93	\$69.93
Maggiano's	\$148.02	\$69.19	\$217.21
Mandarin Restaurant	\$0.00	\$66.72	\$66.72
Manhattan's Pizza	\$149.96	\$66.45	\$216.41
McDonalds	\$184.75	\$129.25	\$314.00
Mi Ranchito	\$97.95	\$59.67	\$157.62
MO MO Japanese Restaurant	\$34.58	\$117.77	\$152.35
Monica Taco Shop	\$0.00	\$58.38	\$58.38
New Panda Two	\$0.00	\$57.44	\$57.44

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Restaurant	Charged on Executive Cards	Charged on Other Cards	Total Charged on All Cards
Nine Dragons-Commuter	\$0.00	\$57.32	\$57.32
Noodles & CO	\$49.93	\$56.27	\$106.20
Olive Garden	\$250.26	\$55.68	\$305.94
Olivers Baileys	\$0.00	\$51.65	\$51.65
Orange Julius	\$0.00	\$49.93	\$49.93
Outback	\$0.00	\$48.66	\$48.66
Oyamel	\$0.00	\$48.47	\$48.47
P. F. Chang's	\$322.12	\$88.28	\$410.40
Panda Buffet, Inc.	\$0.00	\$47.99	\$47.99
Panda Express	\$0.00	\$47.64	\$47.64
Papa John's	\$0.00	\$45.00	\$45.00
Papa Razzi	\$48.66	\$44.28	\$92.94
Pass Key 50 West	\$481.61	\$128.68	\$610.29
Pasta Cottage	\$86.99	\$41.51	\$128.50
Patti's Restaurant	\$33.47	\$40.97	\$74.44
PEETS Coffee	\$13.02	\$40.59	\$53.61
Pizza Hut	\$0.00	\$40.00	\$40.00
Popeye's Chicken and Biscuits	\$13.42	\$39.75	\$53.17
Primetime Sports Emporium	\$325.69	\$39.32	\$365.01
Pueblo Dragon Restaurant	\$0.00	\$38.00	\$38.00
Pueblo Keva Juice	\$0.00	\$37.40	\$37.40
Quizno's Sub	\$150.69	\$74.25	\$224.94
Rancho Liborio	\$0.00	\$35.70	\$35.70
Restaurant	\$0.00	\$71.12	\$71.12
Rio Bistro	\$0.00	\$34.26	\$34.26
Rock Bottom	\$30.99	\$32.63	\$63.62
Rocky Mountain Diner	\$73.55	\$30.99	\$104.54
Rojas	\$85.45	\$60.92	\$146.37
Rosarios	\$1,020.70	\$60.61	\$1,081.31
Ruby Buffet	\$0.00	\$29.32	\$29.32
Ruby Tuesday	\$57.76	\$28.66	\$86.42
Rudy's Carlisle	\$0.00	\$28.15	\$28.15
Safeway	\$0.00	\$28.00	\$28.00
Sara Lee Bakery	\$0.00	\$27.74	\$27.74
Senor Manuels	\$0.00	\$27.39	\$27.39
Shell Oil	\$72.21	\$27.06	\$99.27
Sizzler	\$0.00	\$26.08	\$26.08

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Restaurant	Charged on Executive Cards	Charged on Other Cards	Total Charged on All Cards
Sonic Drive In	\$0.00	\$25.39	\$25.39
Starbucks	\$197.74	\$24.65	\$222.39
Steve & Barry's	\$0.00	\$24.00	\$24.00
Subway	\$0.00	\$21.12	\$21.12
Sweet C, LLC	\$380.00	\$19.45	\$399.45
Taco Bell	\$26.69	\$19.00	\$45.69
Taco Casa II	\$97.17	\$17.97	\$115.14
Taco Jalisco Mexican	\$47.99	\$17.90	\$65.89
Tea Palace II	\$0.00	\$17.14	\$17.14
Texas Roadhouse	\$462.93	\$15.67	\$478.60
The Daily Grind Expres	\$0.00	\$13.97	\$13.97
The Famous A Steakhouse	\$97.20	\$13.76	\$110.96
The HoneyBaked Ham Store	\$250.68	\$13.42	\$264.10
The Olive Garden	\$0.00	\$13.24	\$13.24
The Pantry	\$44.07	\$13.02	\$57.09
Tian Jin	\$90.65	\$12.63	\$103.28
Tokyo Joes	\$0.00	\$10.93	\$10.93
Tony Cheng's Seafood	\$51.65	\$10.00	\$61.65
Top of the Rock LLC	\$38.00	\$9.51	\$47.51
Torres Mexican Inc.	\$45.00	\$9.14	\$54.14
Victoria's Deli & Catering	\$0.00	\$8.99	\$8.99
Wal-Mart	\$0.00	\$8.66	\$8.66
Washington DC CC Restaurant	\$0.00	\$8.43	\$8.43
Wendys	\$21.79	\$10.52	\$32.31
Zoelmanns Bakery	\$48.00	\$5.68	\$53.68
Grand Totals	\$10,315.96	\$26,106.99	\$36,422.95

Source: Credit card statements and fiscal year 2008-09 general ledger provided by CCA.

The team identified more than \$133,079 in “Travel and Registration” costs on the credit cards. The travel included the costs for flights for administrators and staff to travel to Las Vegas for a College Boards Conference; to Washington DC for the National Council of La Raza Conference and National Charter Schools Conference; to San Francisco for a field trip with students; to New York City for a meeting with potential donors; and to Oklahoma City for a softball trip. The team notes that not all executives and key staff attended all meetings. The following table details the breakdown of travel charges on the credit cards by category.

**Travel and Registration Expenses Charged to
Network Entities' Credit Cards – Fiscal Year 2008-09**

Category	Credit Card Charges
Airline tickets	\$30,933.68
Service fees (booking charges for the airline tickets)	1,282.66
Hotels	37,170.27
Registration fees and professional development	25,072.33
Rental cars and shuttles	2,972.48
Parking	326.80
All other items (includes food and gasoline purchases)	35,321.11
Total	\$133,079.33

In some instances, the amounts spent at hotels appeared to be excessive. The team found several hotel charges that cost \$279 per night plus \$32 per day valet parking while school staff was at the Ritz Carlton in New Orleans. The team also found a stay at the Hampton Inn in Denver that cost the school more than \$239 plus \$18 for valet parking. The Network Entities' staff reported that they used a travel agent to find low rates for hotels, rental cars, and flights. However, the team is uncertain the extent to which this resulted in savings given the examples identified above.

In addition to reviewing the general ledger and credit card statements, the team also performed tests to review the supporting documentation contained within the CCSN files—such as invoices or receipts—for the credit card charges. In our tests of four months' statements, we identified numerous issues with CCSN failing to keep adequate source documents within its files to show the business purpose of the charges. Although these charges could have been for business purposes, CCSN's documentation of the business purposes for the charges was often deficient. Documentation should include, for example, the work discussed or performed for any business meals as well as the attendees. In total, the team tested 137 transactions and noted 31 deficiencies—a rate of 23 percent.

**Findings Resulting from the Team's Judgmental Sample of 137 Items
on Four Months' Credit Card Statements—CCA, Fiscal Year 2008-09**

Card and Organization	Cardholder	Location	Amount	Finding
CCA-1229	CEO	Red Lion Inn (3 charges)	\$283.14	Hotel invoice lacked business purpose
CCA-1229	CEO	Rocky Mountain Advertising	20.40	Receipt lacked business purpose and detail of the advertisement
CCA-1229	CEO	PS I Love You Flowers	26.76	No receipt found
CCA-1229	CEO	Primetime Sports Emporium	65.24	No receipt found
CCA-1229	CEO	1 st Stop	71.78	Receipt's business purpose is inadequate to properly document the purpose ("parent fuel," but no parent name provided)
CCA-1229	CEO	Applebee's	51.76	Receipt lacked names of diners and the business purpose is inadequate to properly document the purpose ("lunch meeting")

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Card and Organization	Cardholder	Location	Amount	Finding
CCA-1229	CEO	Exquisite Taste	98.56	Receipt lacks detail of what was purchased and the notation for purpose just says "back to school gifts"
CCA-1229	CEO	Hampton Inn-Denver	301.49	Receipt lacks business purpose
CCA-1229	CEO	Texas Roadhouse	351.80	No receipt found
CCA-1229	CEO	IHOP	40.86	Receipt lacks names of diners and the business purpose is inadequate to properly document the purpose ("coaches")
CCA-1229	CEO	Shell Oil	62.27	No receipt found
CCA-0619	CFO	Chipotle	19.82	Receipt lacked names of diners and business purpose
CCA-0619	CFO	Red Lion	202.65	Receipt lacked business purpose
CCA-0619	CFO	Lodo's Bar and Grill	30.45	Receipt lacked names of diners and business purpose
CCA-0619	CFO	Blackeyed Pea	24.29	Receipt lacked names of diners and business purpose
CCA-0619	CFO	Benny's Place	73.60	Receipt lacked names of diners and business purpose
CCA-0619	CFO	Applebee's	35.65	Receipt lacked business purpose
CCA-0619	CFO	Primetime Sports Emporium	42.60	Receipt lacked business purpose
CCA-0619	CFO	Primetime Sports Emporium	50.02	Receipt's business purpose is inadequate to properly document the purpose ("lunch meeting")
CCA-0619	CFO	Blackeyed Pea	51.92	Receipt lacked business purpose
CCA-0619	CFO	Boston Market	16.08	Receipt lacked names of diners and business purpose
CCA-0643	COO	Wal-Mart Supercenter	20.74	Receipt lacked business purpose
CCA-0643	COO	Banquet Schuster	32.40	No receipt found
CCA-0643	COO	Party America	132.65	Receipt lacked business purpose
CCA-0643	COO	Dillard's	506.93	Receipt for homecoming dresses and purchase order lack names of students for whom the dresses were purchased
CCA-0643	COO	Olive Garden	136.38	Receipt lacked names of diners and the business purpose is inadequate to properly document the purpose ("leadership meeting")
CCA-1139	Executive Administrative Assistant	Primetime Sports Emporium	76.78	Receipt lacked business purpose
CCA-1139	Executive Administrative Assistant	Loaf and Jug	19.50	No receipt found
CCA-1139	Executive Administrative Assistant	Loaf and Jug	19.01	No receipt found
CCA-5033	Director of HR	Paradigm Information	94.95	No receipt found
CCA-5033	Director of HR	Starbucks	11.03	No receipt found

Source: The CCA credit card statements source documents.

Based on the team's findings, as detailed in the previous table, the team could not validate the allowability of some of the credit card charges recorded on the organizations' books.

INTERNAL CONTROLS

The CCSN required its employees to complete agreements for use of business credit card accounts and follow certain procedures when making credit card purchases. The CCSN provided a credit card agreement form that is submitted by credit card applicants that includes terms and conditions. The form specifies that the card will be used only for official school business and that the cardholder will be billed for any purchases for which he or she cannot produce receipts. The team did not find evidence that the CEO and COO had signed these statements. However, the team did not note this as a finding because the schools have now reportedly cancelled the credit cards. The credit card agreement states that food purchases must be accompanied by both the original food receipt and credit card slip. Further, CCSN provides credit cardholders with receipt envelopes with a form on the front that should indicate the event for which the credit card was used. However, upon reviewing the files for credit card receipts, staff either did not use this envelope when submitting receipts, or it was not retained by CCSN staff, as most of the expenditures reviewed did not include a description of the event or purpose of the business expenditure in the case of food and travel purchases. Although the CCSN internal auditor performs a reconciliation of credit card purchases to receipts provided and identifies any charges that require reimbursement by the cardholder, cardholders were not always billed for purchases for which they did not provide receipts.

According to the CFO, at the time of the CEO's termination in October 2009, all these credit cards were cancelled. He also stated that the Network Entities do not use any credit cards currently, and if purchases require a credit card for any reason, staff must use their own personal credit cards and submit a request for reimbursement.

REVIEW FINDINGS

Finding 9-1 The Network Entities Had Weak Internal Controls Over Its Credit Card Usage

The review team found numerous issues with the organizations' supporting documentation for credit card transactions. Specifically, we noted multiple instances where transactions lacked receipts, as well as multiple instances where the school failed to document the business purpose of the transaction. Without this information, neither we nor the schools can attest that these transactions were related to school business and were allowable. To the extent that the schools paid for items on credit cards or reimbursed individuals for charges that it cannot provide documentation for, it may need to either charge the individuals for these items to recoup the expenses, or report these items as income to the IRS for these employees. Additionally, the extent of issues identified by the team leaves us with concerns as to the organizations' ability to document the allowability of past years credit charges. This is especially true given the amount of expenditures for which the five schools used credit cards—almost \$400,000 in fiscal year 2008-09 alone.

Recommendation 9-1 The Network Entities Should Improve its Internal Controls over Credit Cards and Employee Expenses

The organization needs to implement stronger internal controls over the use of credit cards in the future. The CCSN CFO reported that the credit cards have all been cancelled effective October 2009. However, should the organization continue to pay employee expenses or seek to use credit cards for purchases in the future, it will need to improve its controls to better ensure that all charges are supported with receipts

or purchase orders documenting the nature of the transaction and the business purpose, and include proper review and authorization of charges.

Finding 9-2 The Network Entities Issued Multiple Credit Cards to Several Cardholders Including the CEO and COO

As discussed earlier, the team found weaknesses in the supporting documentation retained by the organization and schools. Consequently, the team believes that the review and approval process for authorizing credit card transactions was weak. Having weak review controls in place, coupled with having staff holding multiple cards increases the risk of fraudulent or inappropriate charges occurring without being detected. The team also notes concern with the Network Entities' practice of allowing staff to "check out" credit cards without retaining documentation of who made the purchases. Cardholders who are using the cards inappropriately can spread the charges out among several cards to conceal buying patterns, especially under a practice that allows a wide variety of staff to use the card.

Recommendation 9-2 The Network Entities Should Continue to Limit the Use of Credit Cards so That Only Those with a Significant Business Need Have Access to Them

To the extent that the organization decides to use credit cards in the future, it will need to make certain that its internal controls ensure that only the person authorized to use the credit card is allowed to do so, and that if a credit card is to be a "general use" card, they have appropriate documentation, review, and approval for all transactions that identify the business purpose, the user of the card, the amount, and any supporting documentation.

Finding 9-3 The Network Entities Used School Funds to Pay for the CEO's Stepson and Stepdaughter's Cell Phone Services

As discussed earlier, the team noted that the school used credit cards to pay for cellular services for the CEO and for his stepson and stepdaughter (the children of his wife, the COO). In 2009, the charges for the stepson and stepdaughter's cell phones came to \$563.78 and \$413.09 respectively. Although these individuals did work on a part-time basis for the school, no other employee at their level received the benefit of having their cellular service paid for using school funds. The team notes that the school did ultimately bill the CEO for most of these charges. However, the billings usually occurred several months after the school incurred the charges and did not include interest the school paid for these amounts on the cards. Moreover, this process created unnecessary workload for the school to track and pay the bills and to track and collect the associated payments.

Recommendation 9-3 The Network Entities Should Ensure that It has Policies and Procedures to Prevent All Employees, Including Executives, from Using School Funds or Credit Cards to Pay for Personal Items

The Network Entities should ensure that the amounts charged to the entities, whether through checks, credit cards, or electronic funds transfers, relate to school business and should not allow staff or executives to charge personal amounts to the school, even if these are repaid later.

Finding 9-4 The Network Entities Charged an Excessive Amount of Travel Expenditures to Credit Cards

The team's review of credit card transactions revealed more than \$133,000 in travel expenditures. It appears that the schools allowed some administrative and teaching staff to attend conferences in various

locations throughout the United States. The travels for these events are not necessarily unallowable. However, the team questions the number and extent of the trips approved by management especially given the Network Entities' fiscal condition. The team is also concerned with the high cost of airline travel, food, and gasoline charged to the travel—only \$25,000 (19 percent) of the travel related to registration fees or courses—with all other costs representing airline flights, service fees, hotels, and food. Although Network Entities staff reported that they used a travel agent to receive low rates, we question this in light of some of the costs identified for hotel stays charged to the credit cards.

Recommendation 9-4 The Network Entities Should Implement Stronger Controls Related to Travel

In particular, all travel receipts should document the business purpose of the trip, as well as proper review and approval for the trips. Further, to ensure that the board is aware of the extent of travel, the schools should seek preapproval by the board of directors for any out-of-state trips.

Finding 9-5 The Network Entities Had Numerous Credit Card Transactions that Were Not Supported by Receipts or that Did Not Adequately Document the Business Purpose

Although staff reported that the CCSN internal auditor performs a reconciliation of credit card purchases to receipts provided and identifies any unsupported charges that should be billed back to the cardholder, the team did not find this to be done consistently, especially for the cards issued in the names of executives. The team identified—through its review of the general ledger—multiple instances where the accounting staff recorded that no receipt had been provided by the CEO—almost \$1,100 in undocumented charges in 2009. The team notes that the schools ultimately billed the CEO for \$70 of these undocumented charges, leaving \$1,001 undocumented and charged to school funds. Additionally, the team's testing revealed numerous issues where staff, including the CEO, COO, and CFO, did not properly document the business nature of the amounts charged to credit cards for meals and other transactions.

Recommendation 9-5 The Network Entities Should Seek Repayment from the Responsible Individuals For Any Items that Cannot be Documented with Receipts or the Business Purpose of the Transaction

The organization should seek repayment from the responsible individuals for the amounts charged to credit cards that lacked proper supporting documentation.

TASK 10.0 LEASE AGREEMENTS AND CONTRACTS

BACKGROUND

Although charter schools may operate free from specified school district policies and state regulations, the Network Entities should have sufficient internal controls to ensure lease agreements and contracts are entered into following appropriate procedures for contract authorization and administration.

The charter for CCA-Central and its amendments were signed by the CFO. The agreement required that a copy of the lease, purchase agreement and/or other facility agreement be provided to CSI by July 1, 2007, and written notice to the board of education of the local school district no later than June 1, 2007.

The leases, contracts, and agreements provided by CCSN were not the comprehensive, official series of documents per the CFO. All leases provided were executed by the CEO, and in some instances, the documents were also signed by the CFO. Out of the leases, contracts, and agreements provided, the delegation of authority and approval by the board appears to be documented in the board minutes.

LEASE AGREEMENTS AND CONTRACTS

Appendix E details our review of the agreements provided by CCSN for the Network Entities. The CCSN financial policies and procedures set the parameters for entering into agreements and outlines when agreements are required to be competitively bid, approved by the board, and contain certain terms. The CEO and CFO are responsible for ensuring all lease agreements and contracts expend money within approved budget line items, or seek prior board approval for any deviations from approved line-item expenditures. Agreements for goods or services over \$5,000 that are not a recurring expense require solicitation of three quotes and must not obligate the network past the current fiscal year. Board officers are responsible for approving all contracts which obligate the Network Entities to spend money for more than a single fiscal year and/or which obligate the Network Entities to spend more than \$50,000, except for recurring agreements. The CFO may authorize any expenditure that falls within the normal operating needs of the network, but must seek board approval for agreements not currently in place that extend over three months prior to finalizing any such agreement. The CFO must inform any vendor whose contract he approves that final board approval is required for long-term obligations and must include the requirement as part of the written contract. The CCSN policy explicitly states that all officers of the board shall have the responsibility of reviewing contracts for the Network Entities and will have authority to approve such contracts.

BOARD APPROVAL

The review team examined the boards' meeting minutes for approvals of the 32 agreements for the Network Entities and one agreement for the Building Corporation with termination dates after June 30, 2008, listed in Appendix E. For Network Entity contracts, we found citations of prior board approvals in the meeting minutes for the applicable board of directors for only four of the 32 agreements, and subsequent board approval for three of them. Therefore, it appears that for 28 of the 32 agreements—88 percent—the Network Entities did not obtain prior board approval for its leases and contracts. Further, evidence of board approval of the Building Corporation's purchase of modular facilities for \$435,056 was not included in the Building Corporation Board's meeting minutes.

FISCAL PERIOD

Since the policies and procedures state that a contract must not obligate the Network Entities past the current fiscal year, we reviewed the agreements to determine whether any did so obligate the Network Entities. We also reviewed each written agreement that extended over three months to determine whether they included terms stating that final board approval is required and that any obligations beyond the current fiscal year are contingent upon appropriations by the charter school in the following fiscal year. Appendix E lists the agreements for which CCSN did not include appropriation or funding clauses. The Network Entities did include appropriations clauses within its contracts for curriculum with Success for All, and included clauses within two of its leases with Baltimore Plaza and Jones Lang LaSalle. The Network Entities entered into 13 other agreements that required the terms, but did not contain them. The review team noted that five of the 13 were for leasing copiers and one was a loan agreement, all of which were standard contracts issued by the vendor that typically do not include such terms. However, without an annual appropriation clause, the Network Entities' appear to be in violation of the TABOR Amendment, Section 20 that requires charter schools to have advance voter approval for multiple fiscal-year debt or financial obligations without adequate present cash reserves for payments in future fiscal years.

REVIEW FINDINGS

Finding 10-1 Approval of Lease Agreements and Contracts Were Not Noted Within Board Minutes

We found 28 agreements for which board approval was required that did not have the boards' prior approval reflected in board meeting minutes.

Recommendation 10-1 The Network Entities Should Ensure All Applicable Lease Agreements and Contracts are Approved by the Board

Obtaining board approval is an important internal control and documenting the approval in board meeting minutes provides an audit trail. Therefore, the Network Entities should take steps to ensure that all applicable lease agreements and contracts are approved by the board.

Finding 10-2 Some Lease Agreements and Contracts Extended Beyond the Fiscal Period and Did Not Contain Appropriations Clauses.

We found that many of the Network Entities' agreements did not contain appropriations clauses, even though the terms of the agreements extended beyond the fiscal year funded at the time of contract execution. Without such clauses, the organization is at risk of being held responsible for agreements even if its funding is interrupted.

Recommendation 10-2 The CCSN Should Include Appropriations Clauses As Required

Including appropriations clauses in agreements is important to avoid over-commitment of organizational resources in future fiscal years. Therefore, the Network Entities should take steps to ensure that all applicable lease agreements and contracts contain appropriations clauses.

TASK 11.0 EXPENDITURES

REVIEW OF FINANCIAL RECORDS

The review team obtained financial records for expenditures and performed procedures to determine whether those records appeared accurate, by tracing supporting documentation to individual transactions and records. Further, the review team verified that the financial records provided appeared to reconcile with the Network Entities' audited financial reports and general ledger reports.

To test for completeness of the financial records provided, the review team tested vendor files and verified that expenditures for those vendors were accurately recorded within the financial data provided. All transactions reviewed were properly recorded within the financial records; however, many items lacked supporting documentation for approval of the expenditures, such as authorized contract orders or purchase orders. Although CCSN subsequently provided e-mails or other supporting documentation for some of the expenditures, its record keeping of authorizations and approvals for expenditures was insufficient.

The review team performed further testing to ensure that expenditure transactions appeared accurately classified and coded within the financial system, identified all transactions related to restricted funding, and tested transactions against any rules or regulations specific to the type of expenditure and funding source. Further, we verified that the policies and procedures of the Network Entities were followed in executing the transactions.

As previously discussed in *Task 9.0 Credit Card Accounts*, the review team noted large expenditures by the Network Entities for items that may have contributed to some of the schools' failure to maintain adequate reserves. Similar to the issues identified with the credit cards, the team also noted similar issues with other forms of payment used by the Network Entities (checks or electronic fund transfers, for example). Staff at the Network Entities reported that it was their policy to record any staff meals under Travel and Registration, and to only record student or parent meals under account 0630 (Food). However, the team identified staff meals under several account categories, including 0600 (including subcategories of Office Supplies, Elementary School Supplies, and 610-General Supplies); and 0630 (Food), in addition to the "Travel and Registration" category.

Further, the review team found that the schools' general ledgers reflected a large number of payments and transactions between the schools. Often, one school—such as CCA-Central—would record a payment that would then be allocated out to other organizations through journal entries. In some cases the schools would record Accounts Receivable and Accounts Payable. In other instances, it appears that the schools used Due To and Due From accounts. Finally, in other instances, the schools would charge the payments to an expense and revenue account. The inconsistent processes for recording transfers and transactions between schools raised concerns with the review team about the extent to which schools' funds were used to support other organizations' activities. The review team noted that the Network Entities' independent financial auditor concluded that they had encountered difficulties during the audit process, primarily because of the interrelated balances and transactions of the multiple schools in CCSN.

REVIEW FINDINGS

Finding 11-1 The Network Entities Could Improve Internal Controls Over Approval of Expenditures and Better Limit Expenditures Not Related to the School's Primary Goals

The review team found numerous issues with CCSN's supporting documentation for approval of expenditures and consistency of recording transactions within its financial system. Specifically, we noted multiple instances where transactions lacked documentation of authorization for expenditures, such as approved contract orders or purchase orders. Further, the team noted transactions that did not appear to be related to the school's primary goals and inconsistent practices for recording accounting transactions within and between schools.

Recommendation 11-1 The Network Entities Should Implement Stronger Controls over Approval of Expenditures and Recording of Accounting Transactions

Although the expenditures were allowable in nature, the team notes that they may represent imprudent uses of the schools' funds, especially in times of worsening fiscal condition. As discussed earlier, many of the schools within the Network Entities failed to meet reserve requirements. Expenditures by schools in the Network Entities often exceeded revenues, and in most cases exceeded budgeted line item amounts as well. The schools need to ensure that they are diligent in their use of limited funds and their accounting practices to make certain that they meet required reserve commitments and the continuing operation of their programs.

TASK 12.0 RECAP OF NETWORK EMPLOYEES

BACKGROUND

The Network Entities should provide sufficient and detailed information regarding the status of each of their employees and maintain accurate salary and benefit information, including necessary filings for each. Also, any timesheets and semiannual or monthly certifications necessary to document allowable time and effort costs in accordance with Office of Management and Budget (OMB) Circular A-87 should be available.

The Charter Schools Act states that during the first year that a teacher employed by a school district is employed by a charter school, such teacher shall be considered to be on a one-year leave of absence, which shall be renewed for up to two additional one-year periods. At the end of three years, the relationship between the teacher and the school district shall be determined by the school district, and such district shall provide notice to the teacher of the relationship. Further, it states that employees of a charter school shall be members of the public employees' retirement association or the Denver Public Schools Retirement System, whichever is applicable.

Internal Revenue Code prohibits "excess benefit transactions" for nonprofits. These transactions are defined as ones that exceed comparable salaries and benefits at other charter schools and include all forms of compensation when calculating any excess benefits, not just salaries.

SALARIES AND BENEFITS

We reviewed the CCSN financial data for the Network Entities for fiscal year 2008-09 and compared the payroll amounts to contracts and filings. The details of the payroll data provided by CCSN are contained in Appendix F, which includes salaries, additional pay, hourly wages, bonuses, and other allowances for all Network Entities' employees during the fiscal year. We reviewed the Network Entity employment contracts and no discrepancies were identified during this review between the contracted amount and the payroll amount for the employees we reviewed. The review team tested a sample of employees from each of the Network Entities and compared payroll runs and tax filings and found the amounts agreed.

The review team also reviewed the compensation and payments made specifically to the CEO, COO, and CFO. The compensation received by these individuals appears high in relation to other employees of the Network Entities and comparable entities. The CEO and CFO—were each paid approximately \$300,000 in salaries, benefits, and other compensation, while the COO received about \$200,000.

Further, the base salaries paid to these individuals during fiscal year 2008-09 far exceeded the projected average salaries listed in a survey provided by the CFO. This salary survey (in which CCSN participated), was based upon fiscal year 2006-07 salary information and was conducted by the Charter School Growth Fund, an investment fund that makes grants and loans for charter management and support organizations. The base salaries CCSN reported for fiscal year 2006-07 for the CEO, CFO, and COO were \$144,200, \$124,373, and \$59,000, respectively. The salary survey projected average base salaries for these three positions, but actual base salaries at CCSN greatly exceeded the average, as detailed in the following table.

**Base Salaries for CCSN Executives Versus Average Reported and
Projected Base Salaries for Executives of Comparable Charter Schools**

Position	2006-07		2008-09		
	CCSN Base Salaries Reported	Survey Average Base Salaries	Survey Projected Average Base Salaries	CCSN Base Salaries Paid	Percentage of Projected Average Base Salaries
CEO	\$144,200	\$120,093	\$121,721	\$239,909	197%
CFO	124,373	87,466	92,800	213,252	230
COO	59,000	82,854	87,998	133,283	151

Sources: The CCSN CFO, employment contracts, and payroll information.

An excess benefit transaction is a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization, and the value of the economic benefit provided by the organization exceeds the value of the consideration received by the organization. The IRS determines if an excess benefit transaction occurred by including all consideration and benefits exchanged between or among the individual and the tax-exempt organization and all entities it controls. In addition, if a supporting organization makes a grant, loan, payment of compensation, or similar payment to a substantial contributor of the organization, the arrangement is an excess benefit transaction. The entire amount of the payment is taxable as an excess benefit. An excess benefit can occur in an exchange of compensation and other compensatory benefits in return for the services of the individual, or in an exchange of property between a disqualified person and the applicable tax-exempt organization. An individual can correct an excess benefit transaction by undoing the benefit to the extent possible and taking additional measures to place the organization in a financial position not worse than it would have been. The individual can do this by making a payment equal to the correction amount to the organization plus interest.

In addition to the base salaries included in the above table, these individuals received significant additional payments and benefits. Total salary and benefits paid by the Network Entities to the CEO, CFO, and COO of \$862,532 are detailed within in the following table, and includes payments for days worked beyond their contracted number of days and contributions to the 401(k) retirement accounts for each of these individuals.

Salaries, Benefits, and Considerations Paid to CCSN Executives, Fiscal Year 2008-09

		CCA	DPHH	CCA-Central	CCA-North	GOAL	Network Entities
CEO	Salary	\$199,451	\$14,082	\$4,694	\$7,041	\$14,640	\$239,908
	Additional Pay	17,428	–	–	–	–	17,428
	Bonus	24,400	–	–	–	–	24,400
	Mileage Allowance	12,000	–	–	–	–	12,000
	Totals, Salary	253,279	14,082	4,694	7,041	14,640	293,736
	401(k) Contributions	8,412	–	–	–	–	8,412
	Benefits–General	4,259	–	–	–	–	4,259
	PERA Contributions	28,086	1,824	608	912	1,896	33,325
	Totals, Salary and Benefits	\$294,036	\$15,906	\$5,302	\$7,953	\$16,536	\$339,732

Continued

		CCA	DHPH	CCA-Central	CCA-North	GOAL	Network Entities
CFO	Salary	\$177,290	\$12,518	\$4,173	\$6,259	\$13,013	\$213,253
	Additional Pay	25,820	–	–	–	–	25,820
	Bonus	27,111	–	–	–	–	27,111
	Mileage Allowance	12,000	–	–	–	–	12,000
	Totals, Salary	242,221	12,518	4,173	6,259	13,013	278,184
	401(k) Contributions	8,412	–	–	–	–	8,412
	Benefits–General	4,029	–	–	–	–	4,029
	PERA Contributions	26,303	1,621	540	811	1,685	30,960
	Totals, Salary and Benefits	\$280,965	\$14,139	\$4,713	\$7,070	\$14,698	\$321,585
COO	Salary	\$110,806	\$7,823	\$2,608	\$3,912	\$8,133	\$133,282
	Additional Pay	9,682	–	–	–	–	9,682
	Bonus	16,944	–	–	–	–	16,944
	Mileage Allowance	12,000	–	–	–	–	12,000
	Totals, Salary	149,432	7,823	2,608	3,912	8,133	171,908
	401(k) Contributions	8,300	–	–	–	–	8,300
	Benefits–General	2,493	–	–	–	–	2,493
	PERA Contributions	15,603	1,013	338	507	1,053	18,514
	Totals, Salary and Benefits	\$175,828	\$8,836	\$2,946	\$4,419	\$9,186	\$201,215
	Totals	\$750,829	\$38,881	\$12,961	\$19,441	\$40,420	\$862,532

Source: The CCSN payroll data.

The base salaries for the three CCSN executives were underreported to CDE. The December 1, 2008 human resources data collection provided by CDE indicated that the total base salary for all Network Entities reported by CCSN for the CEO, CFO, and COO were only 79 percent of the total base salaries actually paid to these executives for fiscal year 2008-09. The following table details the base salaries reported versus the base salaries paid for the period.

**Base Salaries Paid to CCSN Executives During Fiscal Year 2008-09
Versus Base Salaries Reported to CDE as of December 1, 2008**

Position	2008-09		
	Total Base Salaries Reported to CDE	Total Network Entity Base Salaries Paid	Percentage of Actual Base Salaries Reported
CEO	\$190,318	\$239,909	79%
CFO	169,171	213,252	79
COO	105,732	133,283	79

Sources: The CDE and Network Entities' payroll records.

The CCSN CFO provided information indicating that CCSN attempted to provide the correct salaries it initially reported, via mid-year faxes sent to PCS and CSI; however, only the PCS data was updated in the CDE records. The review team is unable to determine if the information was received by CSI, since CSI officials told the review team that they did not receive the fax and had never received or requested salary data for the CCSN executives. Nevertheless, despite its efforts to submit corrected information mid-year, the CCSN error in reporting salary information initially lead to an incomplete reporting of salary and benefit information to CDE.

Moreover, the review team noted that the schools paid out more than \$275,000 in bonuses to 130 individuals over the course of the year. The bonus payments to the CEO, COO, and CFO totaled \$68,455.14, or 24.8 percent of the bonuses paid.

In addition to salaries and benefits, the CEO, CFO, and COO received more than \$10,000 in other forms of direct payments as shown in the following table.

Total Direct Payments to CEO, CFO, and COO for Expenses—Fiscal Year 2008-09

	CEO	CFO	COO	Totals
Total Salaries and Benefits	\$339,732	\$321,585	\$201,215	\$862,532
Purchased Professional Services ^a	4,766	5,357	148	10,271
Total Salaries, Benefits, and Other Compensation	\$344,498	\$326,942	\$201,363	\$872,803

^a Purchased services for specialized skills and knowledge (that is, services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, brokers, etc.).

Sources: The CCSN payroll and financial data and CDE accounting code definitions.

ADDITIONAL PAY

The Network Entities' practices regarding additional pay requests were questionable. The CCSN payroll clerk is responsible for tracking working days and times for Network Entity employees, which includes tracking of extra days worked for additional pay by salaried employees. The CCSN uses a standard form called a Personnel Action Form (PAF) for processing payroll changes, including changes related to new hires, pay changes, extra duty, additional pay, bonuses, and other personnel actions. However, these forms are not consistently used and are not always appropriately filled out and approved with required signatures. Further, the internal controls surrounding the tracking and reporting of additional days worked by salaried employees and the processing of additional pay requests are inadequate.

The CCA paid \$211,974 in additional pay during fiscal year 2008-09, of which \$52,931—25 percent—went to the CEO, CFO, and COO. In contrast, the three CCA school directors claimed only \$4,500 in additional pay, even though they stated that they worked additional days. They stated that they were told not to submit PAFs or claim their extra days worked in the summer and for training.

The CCSN payroll clerk is not responsible for tracking additional days worked by leadership, including the CEO, COO, and CFO. Instead, these executives submitted PAFs during 2008-09 for \$52,931 in additional pay. The employment contracts for the CEO and COO included terms authorizing the pay they received for additional work in the summer. The CCSN's employment contracts spell out the number of work days that are expected of the employee for their pay. The CCSN processes additional payments for its staff for each day worked that exceed those required by their contracts, which are processed using the PAFs. However, for the executives, these PAFs are processed without verification by the payroll clerk of actual days worked. The PAFs for school principals are approved by the CFO, the CFO's are approved by the CEO, and the board approved them for the CEO and COO. Although CCSN human resources and payroll

staff track time off for all employees, it does not track the extra days worked by leadership and school principals. School directors track and approve additional pay requests for their own staff, which is also approved by the CEO. In the absence of a CEO, the school directors and the CFO would have to provide information to the board to get additional pay approved.

According to the CFO, all school directors that worked additional days were paid for those additional days during 2008-09. He noted that teachers are required to participate in five days of training each summer, which is included in the terms of their contracts.

During the June 2008 and February 2009 board meetings, the CFO proposed the initial 2008-09 budget and a revised budget, respectively. The revised budget demonstrated that the Network Entities had significantly overspent their salary budget line item, as well as most of the other budget line items approved in June.

REVIEW FINDINGS

Finding 12-1 The CCSN Executive Salaries Exceeded the Average Salaries for Comparable Charter Schools

The base salaries for Network executives (the CEO, CFO, and COO), were higher than those listed in the salary survey in which CCSN participated, in 2006-07. Further, all three executives received additional benefits, such as additional pay for services, bonuses, cell phone allowances, and other payments resulting in their actual compensation being much higher.

Recommendation 12-1 The Network Entities Should Implement a Policy to Conduct Periodic Salary Surveys and Ensure Executive Salaries and Benefits are Comparable

The Network Entities should implement policies and procedures for executive compensation that require regular salary surveys of comparable charter schools and detailed methods for setting executive compensation so it is in line with comparable charter schools. Further, the board should participate in setting and approving all salaries and benefits for executives.

Finding 12-2 Procedures for Tracking and Claiming Additional Pay and the Payments Issued Were Not Equitable

The CCSN's procedures for salaried employees who worked more days than their contracted number of days require those employees to submit a form in order to get paid. Executives are not required to submit to the same process. This, as well as the high salaries of executives, appears to have contributed to the disparity that occurred in fiscal year 2008-09 between the executives' additional pay claims and other administrators' additional pay claims.

Recommendation 12-2 The Network Entities Should Design a Policy Regarding Additional Pay and Ensure Additional Days Worked are Accurately Recorded and That All Employees Are Paid in Accordance with the Policy

The Network Entities should design a policy and supporting additional pay procedures to ensure that additional days worked by all salaried employees (including executives) are continuously tracked, accurately recorded, and all employees who worked additional days are paid appropriately, without having to specifically request their additional pay. Further, all employment contracts and compensation changes should be presented to the board for approval.

TASK 13.0 FEDERAL COMPLIANCE

BACKGROUND

The Individuals with Disabilities Education Act (IDEA), is a law ensuring services to children with disabilities throughout the nation. The IDEA governs how states and public agencies provide early intervention, special education, and related services to more than 6.5 million eligible infants, toddlers, children, and youth with disabilities. Infants and toddlers with disabilities (birth to age 2), and their families receive early intervention services under IDEA Part C. Children and youth (ages 3 to 21), receive special education and related services under IDEA Part B.

Special education is funded by means of a combination of sources: federal, state, and local. Both the federal and state governments appropriate categorical funds for the education of children with disabilities. However, federal funding is based directly on a count conducted in December by administrative units, whereas state funding is based on reimbursable costs, such as teacher salaries, etc. Special education funds cannot be comingled, and must be used for special education only.

The CDE's Office of Federal Program Administration administers the No Child Left Behind (NCLB) Act of 2001 programs regarding school accountability for the academic achievement of students with disabilities.

- ◆ **Title I A Improving the Academic Achievement of the Disadvantaged**—is the largest federal program supporting both elementary and secondary education. The program's resources are allocated based upon the poverty rates of students enrolled in schools and districts and are designed to help ensure that all children meet challenging state academic standards.
- ◆ **Title I B-3 Even Start Family Literacy Program**—offers grants to support local family literacy projects that integrate early childhood education, adult literacy, parenting education, and interactive parent/child literacy activities for low-income families with parents who are eligible for services under the Adult Education and Family Literacy Act and their children from birth through age 7.
- ◆ **Title I D Neglected and Delinquent**—provides funds for youth in state-operated institutions or community day programs. It also provides assistance to school districts who work with local correctional facilities. Colorado receives formula funds based on the number of students in state institutions and costs per pupil.
- ◆ **Title II A Teachers and Principals Training and Recruiting Fund**—is intended to increase student academic achievement by improving teacher and principal quality. These funds can be used to prepare, train, and recruit high-quality teachers and principals capable of ensuring that all children will achieve to high standards. This site also includes information on Highly Qualified Teachers and Paraprofessionals.
- ◆ **Title II B Math Science Partnership**—is a competitive grant that is intended to increase the academic achievement of students in math and/or science by enhancing the content knowledge and teaching skills of classroom teachers. This grant provides districts and schools with the opportunity to partner with institutions of higher education.
- ◆ **Title II D Enhancing Education Through Technology**—is allocated to schools to improve academic achievement through the use of technology. Requirements for Title II-D include technology curriculum integration and professional development.

- ◆ **Title III Language Instruction for Limited-English Proficient and Immigrant Students**—is designed to improve the education of limited English proficient (LEP) students by helping them learn English and meet challenging state academic content and student academic achievement standards. The program provides enhanced instructional opportunities for immigrant students.
- ◆ **Title IV Safe and Drug-Free Schools and Communities (SDFSC)**—supports programs that prevent violence in and around schools and the illegal use of alcohol, tobacco, and drugs. It also involves parents and coordinates efforts and resources with other federal, state, and community entities.
- ◆ **Title V A Innovative Programs**—provides formula grants to states and local districts to increase the academic achievement of, and improve the quality of education for all students. Under Title V A, states and local districts may use funds in a variety of ways. The focus, however, is to increase student academic achievement.

The OMB Circular A-87 requires that all direct costs be identified specifically with a particular final cost objective. Other than the salary and benefits reviewed as part of *Task 11.0 Expenditures*, direct costs chargeable to federal awards are materials acquired, consumed, or expended specifically for the purpose of the awards charged; equipment and other approved capital expenditures; and travel expenses incurred specifically to carry out the awards. Alternately, the OMB prescribes specific rules and, in some cases, preapproval of rates for indirect costs charged or allocated to federal awards.

The National School Lunch (NSLP) and the School Breakfast Programs (SBP) provide cash and commodity assistance to schools that serve breakfast and lunches that meet the requirements established by law and regulations. Through these programs, schools provide nutritious meals to K-12 grade students, including free or reduced-price meals to students that qualify under the programs' poverty guidelines, which are adjusted annually for family size and income. Schools receive reimbursement for each meal served that meets program requirements. Schools participating in NSLP that have after-school care programs may also qualify for reimbursement for snacks served to children in an eligible after-school care program.

FEDERAL GRANTS

The CCSN's financial records included the following federal income amounts.

Federal Income Reported Within the Network Entities' Financial Records for Fiscal Year 2008-09

Entity	Federal Grant (CCSN Account Code)	Total Income
CCA		
	Federal Entitlement Funds (4000)	\$104,452
	IDEA Part B Special Ed (4027)	54,432
		\$158,884
DHPH		
	IDEA Part B Special Ed (4027)	\$20,533
	Federal Revenue-Local Sources (4010)	39,131
		\$59,664
CCA-Central		
	Federal Revenue from CDE (4000)	\$64,238
	Federal Grant Medicaid (4010)	1,550
	IDEA Part B Special Ed (4027/4954 Pass Thru CSI)	10,500
	IDEA Preschool (4173/4954 Pass Thru CSI)	865

Continued

Entity	Federal Grant (CCSN Account Code)	Total Income
	School Breakfast Program (4553/4954 Pass Thru CSI)	4,091
	National School Lunch Program (4555/4954 Pass Thru CSI)	15,332
	Federal Entitlement Funds (4954 Pass Thru CSI)	26,674
		\$123,250
CCA-North		
	Federal Revenue from CDE (4000)	\$252,215
	IDEA Part B Special Ed (4027/4954 Pass Thru CSI)	13,500
	School Breakfast Program (4553/4954 Pass Thru CSI)	5,182
	National School Lunch Program (4555/4954 Pass Thru CSI)	29,375
	Federal Entitlement Funds (4954 Pass Thru CSI)	46,500
		\$346,772
GOAL		
	Federal Revenue from CDE (4000)	\$88,666
	IDEA Part B Special Ed (4027/4954 Pass Thru CSI)	25,500
	Federal Grant Income Pass Thru—Other (4954 Pass Thru CSI)	58,461
		\$172,627

We reviewed the federal financial activity related to each of the above grants. The CCSN provided draw requests, transaction details, invoices, and timesheets supporting expenses charged to the grant funds. As discussed in *Task 11.0 Expenditures*, CCSN often booked charges within its accounting system to general fund or blank class codes and transferred funds through journal entries. This made it difficult for the review team to isolate all federal transactions. However, the review team also noted that the federal grant funds were paid to CCSN on a reimbursement basis and CCSN included sufficiently detailed supporting documentation for such reimbursements during fiscal year 2008-09.

According to the CFO, CCSN ensures compliance with Education Department General Administrative Regulations (EDGAR) by training its staff on federal funding requirements and through the expenditure approval process. The CFO approves all payments and ensures that expenditures are related to specific grants based upon the purchase orders that are marked to be applied to a certain grant. The accounts payable staff posts the information and the CFO spot checks all grants and expenditures on a regular basis. Also, the CFO claimed that CCSN participates in federal single audits and internal audits that review expenditures for appropriateness.

REVIEW FINDINGS

See *Task 11.0 Expenditures*.

TASK 14.0 FUNDING AND ACTIVITIES

BACKGROUND

Colorado charter schools are funded by the state legislature each year for operating expenses, capital reserve, and risk insurance with up to a 5 percent allowance for administrative costs associated with oversight of the charter school. Most receive grant funds for financial assistance with start-up and implementation needs, some borrow funds from their authorizing school districts, and some apply for private grants. Also, Colorado charter schools receive state funds for capital construction.

The Colorado Charter Schools Act Section 22-30.5-112 states that, as part of the charter school contract, the charter school and the school district shall agree on funding and any other services to be provided by the school district to the charter school. In no event shall the amount of funding negotiated be less than 95 percent of the district per-pupil revenue (PPR) multiplied by the number of pupils enrolled in the charter school.

The Section further states that:

1. Fees collected from students enrolled at a charter school shall be retained by such charter school.
2. The proportionate share of state and federal resources generated by students with disabilities or staff serving them, as well as moneys generated under other federal or state categorical aid programs, shall be directed to charter schools enrolling such students.
3. The governing body of a charter school is authorized to accept gifts, donations, or grants of any kind made to the charter school and to expend or use said gifts, donations, or grants in accordance with the conditions prescribed by the donor. However, no gift, donation, or grant shall be accepted by the governing body if subject to any condition contrary to law or the terms of the charter school agreement.

The English Language Proficiency Act (ELPA) is a state program established by the Colorado General Assembly to provide partial support for programs for students, K-12, whose dominant language is not English. The ELPA helps fund such district programs for a maximum of two years per student. The ELPA includes requirements for identifying, assessing, serving, and reporting.

The CCA-Central charter agreement states in Section 3.2 that a plan for the use of the Colorado Constitutional 1 percent funding is due by May 1st of each year.

The charter contracts state that the schools must obtain prior written approval from the authorizer to commence or continue instruction where the total number of students enrolled is less than has been determined to be the minimum enrollment for financial viability.

The following table shows that the majority of the Network Entities' revenue is derived from per-pupil revenue (PPR).

Income and Expenses

Entity	PPR	Total Income	Percent
CCA	\$7,658,788	\$10,883,205	70%
DPHH	2,876,252	3,171,544	91%
CCA-Central	643,296	805,460	80%
CCA-North	1,180,047	1,724,654	68%
GOAL	1,694,305	1,989,621	85%

Appendix G includes income and expenses for each of the schools per accounting line item for fiscal year 2008-09. The review team did not identify any resources that were provided by leadership.

Entity	Total				
	Salaries	Benefits	Salaries and Benefits	Expenses	Percent
CCA	\$5,452,895	\$1,259,259	\$6,712,154	\$11,648,778	58%
DPHH	1,235,195	276,321	1,511,516	3,289,691	46%
CCA-Central	394,193	106,628	500,821	942,616	53%
CCA-North	821,426	188,743	1,010,169	1,874,072	54%
GOAL	602,394	128,094	730,488	1,559,228	47%

The review team noted that, except for GOAL, the Network Entities had expenditures in excess of revenues for fiscal year 2008-09.

RESERVES

Appendix H includes the balance sheets for each of the Network Entities for fiscal year 2008-09. MGT compared the income for each school to the remaining balance on the balance sheets for each school for fiscal year 2008-09 to determine whether sufficient reserves were available to the Network Entities at year end.

The review team questions the amounts expended on several expenditure types or categories that we believed should be reported as part of our analysis given the Network Entities' budget challenges. Many of these charges, such as meals, travel, or staff incentives are not inherently unallowable, but appear to be nonessential expenditures that contributed to the insufficient level of reserves for the entities. As reported by the Network Entities' independent financial auditor for the year ending June 30, 2009, CCA was not in compliance with the covenants required by CECFA debt agreements, which require an unrestricted fund balance of 5 percent of operating expenditures, and DPHH did not have adequate resources to establish the emergency reserve required by the TABOR Amendment. Per the June 2009 audited financial statements, the CCA year-end general fund balance was \$252,934. The 5 percent of operating expenditures balance required by CECFA would have been \$479,000. Reducing travel costs and other nonessential charges, such as meals or incentives would have allowed the Network Entities to make a great deal of progress in closing the approximate \$226,000 gap between required and actual fund balances.

REVIEW FINDINGS

Finding 14-1 The Network Entities Expended Funds on Nonessential Items While Holding Insufficient Fund Balances

The Network Entities did not comply with state regulations because they did not hold in reserve sufficient fund balances during fiscal year 2008-09.

Recommendation 14-1 The Network Entities Should Ensure that They Limit Spending on Nonessential Items Until they are in Compliance with Colorado Regulations

To ensure the financial viability of its schools, the Network Entities should take steps to reduce expenditures for nonessential items and make every effort to bring the schools back into compliance with regulations requiring fund balances of 5 percent of operating expenditures.

TASK 15.0 INDIVIDUAL STATEMENTS

BACKGROUND

The review team interviewed current and former employees and board members of the Network Entities and posted a publically available, Web-based survey requesting information regarding the financial and organization governance and activities of the Network Entities. The review team conducted interviews and received survey responses from 56 people who voluntary and confidentially participated in our financial and operational review.

INTERVIEWS, ALLEGATIONS, AND STATEMENTS

The most common allegations we received against the Network Entities were related to poor leadership and governance, misuse of funds, nepotism, and unfair employment practices. The review team asked for documentation and performed follow-up interviews and verification procedures for each allegation. Although some of the allegations were unsubstantiated, the team was able to verify many of the issues reported through interviews and our survey. The substantiated allegations are included within the findings and recommendations of this report.

Some of the allegations we received were unable to be documented or were unsubstantiated by the review team's follow-up reviews. For instance, some claims were made that the school was not paying their teachers their full salaries. Therefore, we compared the employment contracts, payroll records, and tax forms submitted to the federal government for the employees in question, and a random sample of other employees. However, the results of our testing showed that the employees we reviewed appeared to have been paid salaries in line with their employment contracts and their salaries were reported to the IRS.

Others, we were able to verify through follow-up procedures. For example, we verified with the human resources director that grade changing did occur at CCA. Although she was in the process of conducting a full investigation of the allegation, the director of human resources did confirm that the allegation appeared to be true in that some of the students' grades were changed by the middle school director.

ALTERNATIVE TEACHER LICENSING PROGRAM

The review team received allegations regarding the mishandling of fees associated with teacher licensing. The Network Entities created an alternative teacher licensing program in 2002. Teachers participating in the program were responsible not only for the examination fees, materials costs, application fees, fingerprint fees, and the Colorado provisional teacher license fee, but CCSN also charged them \$5,000 for participation in CCSN's alternative teacher licensing program. If teachers did not pay the \$5,000 in a lump sum within the first 60 days of admission to the program, the \$5,000 was deducted from their salaries. The teachers were responsible for the entire amount even if they were removed from or withdrew from their position at the school, the balance of which was deducted from their final paycheck.

The CCSN program was designed to include development and implementation of the training regimen of the participants, supervision and guidance of mentor teachers and program participants, coordination with CDE, performance appraisals, and designated individuals who could officially recognize the proficiencies for alternative teachers.

The teachers were responsible for keeping their own portfolios including documentation of their participation in the program. The CCSN was responsible for providing mentor teachers, having the mentors attend training, and for submitting documentation to CDE showing their schedule, program notes, evaluative instruments, and assessments of candidates. Further, CCSN was tasked with providing an advisory and support team that met weekly during the school year and biweekly during the summer. The support team was supposed to evaluate alternative teachers, develop instructional plans and activities for the alternative teacher's preparation and its delivery, provide an inventory of standards showing how each teacher meets the required proficiency, and make recommendations to CDE of eligibility. Although CCSN was not responsible for maintaining teacher portfolios, it could not provide documentation of the program services and training offered as part of the program.

The curriculum and assessment coordinator began reviewing the program in the summer of 2009. Prior to his involvement, CDE had found that CCSN was out of compliance with the program requirements due to their lack of record keeping for the program. Therefore, he was directed by the CEO to reapply for a new licensing program. He reviewed previous submissions and, along with the director of human resources, went to meetings about licensing programs. According to documentation provided by the curriculum and assessment coordinator and the review team's examination of teacher payroll deductions, no candidates were enrolled in the program during fiscal year 2008-09. However, the allegations we received were related to prior fiscal years that the review team was not asked to examine as part of the scope of this review. The alternative licensing program was officially discontinued in October 2009, at the same time that the CEO and COO were terminated. According to the curriculum and assessment coordinator, the Network Entities have since sent their teachers to another school district to participate in its alternative licensing program.

TASK 16.0 LEGAL PARTIES TO BONDS

BACKGROUND

The Colorado Charter Schools Act states that a charter school that has capital construction needs may seek funding for such needs from the board of education of its chartering school district. A district can raise capital funding through a voter-approved bond that increases property taxes to pay for the bond. This is done by increasing the mill levy assessed against property in the district for a period of time, which is limited to a maximum of 25 years. There are limits to the amount of outstanding bond debt a district may carry—20 percent of assessed property valuation or 6 percent of its actual property value.

The 501 (c)(3) organizations can generate additional revenues that can be used for capital improvements. This is accomplished through the refinancing of existing facilities, but the organization must be sponsored by a government entity.

The Colorado Legislature created CECFA in 1981 to lend money to educational institutions and cultural institutions; to authorize the authority to acquire, construct, reconstruct, repair, alter, improve, extend, own, lease, and dispose of properties to the end that the authority may be able to promote the welfare of the people of this state; to authorize the authority to administer the Colorado education savings program; to permit the bonds or certificates of participation of the authority and the bonds or certificates of participation of other issuers to be designated as Colorado education savings bonds or certificates; and to vest such authority with powers to enable such authority to accomplish such purposes. The CECFA is not a state agency and receives no state appropriations. In short, CECFA helps organizations borrow money.

LEGAL PARTIES

In April 2007, CECFA issued \$15,570,000 in Charter School Revenue Bonds to the CCA Building Corporation. The CCA used the bond funds to purchase land, construct a new high school and to refinance modular facilities, land, and school buses. The Building Corporation collects lease revenue from DPH and is repaying the bonds semiannually through the year 2037. The Building Corporation is a Colorado nonprofit corporation and is the legal party associated with CECFA bonds. The Building Corporation is treated as an enterprise fund to CCA by its external financial auditors, and is included within the CCA financial statements—though CCA tracks the Building Corporation activities in a separate ledger. All payments and transactions of the Building Corporation are submitted to and approved by a trustee—American National Bank. According to the CFO, all purchasing and construction activities of the Building Corporation are complete. As such, the entity just collects lease and interest revenues and remits debt-service payments for the bonds.

BANK AND INVESTMENT ACCOUNTS

The CCA Building Corporation held an investment fund account during fiscal years 2006-07 through 2008-09 with American National Bank. The investments were held in an account that was separated out by funds, including interest, principal, reserve, project, etc.

CCA BUILDING CORPORATION VENDORS

Name	Totals
Bassett Construction	\$ 8,211,476
John Raptis	1,130,000
Modular Space Corporation	435,056
Grand Bank	373,145
Pueblo Hotel Supply Co.	225,994
Aquila	200,156
Navistar	176,815
Virco	174,418
Telwest Communications	153,718
Dell Marketing LP	135,937
Abel Engineering	130,842
Gobins	105,666
Board of Water Works	61,740
Kutak Rock, LLP	55,000
City of Pueblo	49,559
CECFA	38,785
AE Associates	35,900
Resilite Sports Products, Inc.	68,366
Atencio Law Firm	25,025
Unite Private Networks, LLC	24,980
Standard and Poors	20,000
Plant Engineering	16,770
Wright-Jones Plumbing and Heating Co	13,385
Hewlett-Packard Company	13,329
First American Heritage Title Co	11,869
Advanced Alarm Co.	8,486
Academic Specialties, Inc.	5,087
D. A Davidson	4,000
Mountain Financial Printing	3,324
Top of the Nation, Inc.	2,564
All Phase Environmental	1,800
Eric's Pavement Marking	1,500
XCEL Energy	639
Cusip	580

Source: The Building Corporation general ledgers for July 2007 through November 2009.

COMPLIANCE

The review team examined all the bond financing, legal, accounting, and construction documents related to the Building Corporation and tested a sample of transactions and found that the Building Corporations' expenditures were allowable and that the documentation was adequate.

However, the CECFA debt agreements require CCA to maintain an unrestricted fund balance of 5 percent of operating expenditures. As of June 30, 2009, the CCA's unrestricted fund balance was about \$253,000 or about 2.6 percent of its operating expenditures. This condition arose in 2009 and, according to the CFO, has continued through 2010. Until this issue is resolved, the entity is in default of the bond covenants.

The Network Entities charged portions of their salaries to the Building Corporation for oversight and management. As shown in the following table, the charge for 2006-07 was more than \$127,000.

**Example of Network Entities' Salaries and
Benefits Charged to the CCA Building
Corporation for Fiscal Year 2006-07**

Title	Percentage of Salary and Benefits	Billable to Bond
CEO	10%	\$18,025
CFO	25	40,421
COO	25	19,913
High School Operations	50	30,000
High School Principal	10	10,665
Accounts Payable	25	8,525
Total		\$127,549

Sources: CCSN bond documentation and Network Entity financial information.

Although the trustee approved the above invoice, it is interesting to note salaries increased for the CEO, COO, and CFO from fiscal year 2006-07 to 2008-09 an average of 88 percent, as shown in *Task 12.0 Recap of Network Employees*, which appears to correlate with the start of the bond construction program and the additional workload associated with administering the bond program.

The Building Corporation board of directors originally included the board president, CEO, CFO, and a representative from Tatonka Capital Corporation. However, the CEO was terminated in October 2009, and the board president resigned in February 2010. In addition, Tatonka has fulfilled its obligations with the bond program and is no longer involved. This leaves the CFO as the only remaining board member with ties to the Building Corporation and he has resigned effective June 2010. While the bylaws allow for between one and five board members, the Building Corporation should formalize its board before June 2010 to ensure it is prepared in the event a board action is needed.

REVIEW FINDINGS

Finding 16-1 The Building Corporation Failed to Comply With the CECFA Covenants

The CCA's unrestricted fund balance was about 2.6 percent of its operating expenditures, well below the 5 percent CECFA requirement. Therefore, the entity is in default of the bond covenants.

Recommendation 16-1 The CCA Should Work to Establish a Reserve that Meets Bond Covenants

To eliminate the risk that the bonds may be deemed in default and called, the CCA should work to establish a 5 percent reserve.

Finding 16-2 The Network Entities Did Not Document the Method Used to Charge Staff Salaries to the Building Corporation

The Network Entities charged portions of their salaries to the Building Corporation for oversight and management. According to the CFO, staff considered the number of meetings and activities and estimated the percent of time spent on Building Corporation activities. These were the percentages used to calculate the amounts charged. The trustee approved the charges, but best practices dictate that all expenses and allocation methods should be justifiable and evidenced by supporting documentation.

Recommendation 16-2 The Network Entities Should Document the Time Staff Work on Building Corporation Activities

To help to ensure staff salaries are accurately allocated, the Network Entities should document all expenses and allocation methods so they are justifiable and evidenced.

Finding 16-3 The Building Corporation Board Is Undefined

The only remaining Building Corporation board member as of February 2010 was the CFO, who has resigned from CCSN effective June 2010. This leaves the Building Corporation unprepared in the event a board action is needed.

Recommendation 16-3 The Building Corporation Should Establish a New Board

The Building Corporation should establish a new board. This can be accomplished simply with a majority vote as the bylaws allow for removal of board members at any time during any regular or special meeting or a resignation at any time. However, without such action, board members are reappointed indefinitely.

TASK 17.0 NEPOTISM AND EMPLOYMENT PRACTICES

BACKGROUND

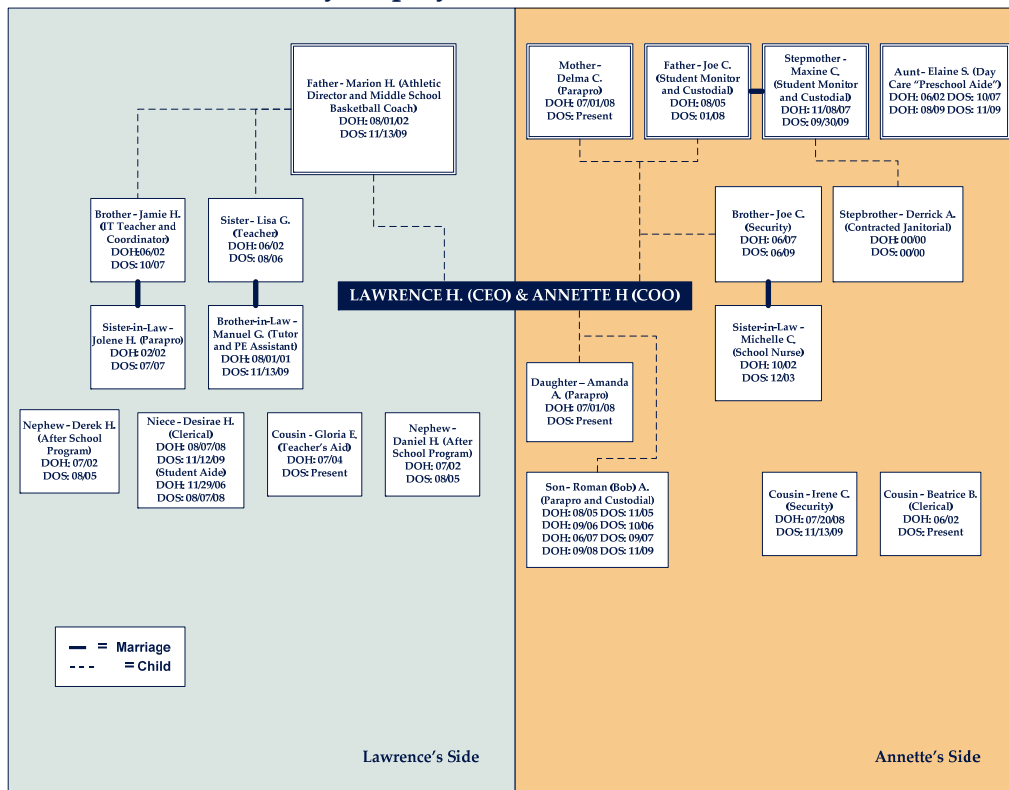
A board resolution dated January 4, 2001, resolved that the majority of the board will be nonsalaried and will not be related to the salaried personnel or to parties providing services. In addition, the salaried individuals cannot vote on their own compensation and that compensation decisions will be made by the board.

The CCSN policy and the Network Entities' charters contain requirements for employee evaluations. The CCSN handbook states that each employee will receive an annual performance review related to compensation in accordance with the standards and procedures adopted by the board of directors and that employees related to their direct supervisor will be evaluated by a third party. It also states that formal evaluations will be conducted at least three times a year. The CCA and DPH charters require CCSN to forward annual written evaluations of employees on leave of absence from PCS. The DPH charter also states that the CEO is responsible for evaluating the DPH principal on an annual basis.

NEPOTISM

As shown in the following figure, the CEO and COO had at least 20 relatives working at the Network Entities since its inception. Several continue to be employed.

Network Entity Employees Related to the CEO and COO



Note: According to the former CEO, the marriages depicted above occurred after the individuals were hired to work for the Network Entities.

Sources: Public records, the CCSN CFO, payroll records, and interviews with current and former CCSN employees, the former CEO and COO, and community members.

We reviewed the salaries of the above-mentioned related parties, as shown in the following table, and did not notice particularly disparate salaries for the related parties, other than the CEO and COO themselves, as discussed in *Task 12.0 Recap of Network Employees*.

Fiscal Year 2008-09 Salaries and Benefits of Network Entity Employees Related to the CEO and COO

	CEO—Lawrence H.			COO—Annette H.							Total
	Desirae H., Niece	Manual G., Brother- in-Law	Marion H., Father	Delma C., Mother	Joe C., Father	Maxine C., Stepmother	Amanda A., Daughter	Roman A., Son	Irene C., Cousin	Beatrice B., Cousin	
Salaries	\$9,480.00	\$0.00	\$28,979.52	\$25,406.64	\$14,562.32	\$11,913.12	\$12,115.48	\$7,145.00	\$19,088.93	\$24,660.28	\$153,351.29
Salaries–Bonus	0.00	2,000.00	0.00	0.00	500.00	833.30	0.00	0.00	0.00	1,900.00	5,233.30
PERA Contributions	1,185.00	0.00	3,622.44	3,175.83	1,820.29	1,489.14	1,514.44	893.13	2,386.12	3,082.54	19,168.91
Benefits–General	137.46	0.00	422.09	368.39	221.88	184.83	175.67	103.60	275.27	373.50	2,262.69
Benefits–Tuition Reimbursement	0.00	1,000.00	0.00	0.00	0.00	0.00	1,000.00	0.00	0.00	0.00	2,000.00
Purchased Professional Services	0.00	124.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	124.00
Other Purchased Services–Online Services	0.00	0.00	0.00	0.00	0.00	144.04	0.00	0.00	0.00	0.00	144.04
Other Purchased Services–Cellular Services	0.00	0.00	480.00	0.00	240.00	0.00	0.00	0.00	440.00	0.00	1,160.00
Insurance	(21.82)	(44.40)	116.66	(15.00)	(22.38)	(18.71)	(14.70)	16.71	(17.49)	(45.00)	(66.13)
Travel, Registration	0.00	185.49	1,218.24	0.00	0.00	0.00	0.00	107.33	0.00	0.00	1,511.06
Supplies–General	1,000.00	0.00	\$693.77	0.00	63.72	0.00	0.00	0.00	0.00	0.00	1,757.49
Sports Supplies	0.00	0.00	171.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	171.38
Totals	\$11,780.64	\$3,265.09	\$35,704.10	\$28,935.86	\$17,385.83	\$14,545.72	\$14,790.89	\$8,265.77	\$22,172.83	\$29,971.32	\$186,818.03

Source: The CCSN payroll and financial records.

Further, there were several instances of board members being related to employees and leadership of the Network Entities. The board, as of September 3, 2002, consisted of a majority of members salaried or related to salaried employees. Specifically, the board consisted of only four voting members and the ex-officio CEO. The CEO was related to many employees, the board president's wife was a teacher, and another board member was a teacher at the time. Later, a member of the CEO and COO's family served on the CCSN school board from April until June 2009, and the uncle of the director of secondary education served on the CCA-DPH board from August 2008 through August 2009.

PERFORMANCE EVALUATIONS

The original charter application for CCA described the administrative structure of the school and included a provision that all persons who perform services for the CCA shall be considered term contract employees or volunteers and be employed by the board of directors. It further states that CCA abides by employment-at-will, which permits it or the staff member to terminate the employment relationship at any time. However, it further states that the board of directors may terminate the employment of any employee of CCA in accordance with personnel policies so long as such employees are not terminated illegally, and that the CEO shall be responsible for the supervision and evaluation of all staff. The board shall be responsible for the evaluation of the CEO annually.

However, the last performance evaluations for the CEO and COO were completed in 2003 by the board president. The CFO and all other employees had no performance evaluations at all. As a practice, the schools were not to complete formal evaluations because all employees were considered "at will" and the annual renewal of employment contracts substituted for performance evaluations.

The school handbook states on the first page in bold that the CCA abides by employment-at-will and that neither the policies contained in the handbook or any other written or verbal communication are intended to create a contract of employment or a warranty of benefits. It further states that there is no appeal process involving a termination of an at-will employee.

EMPLOYMENT PRACTICES

Our review revealed that the Network Entities' administrative disciplinary processes were poor and CCSN had inadequate administrative disciplinary policies and procedures. The review team noted that 28 of the 56 people who voluntarily and confidentially participated in our management review by participating in interviews or answering our survey, complained about unfair employment practices, including complaints about the administrative disciplinary processes, or the lack thereof. The complaint process, per the school handbook, is for an employee to go to their immediate supervisor with any concerns about school operations or functions. In fact, the CEO issued a memo in October 2002 to all staff stating that they are legally and ethically obligated to follow the school's chain of command, and abide by its code of conduct and confidentiality contract. The chain of command required employees go to their immediate supervisor first, then, if not resolved, the staff member may submit concerns in writing to the CEO. After which the staff member could request a meeting with the Personnel Committee and ultimately the board of directors if not satisfied with the proposed resolutions. The school standards of conduct include failure to follow the chain of command as an act that may result in disciplinary action, up to and including discharge.

Recognizing the problem, CCSN began developing and putting in place disciplinary action procedures. In October 2007, the CEO, COO, CFO, and certain supervisors attended a training course on the basics of discipline. Since then, CCSN has taken some steps to implement new administrative disciplinary

processes that improve upon the former policies and procedures, including additional training on discipline conducted in 2009.

REVIEW FINDINGS

Finding 17-1 Severe Nepotism Existed at the Network Entities

The CEO and COO hired more than 20 members of their family between 2002 and 2008 to work at the school. Several of the board members were related to employees, including one that was related to the CEO and COO, and one that was related to the director of secondary education.

Recommendation 17-1 The Network Entities Should Continue to Revise Their Board Selection Procedures and Nepotism Policy

The Network Entities should continue to revise their board selection procedures and nepotism policy to prevent nepotism from occurring, or in the event that nepotism does exist, provide for full disclosure, adequate safeguards against improper practices, and proper employment-related separation of related parties.

Finding 17-2 The Network Entities Violated their Charters and Failed to Follow Their Own Policies with Regard to Employee Evaluations

Contrary to its own policies and the Network Entity charters, the Network Entities did not conduct employee performance evaluations and the board did not perform evaluations of the CEO.

Recommendation 17-2 The Network Entities Should Ensure Performance Evaluations Are Conducted At Least Annually and That Evaluations Are Provided to PCS as Required

To comply with their charters and policies, the Network Entities should conduct performance evaluations of all its employees at least annually and forward to PCS the required evaluations of teachers on leave of absence.

Finding 17-3 The CCSN Did Not Define and Implement an Appropriate Administrative Disciplinary Process

The CCSN's policies describe an administrative disciplinary process that requires employees to: (1) address their issue with their supervisors; (2) write the CEO if not resolved with supervisor; and (3) request a meeting with the school's board, if not resolved by the CEO.

Recommendation 17-3 The CCSN Should Continue to Revise and Implement an Appropriate Administrative Disciplinary Process

The CCSN should continue its recent efforts to implement and follow an appropriate administrative disciplinary process that includes documentation of grievances, resolutions, and disciplinary actions taken.

TASK 18.0 OCR COMPLAINTS OR LABOR VIOLATIONS

BACKGROUND

Federal law prohibits discrimination by an educational institution that receives federal financial assistance and places other requirements on employers. The Office for Civil Rights (OCR) enforces five federal civil rights laws that prohibit discrimination on the basis of race, color, national origin, sex, disability, and age in programs or activities that receive federal financial assistance from CDE. Discrimination on the bases of race, color, and national origin is prohibited by Title VI of the Civil Rights Act of 1964; sex discrimination is prohibited by Title IX of the Education Amendments of 1972; discrimination on the basis of disability is prohibited by Section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act of 1990.

COMPLAINTS AND LAWSUITS

The Network Entities had one employment-related lawsuit filed against them in 2002, another filed in October 2009 by leadership terminated that September, and 11 U.S. Equal Employment Opportunity Commission complaints filed in November and December of 2009. The 11 complaints were also filed by terminated employees, including the CEO and COO, three of their family members, and several other employees close to the CEO and COO. The claims against the Network Entities in 2009 were for discrimination based upon national origin and race, as well as claims of retaliation and breach of contract.

The review team noted that seven of the 56 people who voluntarily and confidentially participated in our management review by participating in interviews or answering our survey complained about racism or retaliation, including complaints of hostile work environments; racial discrimination; and retaliation against employees, parents, and students. These respondents were not the same individuals that filed complaints against the Network Entities. Three of the seven respondents claimed that they had personally witnessed retaliation against students, parents, and employees. In these cases, the alleged retaliation occurred because of employees or parents of students speaking out against actions taken by leadership or employees not participating in grade changing that occurred at CCA. The school handbook states staff members who report or participate in the investigation of a violation of policy are protected from retaliation. It goes on to state that violations of the retaliation policy are not permitted and may result in disciplinary action, up to and including discharge.

REVIEW FINDINGS

Finding 18-1 The Network Entities Experienced Numerous Allegations Related to Discrimination and Retaliation

The Network Entities have had a dozen complaints filed against them regarding discrimination and retaliation, and many other people complained about these issues as part of this financial and organizational review.

Recommendation 18-1 The CCSN Should Establish an Independent Ombudsman for Employee Reporting of Discrimination, Retaliation, and Other Employment Matters

The CCSN should consider hiring an independent ombudsman at each school facility to confidentially investigate complaints, mediate fair settlements between the parties involved in employment disputes, and report issues to the board.

TASK 19.0 NETWORK ENTITY VENDOR CONFLICTS

BACKGROUND

A personal financial or economic interest includes businesses or real property in which the person has a direct or indirect monetary interest; any source of income or gifts received by or promised to the person; businesses in which the person is a director, officer, general or limited partner, or trustee, employee, or holds any position of management. Indirect investment or interest includes any investment or interest with family relationships.

Network Entities' Leadership and board members hold positions that allow them to influence school decisions and they have been entrusted with the authority to make decisions for the schools. Conflicts of interest exist if leaders use influence or make decisions that result in any form of financial or personal gain for themselves or their family.

Colorado Revised Statutes defines rules of conduct for members of local boards and employees of local school districts. Section 24-18-108.5 states that a member of a board has breached his fiduciary duty under the law if he performs an official act which may have a direct economic benefit on a business or other undertaking in which such member has a direct or substantial financial interest. Sections 24-18-110 and 24-8-201 require a member of a board or committee or an employee to disclose the fact and summary nature of his or her interest at the time of performing the act. Section 24-8-201 further states that they shall not be interested in any contract made by them or the board of which they are members or employees, unless they disclose any personal interest and do not vote thereon.

The CCSN's financial policies and procedures state that board and staff members shall operate without conflict-of-interest complications and that if board members, staff members, or their families wish to bid on services or goods for the Network Entities, proper procedures shall be followed to ensure that they avoid any hint of nepotism or conflict of interest, including keeping proper records showing competing bids or sole-source reasoning for any contracts awarded to them.

The bylaws for the Network Entities require board members or officers of the Network Entities to inform those charged with approving the transaction of any conflict of interest and disclose any material facts that bear on the advisability of such transaction, and states that they may not be entitled to vote on the decision to enter into any such transaction. It goes on to require that the fact of the conflict and of compliance with the bylaws be recorded in the minutes of the proceedings approving such transaction.

Any corporation that makes reportable transactions, such as attorney fees, auto reimbursements, and employee or nonemployee awards and bonuses during the calendar year, must file Form 1099 information returns to report those transactions to the IRS.

DISCLOSURE REQUIREMENTS

Our review of the Network Entities' vendors revealed that financial interests are sometimes not discussed or documented within board minutes and that the Network Entities do not require routine or formal disclosure of conflicts of interest. Formal disclosures would include statements of economic interest that require disclosure of all economic interests or annual signed statements that are attestations that no conflicts exist and that the signatory understands the requirements of the law and the organization's policy regarding conflicts of interest. As discussed in *Task 5.0 Board Activities*, statements of economic interest or annual signed statements are not completed by Network Entities' board members and leadership, nor

are such statements required by the Network Entities as part of their policies, charter, or bylaws. Instead, disclosures of potential conflicts of interest are reported at the discretion of boards and leadership. In *Task 5.0 Board Activities*, we noted two transactions that occurred in 2002 and 2007 that appeared to be potential conflicts of interest based on the review of board minutes, interviews, and other documentation. Specifically, in fiscal year 2008-09, CCA paid \$56,345.36 and DPHH paid \$3,048.58 to an American Family Insurance agency owned by the board president. Also, in fiscal year 2008-09, CCA paid \$1,876 to Gold Key Limousine, another business owned by the board president. However, in this section we reviewed vendors for the Network Entities for fiscal year 2008-09, and we noted three additional cases that appear to be conflicts of interest with no record of disclosure of such conflicts.

In fiscal year 2008-09, the Network Entities entered into five different contracts with Max’s Janitorial and Lawn Service that amounted to at least \$140,000 annually. A board member is the owner of Max’s Janitorial and Lawn Service and served on the CCSN board from March to August 2009. The contracts listed below do not appear to have been approved by the Network Entities’ boards because no such approval was documented within the applicable boards’ minutes. The CCA board approved a two-month contract with Max’s Janitorial and Lawn Service on August 4, 2009.

**Annual Amounts of Contracts
Entered into between the
Network Entities and Max’s Janitorial**

Entity	Description	Annual Contract Amount
CCA	Lawn mowing	\$2,185
CCSN	Janitorial	5,426
DHPH	Janitorial	97,337
DHPH	Lawn mowing	4,255
GOAL	Janitorial	3,120
Total		\$140,403

Sources: Network Entities’ financial information and contracts.

In addition to the contracts provided, we noted that Max’s Janitorial received \$6,926 from CCA, \$135,383 from DHPH, \$1,011 from CCA-Central, \$3,914 from CCA-North, and \$1,873 from GOAL in fiscal year 2008-09—for a total of \$149,107.

Triggers Promotions is a uniform provider for the Network Entities, which is owned by a former board member who served on the CCA/DHPH combined board during fiscal year 2008-09. According to the CFO, there was no contract with Triggers Promotions, parents were not restricted and could go to any uniform provider they chose, and other vendors were noted on the order forms the schools gave to parents. The CFO also provided order forms from the 2004-05 school year that included another vendor. However, when the review team asked CCA staff about uniform providers, they stated that although parents could order from multiple vendors that carry CCA uniforms, they did not recall other uniform providers being included on the order forms given to parents in recent years. Further, Trigger Promotions received \$37,688 from CCA, \$7,692 from DHPH, \$782 from CCA-Central, \$19,944 from CCA-North, and \$534 from GOAL in fiscal year 2008-09—for a total of \$66,640.

Shrock Electric was a vendor for electrical work for the Network Entities in 2008 and 2009 and was owned by members of the CFO’s family. In November 2008 and April 2009, Shrock was paid \$725 and \$318

respectively, for electrical receptacle services. For the largest of the three jobs we reviewed, Shrock was paid \$17,500 for electrical services. The CFO provided documentation that showed that the maintenance director solicited bids for the electrical work from three different vendors. The quotes he provided showed that Shrock Electric bid the lowest price for the services. The other two vendors bid \$23,055 and \$35,575. In this case, it appeared that selecting Shrock as the vendor was in the best interest of the Network Entities. The CFO told the review team that he told the board about the relationship when he first gained knowledge that the company was performing electrical services for the Network Entities during a meeting in August 2009, but when we reviewed the minutes for the meeting, his disclosure was not noted. According to the new board president, the board discussed the matter and determined that no conflict existed, therefore, the disclosure was not noted in the minutes. Nevertheless, any disclosed relationship between leadership and vendors should be noted within meeting minutes, as well as the board's discussion of any relationship or conflict.

IRS 1099 FORMS

As shown in the following table, the Network Entities were unable to provide copies of Form 1099s filed with the IRS. Without such information, the review team could not fully verify the completeness or accuracy of vendor payments or the amounts reported to the IRS.

IRS Filing Status for Network Entity Schools as of February 2010

School:	CCA	DPH	CCA Central	CCA North	GOAL
Year Opened:	2001	2004	2007	2008	2008
Calendar Year	Filing Status				
2008 ^a	Not Provided	Not Provided	Not Provided	Not Provided	Not Provided
2007	Filed	Filed	Filed		
2006	Filed	Filed			
2005	Filed	Filed			
2004	Filed	Filed			
2003	Filed	Filed			
2002	Filed				

a The CFO stated on April 13, 2010, that the Network Entities had requested copies of the Form 1099s filed for 2008 from the IRS because the documents were missing. He provided some documentation related to vendor information for 2008, but could not provide the IRS filings before the release of this report.

Source: The IRS tax forms provided by the business office.

REVIEW FINDINGS

Finding 19-1 Conflicts of Interest Existed Between Network Entities' Board Members and Vendors

Coupled with the two conflicts of interest discussed in *Task 5.0 Board Activities*, the review team found a total of five transactions that constituted related-party transactions.

Recommendation 19-1 The Network Entities Should Ensure That Their Vendors do not Have or Acquire Any Undisclosed Personal Financial or Economic Interest, Direct or Indirect, and Should Ensure it Obtains Competitive Bids for Any Related-Party Transactions

Appendix A – Board Member Changes

*Financial and Organizational Review of Cesar Chavez School Network
for the Colorado Department of Education*

CCA BOARD MEMBER CHANGES AND VACANCIES

Meeting Dates	Elections, Vacancies, and Removals^a	Votes	Notes
11/1/2000	Letters submitted by Verna V., Judy V., Tom A., and Nanette S. for positions on the board.	N/A	Meeting scheduled to select a board—agenda only.
12/4/2000	Nominations were made for board member selections.	CEO motioned and Verna V. seconded.	Officers are: President: Judy V.; Vice President: Victor R.; Treasurer Tom A.; Secretary: Eva M.; Members at Large: Verna V. and Nanette S.
5/14/2001	Motion to approve meeting with potential board members: Bernice T. and Debra O.	Motion and approved.	
6/25/2001	Motion to allow Debra O. to join Advisory Board.	Motion and approved.	Also present: Lupe B. and COO.
	Yolanda M. accepted as a Parent Representative.	Motion and approved.	
10/1/2001	Motion to approve Veronica E. as Parent-at-Large position.	Motion and approved.	
	Motion to approve Veronica E. as Interim CCAPA President until Yolanda M. recovers from surgery.	Motion and approved.	
10/22/2001	Motion to remove Betty M. as Treasurer of CCAPA without prejudice.	Motion and approved.	
	Motion to change the Parent Association-At-Large title to Volunteer Coordinator.	Motion and approved.	
7/1/2002 ^b	Parent Association applicants: Caroline P., Michelle V., Rose H.	N/A	Advisory Board: Chris B., Lupe B., Karen H., Ed M., Delma C., COO. Minutes not accepted as official.
	Board of director applicants: Karen H. and Michael E.	N/A	
	Motion to allow a teacher to apply for board of directors.	Motion and approved.	
8/6/2002	Motion to suspend bylaws—operating under Robert's Rules of Order.	Motion and approved.	
	Motion was made to pursue legal action against Linda R. for not surrendering meeting minutes tape to the Board.	Motion and approved.	Linda R. was not responsive to roll call and was reprimanded for not sticking to the agenda. She was asked to surrender tapes from previous meeting and she refused.
8/6/2002 (Continued)	Rose H. was elected as a Parent Representative (Linda R.).	Motion and approved.	Linda R. tried to submit a letter from Karen H. as a potential board applicant and the letter was denied.
	Michael E. appointed as a teacher member on board.	Motion and approved.	
9/9/2002	Motion to have Michael E. chair the construction committee.	Motion and approved.	
9/12/2002	Nomination of Laura B. for appointment as Vice President of CCAPA.	Motion and approved.	

Continued

CCA BOARD MEMBER CHANGES AND VACANCIES

Meeting Dates	Elections, Vacancies, and Removals ^a	Votes	Notes
10/29/2002	CEO resigned.	N/A	Also present: COO, CFO, Lori G. and Gloria G.
11/12/2002	Linda R. resigned.	N/A	
	Tom A., Community Member, resigned.	N/A	
11/26/2002	Alex A. elected as Parent Representative.	Motion and approved.	
4/1/2003	All terms of board members are nearly expired and Rose H. will be resigning.	N/A	Pages from this meeting are missing.
4/22/2003	Rose H. is rescinding her resignation.	N/A	Caroline P. already resigned from CCAPA presidency and now may take the place of Karen H. since she will not join the board until June. No one can contact her as she out on sabbatical. Dolores A. will be contacted to resolve the issue.
5/13/2003	Karen Y. has not responded and has missed all meetings. Caroline P. will replace Karen Y.	No votes.	
7/1/2003	Rose H. resigns due to working conditions.	Motion and approved.	There are two vacant positions on the board that will be filled in August/September.
7/24/2003	Issues with District 60 not approving bylaws with newly appointed board members.	N/A	CFO also present.
	Robert E's resignation is denied and is not in accordance with the bylaws.	Motion and approved.	Wells notes that without enough members of the board present, a quorum cannot be reached and the meeting should be immediately adjourned.
8/5/2003	Robin A. appointed as Teacher Representative.	Motion and approved.	Also present: CEO, CFO, COO.
10/7/2003			
	Donielle G. elected to board.	Motion and approved.	New members present for potential board seat: Yvette F., Donielle G.
	Karen Y. contacts board about position she was supposed to fill in June.	N/A	
2/3/2004	Discussion of reappointment of Robert D. and Edmund V. and extension from two years to four.	Signed by all members of the board.	Resolution will be addressed in the next meeting. NOTE: Dr. Vallejo made the motion.
3/2/2004	Edmund V. and Robert D. were reelected by a silent ballot vote.	Motion and approved.	Also present: CEO, CFO, COO and Lori G.; Board candidates: Brad M., Pablo G., Mathew S., Yvette F., Edmund V. (reelect), Robert D. (reelect).
	Alex A. was reelected.	N/A	
4/6/2004	Jovena G. will no longer continue as the CCAPA President and will no longer hold a position on the CCA Board of Directors.	N/A	Board sends flowers to Jovena.
8/10/2004	Camille C. elected as new Parent Representative.	Unanimous	All votes for members were noted in minutes.

Continued

CCA BOARD MEMBER CHANGES AND VACANCIES

Meeting Dates	Elections, Vacancies, and Removals ^a	Votes	Notes
9/7/2004	Melanie B. elected as CCAPA President.	Motion and approved.	CFO not present
10/5/2004	CCAPA elects Kelly L. as Vice President and will advertise for positions to fill vacancies.	Motion and approved.	Also present: CEO and CFO
12/7/2004	Elmer W. resigns as Treasurer.	N/A	
1/20/2005	Caroline P. resigned as of January 8, 2005 and there is a vacancy to fill.	N/A	Others: CEO, Tanya Q, Lori G, COO, and CFO
4/4/2005	Board discussion of need to fill ninth board member position and will put an ad in the paper.	N/A	Also present: CEO, CFO, COO and Lori G.
6/7/2005	Ed P. elected, he is filling Caroline P.'s position on the board until November 2006.	Motion and approved.	Also present: CEO, CFO, COO
	Tanya Q. is elected as new board member.	Motion and approved.	
8/2/2005			Noted that Robert D. had resigned over the summer because of personal reasons and wishes to be reappointed to the board. The attendance record does not indicate Robert D. missed a meeting.
8/16/2005	Tanya Q. is elected as new board member.	N/A	Others: CEO, Tanya Q, CFO, Lori G, COO, and Carolyn G
10/4/2005	Motion to accept Edmund V.'s resignation.	Motion and approved.	
11/22/2005	Motion to take up the issue with the CCAPA vacancy and to have an acting member fill the position	Motion and approved.	
	Motion to appoint Melanie B. to the vacant position.	Motion and approved.	
1/3/2006	Discussion of a national advisory board with 11 members, 8 members from two of the original boards. Loretta K. and Dan G. applied for the new positions.	N/A	
2/7/2006	Ed P. resigned as of January 31, 2006.	Motion and approved.	
	Melanie B. resigned.	Motion and approved.	
	Robert. D. nominated Elmer W. as Treasurer.	Motion and approved.	

a The descriptions are generally worded as documented within the meeting minutes.
b These meeting minutes were noted as not having been accepted as official.

Sources: Network Entity board meeting minutes.

DHPH BOARD MEMBER CHANGES AND VACANCIES

Meeting Dates	Elections, Vacancies, and Removals ^a	Votes
3/30/2004	Identified board positions and discussed need for resumes and bios for the board.	N/A
8/24/2004	Amendment to the Articles of Incorporation.	Motion and approved.
9/21/2004	Dennis F. is nominated as the board's spokesperson.	Six of seven signatures on the resolution.
9/21/2004	Dylan B. elected as Teacher Representative.	Unanimously approved by DHPH.
1/20/2005	Caroline P. resigned as of January 8, 2005 and there is a vacancy to fill.	Motion and approved.
8/16/2005	Tanya Q. is new member of the DHPH Board.	Unanimously approved by DHPH.
8/16/2005	Discussion of combining the boards, one board would be an advisory board which meets quarterly and there will be a new set of bylaws by September 15. The board will consist of nine members.	N/A
8/16/2005	Motion to vote on a main board to represent both schools for CCA.	Motion and approved.

^a The descriptions are generally worded as documented within the meeting minutes.

Sources: Network Entity board meeting minutes.

CCA-DHPH BOARD MEMBER CHANGES AND VACANCIES

Meeting Dates	Elections, Vacancies, and Removals	Votes	Notes
9/5/2006	According to the new bylaws, Teacher and Staff Representatives will now be referred to as Community and Parent Representatives.	Motion and approved.	Creation of CCA/DHPH combined board and election of officers.
	Eddie M. is elected as Community Member for the CCA board.	5 votes from the CCA Board	
	Elmer W., Alex A., Robert D., Donielle G. elected to the DHPH board.	3 votes from the DHPH Board.	
	Dennis F., President; Donielle G., Secretary; Robert D., Vice President; CFO, Ex-officio Treasurer, elected by the CCA/DHPH board.	Motion and approved.	
11/20/2006	Motion to authorize the formation of the CCA Building Corp.	Motion and approved.	
12/5/2006	Motion to approve the bylaws of the CCSN as the governing bylaws of the network.	Motion and approved.	
8/7/2007	Donielle G. is elected to Treasurer position.	Motion and approved.	
11/17/2008	Motion to reappoint Alfredo V. as a Parent Representative for a two-year term.	Motion and approved.	

a The descriptions are generally worded as documented within the meeting minutes.
Sources Network Entity board meeting minutes.

CCSN BOARD MEMBER CHANGES AND VACANCIES

Meeting Dates	Elections, Vacancies, and Removals ^a	Votes
8/13/2008	Motion to direct counsel to review and propose specific bylaw revisions to ensure compliance with CSI and the schools' corporate structure.	Motion and Approved
	Dennis nominates CFO as board Secretary and Treasurer.	Motion and Approved
	Joyce nominates CEO as board Vice President.	Motion and Approved
	CEO nominates Dennis F as board President.	Motion and Approved
9/10/2008	Report of board requirements: Each board is to have five site-based members: an elected Parent Representative, the school principal or designee, a Staff Representative selected by the principal, a Community Representative selected by the site-based board, and a member appointed by the CCSN board. Each board is to have one liaison to the CCSN board. This liaison cannot be the principal or staff representative.	Motion and Approved
11/12/2008	Motion to appoint Velia R to the board as Community Representative. Her term will expire November 2012.	Motion and Approved
	Board accepts revised bylaws.	Motion and Approved
12/16/2008	Joyce S resigns as of December 6, 2008.	Motion and Approved
	Board accepts revisions to bylaws.	Motion and Approved
4/8/2009	Motion to elect Board candidates: Board members: Judy B., Promise L., and Derrick A.; Site B: Kevin L. (CCA-North), Kelly P. (CCA-Central), Greg M. (GOAL).	Motion and Approved
4/30/2009	Veronica M. interested in becoming a member of the board.	Motion and Approved
	Veronica M. is elected to the board as a Community Representative. She will serve a four-year term.	Motion and Approved
5/13/2009	Motion to defer the election of board officers to the board's June meeting.	Motion and Approved
6/17/2009	Review of CCA-Central and CCA-North separate boards, the existing contracts, bylaws, and separate contracts with CSI: (a) bylaws—are similar to what currently exists with CSI, but are now prepared as two separate and distinct schools. Each will consist of seven-to-nine directors; (b) board designations—existing board members may express their interest in service preference as to the two boards; however, there are currently not enough board members to meet the quorum requirement at this time; (c) nominations of board officers—deferred as there are not enough directors to meet a quorum; (d) charter contracts—new contracts are written between CSI and each individual school, the term of the contract is set and will not vary; and (e) management agreements—new contracts are written between each school and CCA Inc.; no employee of CCSN will be an employee of the schools, the term of the contract is set and will not vary.	Motion and Approved
	Motion to conceptually approve the existing contracts, bylaws, and separate contracts with CSI for each entity.	Motion and Approved

a The descriptions are generally worded as documented within the meeting minutes.

Sources: Network Entity board meeting minutes.

*Appendix B—Board Financial
Decisions*

CCA BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
12/18/2000	Motion to accept the revision to the Sturm budget.	Motion and approved.	
1/4/2001	Resolution: The board will be involved in the operation of CCA.	Motion and approved.	
6/4/2001	Motion made to get contract bids for custodian and snow removal.	Motion and approved.	Also present: Lupe B. Minutes signed by Linda R.
	Motion made to purchase modular buildings for school.	Motion and approved.	
	Motion made to move forward on intercom system.	Motion and approved.	
	Motion made to accept the budget report.	Motion and approved.	
6/25/2001	Motion to accept lease with upgrade in three years.	Motion and approved.	
7/9/2001	Michelle L. will begin position as office worker for 12 months at \$19,200. She will work as an attendance clerk from 7:30-9:30 every morning. Two months of her salary will come from next year's budget and one month will come from the Read to Achieve Grant.	Motion and approved.	
8/6/2001	Motion made to purchase modular with Class Reduction Money. Total cost is \$56,000 and the first payment is due December 31st. No interest if paid off by December 31st. Capital Construction Fund will pay off the balance.	Motion and approved.	
	Motion to use C Trust to invest \$100,000.	Motion and approved.	
	Motion to pursue the purchase of school bus.	Motion and approved.	
9/17/2001	Title I money tripled to \$100,000.	N/A	
	Motion to accept new teachers: Mrs. B. will replace Madleon T.; Mrs. A. will replace Mr. B.; Paula D.'s salary is \$27,500 for the remainder of the year and will change to \$33,000 the following year; Mrs. B.'s salary is \$26,500.	Motion and approved.	
9/7/2007 (Continued)	Motion to set-up a meeting with Terry L. of YMCA and Russ C. to discuss donation of ten acres of land to build a new school.	Motion and approved.	
10/1/2001	Motion to approve Veronica E. as Interim CCAPA President until Yolanda M. recovers from surgery.	Motion and approved.	
	Motion to allow CEO to follow through on contract with Linda L. as a grant writer. She will be paid a commission of \$2,500.	Motion and approved.	
10/22/2001	Motion to accept the budget.	Motion and approved.	
4/15/2002	Motion to move forward with District 60 contingent on five-to-six additional rooms, 30-year lease on the building, allow CCA to pick contractor and architect, and the person will meet the specifications of the District.	Motion and approved.	The Board went in and out of Executive Session more than once. General topic was not noted.
	Motion to talk to Phil G. about the purchase of land.	Motion and approved.	

Continued

CCA BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
	Board evaluate base raise for CEO, contract renewal increase old salary of \$70,000 by 5% with a \$2,000 bonus for outstanding services and performance. New salary will be \$75,500.	Motion and approved.	CEO worked 275 days. The Board will write a letter supporting CEO for his donation to CCA of a total of 65 working days donated. CEO will work two additional months this summer at his regular monthly salary.
6/17/2002	Motion to approve Building Option IV: A 30-year lease and a 30-year charter, waiver for the Special Mill Levy, and support the district in bond issue based on a specific number of years.	Motion and approved.	Michael E. resigns.
8/27/2002	Motion made on Colorado Business and Accounting Services (CBAS) for financial oversight.	Motion and approved.	
12/19/2002	Motion to employ Atencio Law Firm to represent CCA and CEO in defamation lawsuits.	Motion and approved.	
1/7/2003	Board adopts the revised budget for FY 02-03.	Signed by all members of the board.	
1/21/2003	The CCA Board will review and approve with a recommendation from an assigned member of our board, the check register of the school on a monthly bases. This approval will become part of the minutes in the month they are approved.	Signed by all members of the board.	No minutes, resolutions and agenda only.
	Any check written for more than \$10,000, except for recurring previously approved expenses such as PERA and health insurance, must be approved by the board. These approvals will become part of the minutes in the month the approvals are made.	Signed by all members of the board.	
	The CCA Board adopts the revised budget for the FY 02-03,	Signed by all members of the board.	Resolution will be addressed in the next meeting. NOTE: Edmund V. made the motion.
2/4/2003	The district has agreed to a \$2 million loan for the new DHPH. The CCA will take over and pay for the next five years.	N/A	
	Resolution accepting grant funds in the amount of \$20,000 from the Colorado Foundation.	Signed by all members of the board.	
	Resolution to enforce a mandatory nonpaid furlough day of five days for all salaried employees.	Signed by all members of the board.	
	Resolution accepting funds in the amount of \$3,000 from American Family Insurance to be used for Cesar Chavez Day events.	Signed by all members of the board.	

Continued

CCA BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
	Resolution for Student A who has financial difficulties paying for Kindergarten for the past owed amount of \$1,150 and future payments will be made by the parent.	Motion and approved.	
4/1/2003	Motion to end contract with Gallegos Design related to the land purchase south of the current CCA facility.	Motion and approved.	Also present: CEO, CFO, and COO.
4/22/2003	Motion to support forbearance requests for Student A for \$182 in fees due and Student B \$472 in fees due.	Motion and approved.	
7/1/2003	Resolution to adopt the summer salary proposal to be paid out of the additional Title V funds received in excess of \$67,000. The total salary and benefit cost for this summer proposal is \$45,022.34.	Motion and approved.	Michael E. abstains.
	Resolution to pay COO \$1,500 for additional days worked in excess of her 210-day contract.	Motion and approved.	
	Resolution to pay CEO \$3,200 for managing accreditation project.	Motion and approved.	Michael Engle abstains.
10/7/2003	Motion to accept the bonus of 8% salary to Employee A and 8% be adjusted to 7% for the 2002-03 school year.	Motion and approved.	Also present: CEO, CFO, COO.
11/11/2003	Resolution to pay CEO for additional work completed on the Alternative Licensing Program in the amount of \$2,205.12 at an hourly rate of \$45.94 per hour.	Resolution signed.	Also present: CEO, CFO, COO.
	Board approval for checks in excess of \$10,000: Cisneros Construction \$14,021.00; Cisneros Construction \$10,033.00; Gametime (Playground Equipment) \$22,355.00; Success for All \$28,800.00.	Resolution signed.	
	Motion to pay Employee A for the Alternative Licensing Program.	Motion and approved.	
1/14/2004	Lease purchase for modular unit in excess of \$10,000.	Motion and approved.	Also present: CEO, CFO, COO.
2/3/2004	Resolution to approve for the director of Business Affairs to negotiate the PowerSchool contract, not to exceed \$24,000.	Motion and approved.	
5/18/2004	Motion to approve a contract between CCA and Morgan Buildings for the maximum amount of \$500,000 for facility and operation of DPHP.	Motion and approved.	Also present: CEO, CFO, COO, Lori G. Michael E. and Tanya Q.
6/1/2004	Employee A will receive a 5% increase and an additional ten days for summer pay at rate stated.	Motion and approved.	Also present: CEO, CFO, COO.
6/1/2004	Employee B will receive a 5% increase and an additional ten days for summer pay at rate stated.	Motion and approved.	

Continued

CCA BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
7/8/2004	Resolution to accept the contract between CCA and Morgan Buildings for a maximum amount of \$132,000 for facility and operation of DPH.	Motion and approved.	No minutes.
8/2/2005	The board adopts the revised operating budget for FY 05-06.	Motion and approved.	
	The board grants the authority to CFO and CEO to negotiate and accept the Charter Fund Grant Award and to move forward with the activities outlined in the expansion proposal. These activities include, but are not limited to: site negotiations, hiring central support staff, property acquisition, and submittal of charter applications to both the district and state.	Motion and approved.	
	The Board grants the authority to CFO to proceed with the dissolution of the contract that exists between CCA and PCS at the completion of acceptance of a new charter from CSI.	Motion and approved.	
9/7/2004	Employee A and B will receive a pay bonus of 85% from 2003.	Motion and approved.	Also present: CEO, and COO.
10/5/2004	CCAPA elects Kelly L. as Vice President and will advertise for positions to fill vacancies.	Motion and approved.	Also present: CEO and CFO.
10/5/2004	Motion to move 80 hours of sick leave from Employee A to Employee B.	Motion and approved.	
12/7/2004	School is in need of a parking lot and discussion of need for land. CFO is told to pressure Unsicker for land. Unsicker will take \$190,000 for land.	N/A	
1/20/2005	Resolution to approve a salary adjustment for Employee A. The increase will date back to January 3, 2005 and be calculated for the remaining days of their respective contract.	Motion and approved.	
5/9/2005	Resolution for \$25 transportation fee per year to parents and families.	N/A	Board applicants present: Ed P. and Dominic S.
	CCA adopts the proposed operating budget for FY 05-06.	Motion and approved.	
9/6/2005	The Board modifies the contract for Employee A as discussed during executive session.	Signed by all members of the board.	
10/4/2005	Motion to accept the budget for July and August.	Motion and approved.	
	Motion to approve a resolution for Employee A to receive \$2,500 for the Alternative Licensing Program.	Motion and approved.	
11/22/2005	Nancy G. requests funds due to medical costs, to help with the tuition costs at the University of Phoenix in order to complete her Master's degree.	Motion passes unanimously	

Continued

CCA BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
	A resolution is requested for Management, Discussion, and Analysis with the auditors.	Motion and approved.	
	A proposal for the purchase of a new bus, and a motion that the new bus be purchased.	Motion and approved.	
	A proposal for a new contract with a vendor to provide services for the fund raising capital to be paid out of the Walton Fund with a maximum price of \$6,000.	Motion carries.	
	The CCA formally adopts the revision of the budget to 551 per pupil funded count, decrease the amount of the modular purchase by about \$19,000, increased the contingency by about \$18,000, and increased the revenue by about \$15,000. Motion to accept the budget.	Motion and approved.	
	The board authorizes the CEO to move for the submittal to purchase the property located on Lake Ave., the contract of the purchase price will not exceed more than \$2.5 million and will be executed by Sound Venture Realty.		
1/3/2006	Motion to approve the budget.	Motion and approved.	

^a The descriptions are generally worded as documented within the meeting minutes.
Sources: Network Entity board meeting minutes.

CCA BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
4/13/2006	Resolution to approve the check register for numbers 290-3437 from July 1, 2005 through December 31, 2005.	Motion and approved.	Joint Meeting
	Resolution to approve the January 06 Financial Report.	Motion and approved.	
	Resolution to approve the February 06 Financial Report.	Motion and approved.	
	Resolution to approve the FY 07 proposed budget.	Motion and approved.	
6/6/2006	Resolution to approve the DPHH FY 06 revised budget.	Motion and approved.	Joint Meeting
	Resolution to approve the DPHH FY 06 April Finance Report.	Motion and approved.	
8/1/2006	Resolution approving \$900,000 negotiated purchase price for the 2501 West 18th Street, \$600,000 of which for land and site improvement of stated property.	Motion and approved.	Joint Meeting
	Resolution for allocation of \$1,150,000 for purchase of the Laughing Place Pueblo West for future expansion.	Motion and approved.	
	Resolution for CFO to negotiate with lenders to secure financing for purchase of land, construction of new high school, facilities acquisition, refinance leases of all modular units, not to exceed \$9,000,000.	Motion and approved.	
	Motion to approve 8% bonus for employee A at the same calculated payment rate as the rest of the staff.	Motion and approved.	

a The descriptions are generally worded as documented within the meeting minutes.

Sources: Network Entity board meeting minutes.

DHPH BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes
4/20/2004	Temporary building update. The cost of the building is \$396,000. The PCS will bring an additional modular with a shelf life of 30 years.	N/A
	Resolution to have option agreement to negotiate the portion of the sub-development of the property of Parkside Estates.	Motion and approved.
7/9/2004	Building lease purchase \$900,000 by District 60 was reneged; DHPH must seek a temporary facility.	N/A
11/22/2004	The board approves a salary adjustment for Employee A in the amount specified in Executive Session. The increase will be back dated to an effective date of January 3, 2005 and be calculated for the remaining days of the respective contract.	Four of seven signatures.
1/20/2005	Resolution to approve a salary adjustment for Employee A. The increase will date back to January 3, 2005 and be calculated for the remaining days of their respective contract.	Motion and approved.
5/10/2005	Motion to approve the budget.	Motion and approved.
6/28/2005	Motion to accept the financial report.	Motion and approved.
	Motion to accept the operating budget for the FY 05-06.	Motion and approved.
10/18/2005	Resolution to grant ten additional days of paid leave to Employee A for extenuating circumstances.	Motion and approved.
	Resolution to accept the financial report.	Motion and approved.
11/15/2005	Resolution to purchase a bus.	Motion and approved.
	Resolution to revise the operating budget.	Motion and approved.
4/13/2006	Resolution to approve the check register for check numbers 290 to 3437 from July 1 through December 30, 2005	Motion and approved.
	Resolution to approve the January 2006 financial report.	Motion and approved.
	Resolution to approve the February 2006 financial report.	Motion and approved.
	Resolution to approve the FY 07 proposed budget.	Motion and approved.
6/6/2006	Resolution to approve the DHPH FY 06 revised budget.	Motion and approved.
	Resolution to approve the DHPH FY 06 April finance report.	Motion and approved.
8/1/2006	Resolution approving \$900,000 negotiated purchase price for the 2501 West 18th Street, \$600,000 of which for land and site improvement of stated property.	Motion and approved.
	Resolution for allocation of \$1,150,000 for purchase of the Laughing Place Pueblo West for future expansion.	Motion and approved.
	Resolution for CFO to negotiate with lenders to secure financing for purchase of land, construction of new high school, facilities acquisition, refinance leases of all modular units, not to exceed \$9,000,000.	Motion and approved.
	Motion to approve 8% bonus for employee A at the same calculated payment rate as the rest of the staff.	Motion and approved.

Sources: Network Entity board meeting minutes.

CCA-DHPH BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions	Votes	Notes
11/8/2006	Motion to approve CCA balance sheets for MD&A presentation to Swanhorst & Cutler.	Motion and approved.	
	Motion to approve DHPH balance sheets for MD&A presentation to Swanhorst & Cutler.	Motion and approved.	
	Motion to accept revised FY 07 budget for CCA.	Motion and approved.	
	Motion to accept revised FY 07 budget for DHPH.	Motion and approved.	
	Motion to adopt CCA Bond Inducement Resolution for CECFA.	Motion and approved.	
	Motion for reimbursement resolution for preliminary sight development expense, sight purchase expenses, preliminary construction costs for new DHPH site be reimbursed from future bond proceeds.	Motion and approved.	
	Motion to accept September 6, 2006 financial report for CCA and DHPH.	Motion and approved.	
11/20/2006	Motion to adopt the resolution named Certified Record of Proceedings of the board of directors of the CCA to approve load/lease agreement with Tatonka Capital Corporation.	Motion and approved.	
	Motion to authorize CFO to sign all closing documents with the CCA Building Corp. for the board on November 30, 2006.	Motion and approved.	
12/5/2006	Motion to approve an increase in costs of the land purchase for DHPH.	Motion and approved.	
12/11/2006	Motion to approve the revised paperwork for the Tatonka Capital Corporation to re-elect the increased purchase price of the land from \$900,000 to \$1,150,000 for 38+ acres.	Motion and approved.	
1/2/2007	Motion to accept October and November budget reports.	Motion and approved.	
2/6/2007	Motion to amend to unaudited financial reports for CCA and DHPH	Motion and approved.	
3/6/2007	Motion to adopt the CCA January 07 unaudited financial report.	Motion and approved.	
	Motion to adopt the DHPH January 07 unaudited financial report.	Motion and approved.	
	Motion to approve the purchase agreement for CCA to purchase a 2007 International Passenger Bus for the purchase price of \$87,553 and authorizes the CFO to sign all documents to execute the purchase agreement.	Motion and approved.	
	Motion to authorize CFO to negotiate terms and finalize the purchase of the voicemail system for both schools, a price not to exceed \$25,000.	Motion and approved.	
4/10/2007	Motion to adopt the CCA March 07 unaudited financial statements.	Motion and approved.	This was reapproved in May.
	Motion to adopt the DHPH March 07 unaudited financial statements.	Motion and approved.	This was reapproved in May.

Continued

CCA-DHPH BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions	Votes	Notes
	Motion to cut both the preschool and Early K programs and accepts the CFO's recommendation for repayment of the bonds.	Motion and approved.	
4/19/2007	Motion to sign the resolution of CCA authorization of plan of finance.	Motion and approved.	Camille C. is marked as present and absent.
	Motion to sign the resolution of DHPH authorization of plan of finance.	Motion and approved.	
5/15/2007	Motion to adopt the CCA March 07 unaudited financial statements.	Motion and approved.	Robert D. signed for Donielle.
	Motion to adopt the DHPH March 07 unaudited financial statements.	Motion and approved.	.
	Motion to allow CFO and CEO to move forward with negotiations with the Catholic Diocese of Colorado Springs for a location of a new charter school.	Motion and approved.	
6/5/2007	Motion to approve the CCA FY 08 contract for Employee A.	Motion and approved.	Robert D. questions the check register after his review. Water bills and credit card receipts are an issue.
	Motion to approve the CCA FY 08 contract for Employee B	Motion and approved.	Donielle G. signed the minutes and she was not at the meeting.
	Motion to approve Employee A salary \$3,750 as regular pay which is the equivalent of the employers total for the PERA 401(k) match amount of the months of April through June 2009. Pay will be \$1,250 per month through regular pay which is the equivalent amount of the employers 401(k) match amount for the months of July through September 07 as presented.	Executive Session	
	Motion to approve the CCA ten pay key man life insurance policies for Employee A and B.	Executive Session	
	Motion to adopt the CCA April 07 unaudited financial report.	Motion and approved.	
	Motion to adopt the DHPH April 07 unaudited financial report.	Motion and approved.	
	Motion to approve the CCA FY 07 budget.	Motion and approved.	
	Motion to approve the DHPH FY 07 budget.	Motion and approved.	
8/7/2007	Motion to approve the CCA FY 2008 legal counsel contract as presented in the August 7, 2007 Executive Session.	Motion and approved.	
9/4/2007	Motion to approve the CCA FY annual bonus for Employee A at 15% of regular pay as presented in Executive Session.	Motion and approved.	Motion to approve the amended September 4, 2007 meeting minutes. Meeting is not reviewed at following meeting.

Continued

CCA-DHPH BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions	Votes	Notes
	Motion to approve the CCA FY annual bonus for Employee B at 20% of regular pay as presented in Executive Session.	Motion and approved.	
10/11/2007	Motion to accept administrative recommendation to grant ten additional days for Employee A.	Motion and approved.	Alex signed notes and he was not at meeting.
	Motion to accept administrative recommendation to grant ten additional days for Employee B.	Motion and approved.	
	Motion to adopt the CCA and DHPH FY 08 unaudited financial report through August.	Motion and approved.	
	Motion to approve CFO to negotiate the lease terms with US Bank for the purchase of a new school bus and give him sole authority to sign all of the lease documents and to execute such lease agreements with US Bank.	Motion and approved.	
12/4/2007	Motion to adopt the CCA and DHPH FY 08 unaudited financial reports through October.	Motion and approved.	
1/8/2008	Motion to adopt to the CCA and DHPH FY 08 unaudited financial reports.	Motion and approved.	
1/22/2008	Motion to adopt the resolution for CCA certification of eligibility for qualified zone academy bonds.	Motion and approved.	
2/5/2008	Motion to approve Employee A be granted five additional paid days of leave to cover a portion of the leave without pay taken by this employee.	Motion and approved.	
3/11/2008	Motion to continue to support the lawsuit by reaffirming and reapproving for board signature, the updated <i>Waiver of Potential Conflict of Interest, Consent to Representation</i> , and other obligations made in 2002.including payment of all fees associated with this lawsuit.	Motion and approved.	
4/10/2008	Motion to accept the CCA February 2009 unaudited financial report.	Motion and approved.	
	Motion to accept the DHPH March unaudited financial statement.	Motion and approved.	
	Motion to approve the CCA revised FY 08 budget.	Motion and approved.	
	Motion to accept the DHPH FY08 revised budget.	Motion and approved.	
6/10/2008	Motion to accept to CCA April 2008 unaudited financial report.	Motion and approved.	
	Motion to accept to DHPH April 2008 unaudited financial report.	Motion and approved.	
	Motion to accept the final FY 08 budgets for CCA and DHPH.	Motion and approved.	
	Motion to adopt the proposed FY 09 budgets for DHPH and CCA.	Motion and approved.	
	Motion to approve the CFO to negotiate terms with JL Crane and Associates and sign the lease documents and execute the lease agreement.	Motion and approved.	

Continued

CCA-DHPH BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions	Votes	Notes
	Motion to approve the CFO to negotiate the purchase price, terms, and conditions associated with the purchase of the two modular buildings for ModSpace and to sign all necessary documents.	Motion and approved.	
	Motion to approve the CFO to negotiate the purchase price, terms, and conditions associated with the purchase of the two buses with McCandles International and Navistar Financial and sign all necessary documentation for the purchase.	Motion and approved.	
9/2/2008	Motion for Employee A to receive an additional compensation for the upcoming year a 10% bonus.	Motion and approved.	
	Motion for Employee B to be given a bonus of 12.5%.	Motion and approved.	
9/15/2008	Motion to approve resolution authorizing CFO to pursue legal remedy to contest the school district's bond and Mill Levy ballot question and obtain capital facilities funding.	Motion and approved.	
10/7/2008	Motion to approve the CCA and DHPH combined board resolution opposing PSD 60 bond and Mill Levy ballot questions.	Motion and approved.	
	Motion to direct general counsel to remedy or address the lawsuit opposing the PSD 60 bond and Mill Levy ballot questions as per the strategy noted in the Executive Session.	Motion and approved.	
	Motion to accept the CCA and DHPH financial reports for July and August.	Motion and approved.	
11/17/2008	Motion to reappoint Alfredo Vargas as a Parent Representative for a two-year term.	Motion and approved.	
1/6/2009	Motion to approve a resolution allowing \$350,000 fund balance to be expended in FY 09 for the needs stated and in the amount allocated and as presented.	Motion and approved.	
	Motion to accept the CCA and DHPH FY 09 modified budgets as presented.	Motion and approved.	
	Motion to approve the modified annual contract for Employee A and B so that salary is split between all CCSN schools and a reduction in the EMO fee in the same amount occurs as presented.	Motion and approved.	
	Motion to approve and adopt the proposed FY 09 budget for DHPH.	Motion and approved.	
	Motion to adopt the CCA FY09 unaudited financial report for September.	Motion and approved.	
2/3/2009	Motion to approve furlough not to exceed five days per staff for FY 09.	Motion and approved.	
	Motion to approve furlough days for DHPH not to exceed five days per staff for FY 09.	Motion and approved.	

Continued

CCA-DHPH BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions	Votes	Notes
	Motion to adopt the CCA and DHPH FY 09 unaudited financial statements for December.	Motion and approved.	
3/10/2009	Motion to adopt the CCA and DHPH FY09 unaudited financial statements	Motion and approved.	
6/9/2009	Motion to accept the CCA, Inc. and CCA-Denver contract.	Motion and approved.	

a The descriptions are generally worded as documented within the meeting minutes.
Sources: Network Entity board meeting minutes.

CCSN BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
2/26/2006	Motion to approve the ability to negotiate the contract as detailed regarding the architectural and building or tenant improvement.	Motion and approved.	Outline of meeting documented, but not in official format.
	Resolution approving application to the Charter School Growth Fund for Walton Startup Funding.	Motion and approved.	
9/6/2007	Resolution approving the employment contract for Employee A at \$80,000 per year.	Motion and approved.	Dennis F. signed approval for action when he was absent.
	Resolution approving CCSN to pay an annual bonus for Employee A from the CCA-Central budget, even though the employee was employed by CCA-Pueblo during the bonus period.	Motion and approved.	
	Resolution approving the CCSN overhead expense amount.	Motion and approved.	
	Resolution approving application to the Charter School Growth Fund for Walton Startup Funding for Colorado Springs Site 2.	Motion and approved.	CFO was authorized to execute and deliver the application to the charter fund; he is the signer of both the minutes and the resolution.
	Resolution granting permission for CCA-Central to apply for the CDE Charter School Startup Grant for Site 1 in the October cycle.	Motion and approved.	
	Resolution granting permission for CCA-Central to apply for the CDE Charter School Startup Grant for Site 2 in the February cycle.	Motion and approved.	
10/4/2007	Resolution approving the unaudited CCA-Central financial report through August 2007.	Motion and approved.	Board acknowledges need for additional members as set forth in the bylaws.
11/15/2007	Resolution accepting the Walton Startup Grant in the amount of \$230,000 and authorizing expenditures per the grant application.	Motion and approved.	
	Resolution accepting the CDE Startup Grant in the amount of \$106,800 and authorizing expenditures per the grant application.	Motion and approved.	
	Resolution adopting the modified FY 08 CCA-Central budget.	Motion to adopt.	
1/9/2008	Resolution approving the unaudited CCA-Central financial report through October 07.	Motion and approved.	Meeting minutes are signed and noted "presented for approval on January 9, 2008;" minutes were approved at the February meeting.
	Resolution approving the unaudited CCA-Central financial report through November 07.	Motion and approved.	
3/5/2008	Resolution approving the unaudited CCA-Central financial report through January 08.	Motion and approved.	

Continued

CCSN BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
	Resolution approving application to the Charter School Growth Fund for Walton Startup Funding—CFO was authorized to deliver.	Motion and approved.	(1) Dennis F. was absent (excused) and signed Board resolution, (2) Luke G. from Triggers is interested in becoming a Board member.
4/9/2008	Resolution approving the unaudited CCA-Central financial report through February 08.	Motion and approved.	Meeting was rescheduled for April 9, 2008
	Resolution adopting the revised FY 08 CCA-Central budget.	Motion and approved.	
6/9/2008	Resolution adopting the CCA-Central proposed FY 09 budget.	Motion and approved.	Joyce S. moves to approve the minutes from the previous meeting and she also seconds the motion.
	Resolution adopting the CCA-North proposed FY 09 budget.	Motion and approved.	Two people are making decisions for all resolutions.
	Resolution adopting the GOAL proposed FY 09 budget.	Motion and approved.	
	Resolution approving the unaudited CCA-Central financial report through April '08.	Motion and approved.	
10/22/2008	Motion to accept a \$205,000 donation from the Daniels Fund on behalf of Steve S. to CCA-Central with the donation being budgeted into the operating revenue of CCA-Central.	Motion and approved.	
	Motion to accept the anonymous donation of \$20,000 received from the Bank of Broadmoor with the donation being budgeted into the operating revenue of CCA-Central.	Motion and approved.	
	Resolution adopting the GOAL financial report through August 2008.	Motion and approved.	
	Resolution adopting the CCA-Central financial report through August 2008.	Motion and approved.	
	Resolution adopting the CCA-North financial report through August 2008.	Motion and approved.	
10/22/2008 (Continued)	Motion to approve the resolution to accept the unaudited financial report for CCA-North through Aug 08.	Motion and approved.	
	Motion to approve the resolution to accept the unaudited financial report for GOAL through August 08.	Motion and approved.	
1/14/2009	Motion to approve the modified annual contract for Employee A so that salary is split between all CCSN schools and a reduction in the EMO fee in the same amount occurs as presented in the January 14, 2009 Executive Session and attached to these minutes.	Motion and approved.	

Continued

CCSN BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
	Motion to approve the modified annual contract for Employee B so that salary is split between all CCSN schools and a reduction in the EMO fee in the same amount occurs as presented in the January 14, 2009 Executive Session and attached to these minutes.	Motion and approved.	
	Motion to approve the modified annual contract for Employee C so that salary is split between all CCSN schools and a reduction in the EMO fee in the same amount occurs as presented in the January 14, 2009 Executive Session and attached to these minutes.	Motion and approved.	
2/11/2009	Motion to adopt a resolution allowing the CCSN administration to implement a furlough for CCA-Central to deal with the state recession and not to exceed five work days per staff for FY 09.	Motion and approved.	
	Motion to adopt a resolution allowing the CCSN administration to implement a furlough for CCA-North to deal with the state recession and not to exceed five work days per staff for FY 09.	Motion and approved.	
	Motion to adopt a resolution allowing the CCSN administration to implement a furlough for CCA-North GOAL to deal with the state recession and not to exceed five work days per staff for FY 09.	Motion and approved.	
	Motion to adopt the CCA-Central FY 09 unaudited financial reports for December.	Motion and approved.	
	Motion to adopt the CCA-North FY 09 unaudited financial reports for December.	Motion and approved.	
	Motion to adopt the CCSN GOAL FY 09 unaudited financial reports for December.	Motion and approved.	
3/10/2009	Motion to adopt the CCSN combined FY09 unaudited financial reports for January.	Motion and Approved	
4/8/2009	Motion to adopt the CCA-Central FY 10 proposed annual budget.	Motion and approved.	
	Motion to adopt the CCA-North FY 10 proposed annual budget.	Motion and approved.	
	Motion to adopt the CCSN GOAL FY10 proposed annual budget	Motion and approved.	
	Motion to approve the annual contract for Employee A as presented in the April 30, 2009 Executive Session.	Motion and approved.	
	Motion to approve the annual contract for Employee B as presented in the April 30, 2009 Executive Session.	Motion and approved.	
	Motion to approve the contract for the project management of the contractor discussed in Executive Session who will receive the remodel contract of the proposed purchase building for a contract based on a contingency of 1.5% to be paid after the project is complete.	Motion and approved.	

Continued

CCSN BOARD FINANCIAL DISCUSSIONS AND DECISIONS

Meeting Dates	Financial Decisions ^a	Votes	Notes
5/13/2009	Motion to consolidate CCA-Central and CCA-North while exploring the possibilities of purchasing Village Christian Church for expansion and to explore the ability to suspend CCA-Central's charter for one year or to put the charter on hold for one year with CSI and to forgo the year's start-up funds.	Motion, one objection, motion carries.	

a The descriptions are generally worded as documented within the meeting minutes.
Sources: Network Entity board meeting minutes.

*Appendix C – Board Attendance and
Quorum*

CCA BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Eva M.	Judy V.	Tom A.	Victor R.	Verna V.	Nanette S.				Attendance Total	Quorum?
11/1/2000	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes				0	N/A
11/21/2000	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes				0	N/A
12/4/2000	Present	Present	Present	Present	Present	Present				6	YES
12/18/2000	Present	Present	Present	Present	Present	Present				6	YES
1/4/2001	Present	Present	Present	Present	Excused	Present				5	YES
1/8/2001	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes				0	N/A
2/5/2001	Present	Present	Present	Excused	Present	Present				5	YES
3/12/2001	Present	Present	Present	Absent	Present	Absent				4	NO
4/16/2001	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes				0	N/A
4/23/2001	Present	Absent	Present	Absent	Absent	Absent				2	NO
Meeting Dates	Eva M.	Tom A.	Linda R.	Robert D.						Attendance Total	Quorum?
5/14/2001	Present	Present	Present	Present						4	NO
Meeting Dates	Eva M.	Tom A.	Linda R.	Robert D.	Yolanda M.					Attendance Total	Quorum?
6/4/2001	Present	Present	Present	Present	Present					5	YES
6/25/2001	Absent	Absent	Present	Present	Present					3	NO
7/9/2001	Present	Present	Present	Present	Present					5	YES
8/6/2001	Present	Present	Present	Present	Present					5	YES
8/20/2001	Present	Present	Present	Present	Present					5	YES
9/17/2001	Absent	Present	Present	Present	Present					4	NO
10/1/2001	Present	Present	Present	Present	Present					5	YES
Meeting Dates	Eva M.	Tom A.	Linda R.	Robert D.	Veronica E.					Attendance Total	Quorum?
10/22/2001	Present	Present	Present	Present	Present					5	YES

CCA BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Eva M.	Tom A.	Linda R.	Robert D.	Yolanda M.					Attendance Total	Quorum?
11/12/2001	Absent	Present	Present	Present	Present					4	NO
11/26/2001	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes					0	N/A
12/12/2001	Absent	Present	Present	Present	Present					4	NO
1/7/2002	Present	Present	Present	Absent	Present					4	NO
2/4/2002	Present	Present	Present	Present	Present					5	YES
3/4/2002	Present	Present	Present	Present	Absent					4	NO
4/15/2002	Absent	Present	Present	Present	Present					4	NO
Meeting Dates	Eva M.	Tom A.	Linda R.	Robert D.	Yolanda M.	Carla A.				Attendance Total	Quorum?
6/17/2002	Present	Present	Present	Present	Absent	Present				5	YES
Meeting Dates	Eva M.	Tom A.	Linda R.	Robert D.	Carla A.					Attendance Total	Quorum?
7/1/2002**	Absent	Present	Present	Present	Present					4	NO
Meeting Dates	Eva M.	Tom A.	Linda R.	Robert D.	Rose H.					Attendance Total	Quorum?
7/23/2002	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes					0	N/A
8/6/2002	Present	Present	Present	Present	Absent					4	NO
Meeting Dates	Robert D.	Linda R.	Michael E.	Rose H.						Attendance Total	Quorum?
8/16/2002	No Minutes	No Minutes	No Minutes	No Minutes						0	N/A
8/27/2002	Present	Present	Present	Present						4	NO
9/9/2002	Present	Absent	Present	Present						3	NO
9/12/2002	No Minutes	No Minutes	No Minutes	No Minutes						0	N/A
9/17/2002	No Minutes	No Minutes	No Minutes	No Minutes						0	N/A
9/24/2002	No Minutes	No Minutes	No Minutes	No Minutes						0	N/A

CCA BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Robert D.	Michael E.	Rose H.	Dennis F.	Elmer W.	Linda R.	Caroline P.			Attendance Total	Quorum?
10/8/2002	Present	Present	Present	Present	Present	Present	Present			7	YES
10/29/2002	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes			0	N/A
11/12/2002	Present	Present	Present	Excused	Present	Absent	Present			5	YES
11/26/2002	Present	Present	Excused	Present	Present	Present	Present			6	YES
Meeting Dates	Robert D.	Michael E.	Dennis F.	Rose H.	Elmer W.	Caroline P.	Alex A.			Attendance Total	Quorum?
12/10/2002	Present	Present	Present	Excused	Present	Present	Absent			5	YES
12/19/2002	Present	Present	Excused	Absent	Present	Present	Absent			4	NO
1/7/2003	Present	Present	Present	Excused	Present	Excused	Present			5	YES
1/21/2003	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes			0	N/A
2/4/2003	Present	Present	Present	Absent	Present	Present	Absent			5	YES
Meeting Dates	Robert D.	Michael E.	Dennis F.	Rose H.	Elmer W.	Caroline P.	Alex A.			Attendance Total	Quorum?
2/18/2003	Present	Present	Present	Absent	Present	Present	Present			6	YES
3/21/2003	Present	Present	Present	Absent	Present	Absent	Present			5	YES
4/1/2003	Present	Present	Present	Absent	Present	Absent	Present			5	YES
Meeting Dates	Robert D.	Michael E.	Dennis F.	Rose H.	Elmer W.	Caroline P.	Alex A.	Edmund V.		Attendance Total	Quorum?
4/22/2003	Present	Present	Present	Present	Present	Present	Present	Present		8	YES
5/13/2003	Present	Present	Present	Present	Present	Present	Present	Present		8	YES
7/1/2003	Present	Present	Present	Absent	Present	Present	Present	Present		7	YES
Meeting Dates	Robert D.	Michael E.	Dennis F.	Caroline P.	Alex A.	Edmund V.	Elmer W.			Attendance Total	Quorum?
7/24/2003	Present	Present	Present	Present	Present	Present	Absent			6	YES
Meeting Dates	Robert D.	Michael E.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Robin A.		Attendance Total	Quorum?
8/5/2003	Present	Present	Present	Present	Present	Present	Absent	Present		7	YES

CCA BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Robin A.			Attendance Total	Quorum?
9/2/2003	Present	Present	Present	Present	Present	Present	Present			7	YES
10/7/2003	Present	Present	Present	Present	Absent	Present	Present			6	YES
Meeting Dates	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Robin A.	Donielle G.	Jovena G.	Attendance Total	Quorum?
11/11/2003	Present	Present	Present	Present	Absent	Present	Present	Present	Present	8	YES
12/3/2003	Present	Present	Present	Present	Present	Absent	Present	Present	Present	8	YES
1/14/2004	Present	Present	Present	Present	Present	Present	Present	Present	Present	9	YES
2/3/2004	Present	Present	Present	Present	Absent	Present	Present	Present	Present	8	YES
3/2/2004	Present	Present	Present	Present	Absent	Present	Present	Present	Absent	7	YES
4/6/2004	Present	Present	Present	Present	Present	Present	Present	Present	Absent	8	YES
5/18/2004	Present	Present	Present	Present	Present	Present	Present	Present	Absent	8	YES
Meeting Dates	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Donielle G.			Attendance Total	Quorum?
6/1/2004	Present	Present	Present	Present	Absent	Excused	Present			5	YES
Meeting Dates	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Donielle G.	Camille C.		Attendance Total	Quorum?
7/8/2004	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes		0	N/A
8/10/2004	Present	Present	Present	Present	Present	Absent	Excused	Present		6	YES
9/7/2004	Present	Present	Present	Present	Present	Absent	Absent	Present		6	YES
Meeting Dates	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Donielle G.	Camille C.	Melanie B.	Attendance Total	Quorum?
10/5/2004	Present	Present	Present	Present	Present	Present	Present	Absent	Present	8	YES
11/9/2004	Present	Present	Present	Present	Present	Present	Present	Absent	Present	8	YES
12/7/2004	Present	Present	Present	Absent	Present	Present	Present	Present	Excused	7	YES
Meeting Dates	Robert D.	Dennis F.	Alex A.	Edmund V.	Donielle G.	Camille C.	Melanie B.	Elmer W.		Attendance Total	Quorum?
1/4/2005	Present	Present	Excused	Present	Excused	Present	Present	Present		6	YES
1/20/2005	Absent	Present	Present	Absent	Present	Present	Present	Present		6	YES
3/1/2005	Present	Present	Excused	Absent	Present	Present	Present	Present		6	YES

CCA BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Robert D.	Dennis F.	Alex A.	Edmund V.	Donielle G.	Camille C.	Melanie B.	Elmer W.		Attendance Total	Quorum?
4/4/2005	Present	Excused	Present	Present	Excused	Present	Present	Present		6	YES
5/9/2005	Present	Present	Absent	Present	Present	Present	Present	Present		7	YES
Meeting Dates	Robert D.	Dennis F.	Alex A.	Edmund V.	Donielle G.	Camille C.	Melanie B.	Elmer W.	Ed P.	Attendance Total	Quorum?
6/7/2005	Present	Present	Present	Absent	Present	Present	Present	Present	Present	8	YES
8/2/2005	Present	Present	Present	Absent	Present	Present	Present	Present	Present	8	YES
8/16/2005	Present	Absent	Present	Absent	Present	Present	Present	Present	Absent	6	YES
9/6/2005	Present	Excused	Present	Excused	Present	Present	Present	Present	Present	7	YES
10/4/2005	Present	Present	Excused	Absent	Present	Present	Present	Present	Present	7	YES
Meeting Dates	Robert D.	Dennis F.	Alex A.	Donielle G.	Camille C.	Melanie B.	Elmer W.	Ed P.		Attendance Total	Quorum?
11/22/2005	Present	Present	Present	Present	Present*	Absent	Present	Absent		5	YES
Meeting Dates	Robert D.	Dennis F.	Alex A.	Donielle G.	Camille C.	Elmer W.	Ed P.			Attendance Total	Quorum?
1/3/2006	Present	Present	Present	Present*	Present	Present	Present			6	YES
1/17/2006	No meeting held due to lack of a quorum.									0	NO
Meeting Dates	Robert D.	Dennis F.	Alex A.	Donielle G.	Camille C.	Elmer W.				Attendance Total	Quorum?
2/7/2006	Present	Present	Present	Present	Present	Present				6	YES
3/16/2006	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes				0	N/A
4/13/2006	Present	Present	Absent	Present	Present	Present				5	YES
5/2/2006	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes				0	N/A
6/6/2006	Present	Present	Present	Absent	Present	Absent				4	NO
8/1/2006	Present	Present	Present	Present	Excused	Present				5	YES

*This member listed as both present and absent on the meeting minutes.

**This meeting's minutes were not accepted as official.

Sources: Network Entity board meeting minutes and bylaws.

DHPH BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Robin A.	Valarie S.	Eddie M.	Mike S.	Dennis F.	Orlando G.		Attendance Total	Quorum?	
3/30/2004	Present	Present	Present	Absent	Present	Absent		4	YES	
4/20/2004	Present	Present	Absent	Present	Absent	Present		4	YES	
6/22/2004	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes		0	N/A	
7/9/2004	Absent	Present	Present	Present	Present	Present		5	YES	
8/24/2004	Present	Present	Present	Absent	Absent	Present		4	YES	
Meeting Dates	Robin A.	Valarie S.	Eddie M.	Mike S.	Dennis F.	Orlando G.	Dylan B.	Attendance Total	Quorum?	
9/21/2004	Present	Present	Absent	Absent	Present	Present	Present	5	YES	
10/19/2004	Present	Present	Present	Present	Present	Present	Absent	6	YES	
11/22/2004	Present	Present	Present	Present	Absent	Present	Present	6	YES	
1/20/2005	Present	Present	Present	Present	Present	Absent	Absent	5	YES	
2/22/2005	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	0	N/A	
3/15/2005	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	0	N/A	
Meeting Dates	Robin A.	Valarie S.	Eddie M.	Mike S.	Dennis F.	Orlando G.		Attendance Total	Quorum?	
5/10/2005	Present	Present	Present	Present	Absent	Absent		4	YES	
6/28/2005	Present	Present	Present	Present	Absent	Present		5	YES	
Meeting Dates	Robin A.	Valarie S.	Eddie M.	Mike S.	Dennis F.	Orlando G.	Tanya Q.	Attendance Total	Quorum?	
8/16/2005	Present	Present	Present	Present	Absent	Absent	Present	5	YES	
10/18/2005	Present	Present	Absent	Present	Absent	Absent	Present	4	YES	
11/15/2005	Present	Present	Excused	Present	Present	Absent	Present	5	YES	
Meeting Dates	Robin A.	Valarie S.	Eddie M.	Mike S.	Dennis F.	Tanya Q.		Attendance Total	Quorum?	
1/17/2006	No meeting held due to lack of a quorum.								0	NO
2/7/2006*	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes		0	N/A	
3/16/2006*	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes		0	N/A	
4/13/2006	Present	Present	Present	Absent	Present	Present		5	YES	
5/2/2006	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes		0	N/A	
6/6/2006	Present	Present	Absent	Absent	Present	Present		4	YES	

DHPH BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Robin A.	Valarie S.	Eddie M.	Dennis F.	Tanya Q.			Attendance Total	Quorum?
8/1/2006	Present	Present	Excused	Excused	Present			3	NO

*According to the CFO, DHPH did not hold meetings on these dates. No records of the meeting cancellations were provided.

Sources: Network Entity board meeting minutes and bylaws.

CCA-DHPH BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Eddie M.	Camille C.	Elmer W.	Robin A.	Valerie S.				Attendance Total	Quorum of five?	Quorum of Four?
9/5/2006	Present	Present	Absent	Present	Present	Present	Present	Present	Present				8	YES	YES
Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Eddie M.	Elmer W.							Attendance Total	Quorum of five?	Quorum of Four?
10/3/2006	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes	No Minutes							0	N/A	N/A
11/8/2006	Present	Absent	Absent	Present	Present	Present							4	NO	YES
11/20/2006	Present	Present	Present	Present	Present	Absent							5	YES	YES
12/5/2006	Absent	Present	Absent	Present	Present	Present							4	NO	YES
12/11/2006	Present	Present	Present	Present	Present	Absent							5	YES	YES
Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Eddie M.	Jose M.	Elmer W.						Attendance Total	Quorum of five?	Quorum of Four?
1/2/2007	Present	Present	Present	Present	Present	Absent	Present						6	YES	YES
2/6/2007	Present	Present	Present	Present	Present	Present	Absent*						6	YES	YES
Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Eddie M.	Jose M.	Camille C.						Attendance Total	Quorum of five?	Quorum of Four?
3/6/2007	Present	Present	Excused	Present	Present	Absent	Absent*						4	NO	YES
4/10/2007	Present	Absent	Present	Present	Present	Absent	Present						5	YES	YES
4/19/2007	Present	Present	Present	Present	Present	Absent	Absent*						5	YES	YES
5/15/2007	Present	Present	Excused	Present	Excused	Absent	Present						4	NO	YES
6/5/2007	Present	Present	Excused	Present	Present	Absent	Present						5	YES	YES
8/7/2007	Present	Present	Present	Present	Present	Present	Absent						6	YES	YES
9/4/2007	Present	Present	Present	Present	Present	Present	Present						7	YES	YES
Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Eddie M.	Jose M.							Attendance Total	Quorum of five?	Quorum of Four?
10/11/2007	Present	Excused	Present	Present	Present	Resigned							4	NO	YES
Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Eddie M.								Attendance Total	Quorum of five?	Quorum of Four?
11/14/2007	Absent	Present	Present	Present	Present								4	NO	YES
12/4/2007	Present	Absent	Present	Present	Present								4	NO	YES
1/8/2008	Present	Present	Excused	Present	Present								4	NO	YES
1/14/2008	Present	Present	Present	Present	Excused								4	NO	YES
1/22/2008	Present	Present	Present	Present	Present								5	YES	YES

CCA-DHPH BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Eddie M.								Attendance Total	Quorum of five?	Quorum of Four?
2/5/2008	Present	Present	Excused	Present	Present								4	NO	YES
3/11/2008	Present	Present	Excused	Present	Present								4	NO	YES
4/10/2008	Excused	Present	Present	Present	Excused								3	NO	NO
5/6/2008	Present	Present	Present	Absent	Present								4	NO	YES
6/10/2008	Present	Present	Present	Present	Present								5	YES	YES
Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Alfredo V.	Michael E.	Robert L.	Luke G.	Karla T.	Robert M.	Steven T.	Eddie M.	Attendance Total	Quorum of five?	Quorum of Four?
8/5/2008	Present	Present	Present	Present	Present	Present	Present	Present	Absent	Present	Present	Excused	10	YES	YES
8/27/2008	Present	Present	Present	Absent	Absent	Not Noted	Present	Present	Absent	Absent*	Absent*	Excused	5	YES	YES
9/2/2008	Present	Present	Present	Present	Absent	Present	Absent	Present	Absent	Present	Absent	Absent	7	YES	YES
9/15/2008	Present	Present	Present	Present	Present	Excused	Excused	Present	Present	Present	Present	Present	10	YES	YES
10/7/2008	Present	Present	Present	Present	Present	Present	Present	Absent*	Present	Present	Excused	Present	10	YES	YES
11/17/2008	Present	Present	Present	Present	Present	Excused	Excused	Present	Excused	Present	Present	Present	9	YES	YES
12/2/2008	Excused	Present	Present	Present	Absent	Present	Present	Present	Excused	Present	Absent	Excused	7	YES	YES
1/6/2009	Present	Present	Present	Present	Absent	Present	Present	Present	Excused	Present	Present	Absent	9	YES	YES
Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Alfredo V.	Michael E.	Robert L.	Luke G.	Robert M.	Steven T.	Eddie M.		Attendance Total	Quorum of five?	Quorum of Four?
2/3/2009	Present	Present	Present	Present	Present	Excused	Present	Excused	Present	Present	Excused		8	YES	YES
3/10/2009	Present	Present	Present	Present	Present	Present	Excused	Present	Excused	Present	Excused		8	YES	YES
Meeting Dates	Dennis F.	Alex A.	Donielle G.	Robert D.	Alfredo V.	Michael E.	Robert L.	Luke G.	Victoria C.	Robert M.	Steven T.	Eddie M.	Attendance Total	Quorum of five?	Quorum of Four?
4/7/2009	Present	Present	Present	Present	Absent	Present	Present	Present	Elected	Present	Excused	Present	9	YES	YES
4/30/2009	Present	Present	Present	Present	Present	Excused	Present	Present	Present	Present	Present	Present	11	YES	YES
6/9/2009	Excused	Present	Present	Present	Present	Present	Excused	Present	Present	Present	Present	Excused	9	YES	YES

*Member was not noted as present or absent at this meeting.

Sources: Network Entity board meeting minutes and bylaws.

CCSN BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Dennis F.	Joyce S.	Eddie M.								Attendance Total	Quorum?
2/26/2006	Present	Absent	Present								2	YES
3/16/2006	No Minutes	No Minutes	No Minutes								0	N/A
4/13/2006	No Minutes	No Minutes	No Minutes								0	N/A
5/18/2006	No Minutes	No Minutes	No Minutes								0	N/A
5/25/2006	No Minutes	No Minutes	No Minutes								0	N/A
8/9/2007	Present	Present	Present								3	YES
9/6/2007	Absent	Present	Present								2	YES
10/4/2007	Present	Present	Excused								2	YES
11/15/2007	Present	Present	Excused								2	YES
12/6/2007	Present	Present	Excused								2	YES
1/9/2008	Present	Present	Present								3	YES
2/6/2008	Absent	Present	Present								2	YES
3/5/2008	Excused	Present	Present								2	YES
4/9/2008	Present	Present	Present								3	YES
5/7/2008	No Minutes	No Minutes	No Minutes								0	N/A
6/9/2008	Absent	Present	Present								2	YES
8/13/2008	Present	Present	Excused								2	YES
9/10/2008	Present	Present	Excused								2	YES
10/22/2008	Present	Present	Excused								2	YES
11/12/2008	Excused	Excused	Present								1	NO

CCSN BOARD ATTENDANCE AND DETERMINATION OF QUORUM

Meeting Dates	Dennis F.	Eddie M.	Velia R.								Attendance Total	Quorum?
12/16/2008	Present	Present	Present								3	YES
1/14/2009	Excused	Present	Present								2	YES
2/11/2009	Present	Excused	Present								2	YES
3/10/2009	Present	Present	Present								3	YES
4/8/2009	Excused	Present	Present								2	YES
Meeting Dates	Dennis F.	Eddie M.	Velia R.	Derrick A.	Promise L.	Kevin L.	Greg M.	Judy B.	Kelly P.		Attendance Total	Quorum?
4/30/2009	Present	Present	Present	Present	Present	Present	Present	Excused	Excused		7	YES
Meeting Dates	Dennis F.	Eddie M.	Velia R.	Derrick A.	Promise L.	Kevin L.	Greg M.	Judy B.	Kelly P.	Veronica M.	Attendance Total	Quorum?
5/18/2009	Present	Present	Present	Present	Excused	Present	Present	Excused	Present	Present	8	YES
6/17/2009	Present	Present	Present	Present	Present	Excused	Excused	Present	Present	Excused	7	YES

Sources: Network Entity board meeting minutes and bylaws.

*Appendix D—Board Composition
and Vacancies*

CCA BOARD COMPOSITION AND VACANCIES

Meeting Dates	Community Representative	Parent Representative	Parent Representative	Community Representative	Community Representative	Community/Parent Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative		
November 2000 - April 2001	Eva M.	Judy V.	Tom A.	Victor R.	Verna V.	VACANT	Nanette S.	CEO	VACANT		
Meeting Dates	Community Representative	Parent Representative	Parent Representative	Parent Representative	Community/Parent Representative	Community/Parent Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative		
May 2001	Eva M.	Linda R.	Tom A.	Robert D.	VACANT	VACANT	VACANT	CEO	VACANT		
June 2001 - June 2002	Eva M.	Linda R.	Tom A.	Robert D.	VACANT	VACANT	Yolanda M.*	CEO	VACANT		
Meeting Dates	Community Representative	Parent Representative	Parent Representative	Parent Representative	Parent Representative	Community/Parent Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative		
June 2002	Eva M.	Linda R.	Tom A.	Robert D.	Carla A.	VACANT	Yolanda M.	CEO	VACANT		
July 2002	Eva M.	Linda R.	Tom A.	Robert D.	Carla A.	VACANT	VACANT	CEO	VACANT		
July 2002 - August 2002	Eva M.	Linda R.	Tom A.	Robert D.	Rose H.	VACANT	VACANT	CEO	VACANT		
Meeting Dates	Parent Representative	Parent Representative	Parent Representative	Teacher Representative	Community/Parent Representative	Community/Parent Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative		
August 2002 - September 2002	Linda R.	Robert D.	Rose H.	Michael E.	VACANT	VACANT	VACANT	CEO	VACANT		
Meeting Dates	Parent Representative	Parent Representative	Parent Representative	Teacher Representative	Parent Representative	Community Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative		
October 2002 - November 2002	Linda R.	Robert D.	Rose H.	Michael E.	Dennis F.	Elmer Wells	Caroline P.	CEO	VACANT		
Meeting Dates	Parent Representative	Parent Representative	Teacher Representative	Parent Representative	Community Representative	Community Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative		
December 2002 - April 2003	Robert D.	Rose H.	Michael E.	Dennis F.	Elmer W.	Alex A.	Caroline P.	CEO	VACANT		
Meeting Dates	Parent Representative	Parent Representative	Teacher Representative	Parent Representative	Community Representative	Community Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative	Community Representative	
April 2003 - July 2003	Robert D.	Rose H.	Michael E.	Dennis F.	Elmer W.	Alex A.	Caroline P.	CEO	VACANT	Edmund V.	
Meeting Dates	Parent Representative	Teacher Representative	Parent Representative	Community Representative	Community Representative	Community Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative	Teacher Representative	
August 2003 - November 2003	Robert D.	Michael E.	Dennis F.	Elmer W.	Alex A.	Edmund V.	Caroline P.	CEO	VACANT	Robin A.	
Meeting Dates	Parent Representative	Parent Representative	Community Representative	Parent Representative	Community Representative	Community Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative	Teacher Representative	Parent Representative
November 2003 - May 2004	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Jovena G.	CEO	VACANT	Robin A.	Danielle G.
Meeting Dates	Parent Representative	Parent Representative	Community Representative	Parent Representative	Community Representative	Community Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative	Parent Representative	
May 2004 - June 2004	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	VACANT	CEO	VACANT	Danielle G.	
July 2004 - September 2004	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Camille C. (Interim)	CEO	VACANT	Danielle G.	

CCA BOARD COMPOSITION AND VACANCIES

Meeting Dates	Parent Representative	Parent Representative	Community Representative	Parent Representative	Community Representative	Community Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative	Teacher Representative	Parent Representative
October 2004 - December 2004	Robert D.	Dennis F.	Elmer W.	Caroline P.	Alex A.	Edmund V.	Melanie B.	CEO	VACANT	Camille C.	Danielle G.
Meeting Dates	Parent Representative	Parent Representative	Community Representative	Community Representative	Community Representative	Teacher Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative	Parent Representative	
January 2005 - May 2005	Robert D.	Dennis F.	Elmer W.	Alex A.	Edmund V.	Camille C.	Melanie B.	CEO	VACANT	Danielle G.	
Meeting Dates	Parent Representative	Parent Representative	Community Representative	Community Representative	Community Representative	Teacher Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative	Parent Representative	Parent Representative
June 2005 - January 2006	Robert D.	Dennis F.	Elmer W.	Alex A.	Edmund V.	Camille C.	Melanie B.	CEO	VACANT	Danielle G.	Ed P.
Meeting Dates	Parent Representative	Parent Representative	Community Representative	Community Representative	Teacher Representative	Parent Representative	Parents Association President	Ex-Officio - CEO	Ex-Officio - Student Representative		
February 2006 - August 2006	Robert D.	Dennis F.	Elmer W.	Alex A.	Camille C.	Danielle G.	VACANT	CEO	VACANT		

*(Veronica E. Interim for October 2001)

Sources: Network Entity board meeting minutes and bylaws.

DHPH BOARD COMPOSITION AND VACANCIES

Meeting Dates	Parent Representative	Parent Representative	Community Representative	Community Representative	Parent Representative	Teacher Representative	Higher Education Representative	Ex-Officio - Principal	Ex-Officio - CEO	Ex-Officio - Student Representative
March 2004 - August-2004	Robin A.	Valarie S.	Eddie M.	Mike S.	Dennis F.	N/A	Orlando G.	Michael E.	CFO	VACANT
September 2004 - March 2005	Robin A.	Valarie S.	Eddie M.	Mike S.	Dennis F.	Dylan B.	Orlando G.	Michael E.	CFO	VACANT
March 2005 - August 2006	Robin A.	Valarie S.	Eddie M.	Mike S.	Dennis F.	Tanya Q.	VACANT	Michael E.	CFO	VACANT
August 2006	Robin A.	Valarie S.	Eddie M.	VACANT	Dennis F.	Tanya Q.	VACANT	Michael E.	CFO	VACANT

CCA-DHPH BOARD COMPOSITION AND VACANCIES

The CCA-DHPH board's composition and vacancies is not included because two sets of bylaws governed the board and documentation of positions and vacancies within its minutes was insufficient to determine the positions members served and which positions were vacant. However, the minimum number of vacancies based upon each set of bylaws are listed in *Task 5.0 Board Activities*.

*Financial and Organizational Review of Cesar Chavez School Network
for the Colorado Department of Education*

Meeting Dates	Parent Representative	Community Representative	Community Representative	Community/Parent Representative	Community/Parent Representative	Community/Parent Representative	Community/Parent Representative	Ex-Officio - CEO	Ex-Officio - CFO			
February 2006 - November 2008	Dennis F.	Eddie M.	Joyce S.	VACANT	VACANT	VACANT	VACANT	CEO	CFO			
December 2008 - April 2009	Dennis F.	Eddie M.	Velia R.	VACANT	VACANT	VACANT	VACANT	CEO	CFO			
Meeting Dates	Parent Representative	Community Representative	Community Representative	Community Representative	Community Representative	Community Representative	CCA North Site Base Representative	GOAL Academy Site Base Representative	CCA Central Site Base Representative	Ex-Officio - CEO	Ex-Officio - CFO	
April 2009	Dennis F.	Eddie M.	Velia R.	Derrick A.	Promise L.	Judy B.	Kevin L.	Greg M.	Kelly P.	CEO	CFO	
Meeting Dates	Parent Representative	Community Representative	Community Representative	Community Representative	Community Representative	Community Representative	CCA North Site Base Representative	GOAL Academy Site Base Representative	CCA Central Site Base Representative	Community Representative	Ex-Officio - CEO	Ex-Officio - CFO
May 2009 - June 2009	Dennis F.	Eddie M.	Velia R.	Derrick A.	Promise L.	Judy B.	Kevin L.	Greg M.	Kelly P.	Veronica M.	CEO	CFO

Sources: Network Entity board meeting minutes and bylaws.

Appendix E—Leases and Contracts

NETWORK ENTITY AND CCA BUILDING CORPORATION LEASES AND CONTRACTS WITH TERMINATION DATES AFTER JUNE 30,2008

Entity	Agreement Type	Vendor Name	Description	Total Contract Amount	Contract Effective Date	Contract Term	Contract Termination Date	Appropriation/Funding Clause	Signature on Document	Board Approval
CCA	New Lease Agreement	de lage landen	Lease for Canon digital copier and two Canon fax machines.	\$4,502	2/14/2007	39 Months	5/14/2010	Lease obligations are absolute and are not subject to cancellation, reduction, setoff, or counterclaim.	CFO	Not noted in meeting minutes.
CCA	New Lease Agreement	de lage landen	Lease for two Canon digital copier/ printers.	\$43,317	4/23/2007	39 Months	7/23/2011	Lease obligations are absolute and are not subject to cancellation, reduction, setoff, or counterclaim.	CFO	Not noted in meeting minutes.
CCA	Periodic Loan	GE Capital Solutions	Loan for ModSpace, 2 Modular Units (24X60)	\$96,788	7/1/2008	1 Year	6/30/2009	N/A	CFO	Approved on June 10, 2008.
CCA	New Financial Agreement	US Bank	For finance and purchase of a 2009 bus.	\$117,442	2/4/2008	60 months	2/4/2013	Not noted.	CEO	Approved October 11, 2007
CCA	New Lease Agreement	Baltimore Plaza, LLC	Lease of commercial space.	\$184,005	7/1/2008	3 Years	6/30/2010	Yes. Addendum to contract.	CFO	Approved on May 6, 2008.
CCA	New Lease Agreement	Business Solutions Leasing	Lease for Canon color printer/copier/scanner.	\$15,444	7/24/2008	48 Months	7/24/2012	Lease obligations are absolute and are not subject to cancellation, reduction, setoff, or counterclaim.	CFO	Not noted in meeting minutes.
CCA	New Service Contract	Max's Janitorial - Lawn Service	Lawn mowing service for CCA.	\$2,185	7/1/2008	1 Year	6/30/2009	N/A	CFO	Not noted in meeting minutes.
CCA	Curriculum Renewal	Success for All	Program implementation.	\$34,200	7/1/2008	1 Year	6/30/2009	On original contract	CEO	Not noted in meeting minutes.
CCA	New Lease Agreement	Zircon Container Company	20' steel container, refurbished	Not Specified	Not Specified	Not Specified	Not Specified	N/A	Not Signed	Not noted in meeting minutes.
CCA	New Lease Agreement	Zircon Container Company	40' steel container, refurbished	Not Specified	Not Specified	Not Specified	Not Specified	N/A	Not Signed	Not noted in meeting minutes.

Continued

NETWORK ENTITY AND CCA BUILDING CORPORATION LEASES AND CONTRACTS WITH TERMINATION DATES AFTER JUNE 30,2008

Entity	Agreement Type	Vendor Name	Description	Total Contract Amount	Contract Effective Date	Contract Term	Contract Termination Date	Appropriation/Funding Clause	Signature on Document	Board Approval
CCA (Middle School)	Program Implementation Contract	Success for All	Professional development services and materials for comprehensive school reform instructional programs.	\$28,918 or \$29,404 depending on which option the CCA Middle School chose for the first year. (~\$96,574.50 total for three years)	7/11/2008	Annually renewed for three years.	6/30/2011	On original contract.	Not Signed	Not noted in meeting minutes.
CCA-Central	New Lease Agreement	The Bishop Diocese of Colorado	Rental of commercial lease space.	\$70,800	9/1/2007	1 Year	8/31/2008	Lease obligations are absolute and are not subject to cancellation, reduction, setoff, or counterclaim.	CFO	Approved on August 9, 2007.
CCA-Central	Lease Renewal	The Bishop Diocese of Colorado	Rental of commercial lease space.	\$70,800	9/1/2008	1 Year	8/31/2009	Same as original terms.	CFO	Approved on April 30, 2009.
CCA-Central and North	New Curriculum Contract	Success for All	Professional development services and materials for comprehensive school reform instructional programs.	\$197,842 or \$201,782 depending on which option the CCA-Central and CCA-North chose. (~233,562 total for three years)	7/1/2008	Annually renewed for three years	6/30/2011	Should funding for this contract be discontinued, the District shall have the right to terminate the contract immediately upon written notice to the Foundation. Such termination shall not relieve the District of any liabilities already incurred for services rendered.	Not Signed	Not noted in meeting minutes.
CCA-North	New Commercial Lease Agreement	Holy Trinity Parish	Commercial lease for space at the Holy Trinity Parish.	\$1.00	7/1/2008	Five Years	6/30/2013	Not Noted.	CFO	Not noted in meeting minutes.
CCA-North	Lease Agreement	Marlin	Lease agreement for Canon equipment.	\$6,435	Not Specified.	39 Months	Not Specified	Lease obligations are absolute and are not subject to cancellation, reduction, setoff, or counterclaim.	Not Signed	Not noted in meeting minutes.
CCSN	New Service Contract	Bandwidth.com	Telephone service agreement.	\$734	2/16/2009	1 Year	3/16/2010	N/A	GOAL Director	Not noted in meeting minutes.

Continued

NETWORK ENTITY AND CCA BUILDING CORPORATION LEASES AND CONTRACTS WITH TERMINATION DATES AFTER JUNE 30,2008

Entity	Agreement Type	Vendor Name	Description	Total Contract Amount	Contract Effective Date	Contract Term	Contract Termination Date	Appropriation/Funding Clause	Signature on Document	Board Approval
CCSN	E-Rate Consultant Contract	Etetchco	E-Rate consultant to discuss, prepare and submit all appropriate E-rate forms.	\$4,000	12/9/2008	6 Months	6/30/2009	N/A	CFO	Not noted in meeting minutes.
CCSN	Retainer Agreement	Garcia, Calderon, Ruiz	Attorney services agreement	A minimum of \$250,000 with additional legal service fees.	7/1/2009	1 Year	6/30/2010	N/A	CEO and CFO	Approved on August 4, 2009.
CCSN	New Service Contract	Max's Janitorial - Janitorial	Janitorial service three days a week at CCSN office.	\$5,427	7/28/2008	1 Year	6/30/2009	N/A	CFO	Not noted in meeting minutes.
DHPH	Purchase Agreement	Advanced Alarm	Security monitoring agreement for modular.	\$348	9/12/2007	1 Year	9/12/2008	N/A	Not Signed	Not noted in meeting minutes.
DHPH	New Service Contract	Max's Janitorial - Janitorial	Janitorial service agreement for service at the high school.	\$97,337	7/1/2008	1 Year	6/30/2009	N/A	CFO	Not noted in meeting minutes.
DHPH	New Service Contract	Max's Janitorial - Lawn Service	Lawn mowing service for the high school.	\$4,255	7/1/2008	1 Year	6/30/2009	N/A	CFO	Not noted in meeting minutes.
DHPH	New Service Contract	USA Patterns Alliance	Sports facilities fundraising.	\$50,000 deposit for services + 12% of anything raised in addition to \$416,666	6/19/2008	1 Year	6/19/2009	N/A	Not Signed	Not noted in meeting minutes.
DHPH	New Lease Agreement	ModSpace	Lease agreement for three modular buildings.	\$216,268	7/1/2009	5 Years		Lease obligations are absolute and are not subject to cancellation, reduction, setoff, or counterclaim.	CFO	Approved on August 4, 2009.
GOAL	New Service Contract	Bandwidth.com	Telephone service agreement.	\$734	2/10/2009	1 Year	2/10/2010	N/A	CFO	Not noted in meeting minutes.
GOAL	New Sublease Agreement	ECHSA Building Corp	Sublease of property.	\$12,002	12/15/2008	6 Months	6/30/2009	Not Noted.	CEO	Not noted in meeting minutes.

Continued

NETWORK ENTITY AND CCA BUILDING CORPORATION LEASES AND CONTRACTS WITH TERMINATION DATES AFTER JUNE 30,2008

Entity	Agreement Type	Vendor Name	Description	Total Contract Amount	Contract Effective Date	Contract Term	Contract Termination Date	Appropriation/Funding Clause	Signature on Document	Board Approval
GOAL	Specialty License Agreement	Jones Lang LaSalle	Commercial lease for space in the Pueblo Mall.	\$19,488	8/15/2008	1 Year	8/31/2009	Yes. Addendum to contract.	CEO	Not noted in meeting minutes.
GOAL	New Service Contract	Max's Janitorial	Janitorial services to be provided once a week.	\$3,120	7/1/2009	1 Year	6/30/2010	N/A	GOAL Director	Not noted in meeting minutes.
GOAL	New Lease Agreement	Relevant World Ministries	Lease of office space and computer lab.	\$18,330	7/1/2009	13 Months	6/30/2010	Not Noted.	CEO	Not noted in meeting minutes.
GOAL	New Lease Agreement	Harris Park LLC, C/O Colorado Rural Housing Development Corp.	Lease of commercial space.	\$48,000	7/1/2009	1 Year	7/30/2010	N/A	CEO	Not noted in meeting minutes.
CCA Building Corp.	New Purchase Contract	ModSpace	Purchase of a modular 8-plex	\$435,056	7/4/2007	13 Months	10/7/2008	Not Noted.	CFO	Not noted in meeting minutes.

Source: The CCSN CFO, contracts, and board meeting minutes.

Appendix F—Salaries and Benefits

DETAIL OF EMPLOYEES OF CCA DURING FISCAL YEAR 2008-09

Classification	Teachers	Administrators	Other Professionals	Para Professionals	Clerical	Custodial	Bus Drivers	Totals
Salaries Paid								
Total Salaries	\$2,185,965	\$702,006	\$776,022	\$596,288	\$229,943	\$124,149	\$68,319	\$4,682,692
Total Employees	87	7	20	43*	10	8	4	179
Average Salary Paid	25,126	100,287	38,801	13,867	22,994	15,519	17,080	
Percent of Employees that Claimed Additional Pay	57%	71%	70%	67%	70%	63%		61%
Number of Employees That Claimed Additional Pay	50	5	14	29	7	5		110
Total Additional Pay	56,284	53,879	64,042	30,265	1,710	5,794		211,974
Average Additional Pay Claimed	1,126	10,776	4,574	1,044	244	1,159		
Bonuses	74,984	66,111	45,894	32,533	17,042	6,300	2,350	245,214
Cell Phone Stipends	960	1,440	3,004	920	1,240	1,420	900	9,884
Mileage Reimbursements		24,000	14,400					38,400
Total Compensation Paid	\$2,318,193	\$847,436	\$903,363	\$660,006	\$249,935	\$137,664	\$71,569	\$5,188,164
	Teachers	Para Professionals	Clerical	Custodial	Bus Drivers	Students		Totals
Hourly Wages Paid								
Total Wages	\$39,963	\$61,875	\$29,920	\$39,251	\$40,287	\$16,138		\$227,435
Bonuses	0	1,600	1,500	2,000	417	0		5,517
Cell Phone Stipends	0	0	0	0	400	0		400
								233,352
							Total Salaries and Wages Paid	\$4,910,127
							Total Additional Pay	\$211,974
							Bonuses	250,731
							Cell Phone Stipends	10,284
							Mileage Reimbursements	38,400
							Total Compensation Paid	\$5,421,516

*Note: Reduced number of paraprofessional by three, one other paraprofessional and two teachers received pay under paraprofessional. There was no additional paraprofessional pay.
Source: The CCSN payroll data.

*Financial and Organizational Review of Cesar Chavez School Network
for the Colorado Department of Education*

DETAIL OF EMPLOYEES OF CCA DURING FISCAL YEAR 2008-09

Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Phone Stipend	Mileage Reimbursement	PERA Contributions ^a	Total
Chief Executive Officer	\$199,451	\$17,428	0	\$24,400	0	\$12,000	\$27,110	\$280,390
Chief Financial Officer	177,290	25,820	0	27,111	0	12,000	25,389	267,610
Chief Operations Officer	110,806	9,682	0	16,944	0	12,000	15,061	164,494
Director of Human Resources	77,476	5,380	0	4,000	\$960	0	10,357	98,174
School Psychologist	69,838	8,000	0	2,600	480	0	9,730	90,647
Administrator	67,559	750	0	4,000	0	0	8,539	80,848
Academy Director - Middle School	60,873	0	0	2,600	480	0	7,609	71,562
Academy Director - K-2	60,690	0	0	4,000	0	0	7,586	72,276
Academy Director - 3-5	58,667	4,500	0	0	0	0	7,896	71,062
Powerschool Coordinator	51,684	1,822	0	2,600	480	0	6,688	63,274
Director of Facilities Operations	47,002	0	0	3,000	0	0	5,875	55,877
Other Professional	45,596	26,548	0	2,000	0	0	9,018	83,162
Teacher	44,462	20	0	0	440	0	5,560	50,482
Teacher	44,441	700	0	2,600	0	0	5,643	53,384
Other Professional	44,182	1,165	0	3,000	0	0	5,668	54,015
Teacher	41,976	6,691	0	2,850	0	0	6,083	57,600
Enrollment Coordinator	39,589	0	0	2,000	0	0	4,949	46,537
Financial Assistant - Purchasing	38,758	538	0	1,600	360	0	4,912	46,169
Teacher	38,488	0	0	1,000	440	0	4,811	44,739
Payroll Coordinator	37,186	2,777	0	3,000	0	0	4,995	47,959
AV / IT Tech	36,869	200	0	1,000	264	0	4,634	42,966
Teacher	36,480	3,080	0	1,800	0	0	4,945	46,305
Other Professional	35,412	0	0	0	0	0	4,427	39,839
Teacher	35,028	60	0	2,100	0	0	4,386	41,574
Teacher	34,966	70	0	1,000	0	0	4,379	40,415
Teacher	34,920	0	0	2,000	0	0	4,365	41,285
Teacher	34,920	1,763	0	3,000	0	0	4,585	44,268
Teacher	34,251	0	0	750	0	0	4,281	39,282
Teacher	33,748	280	0	1,250	0	0	4,254	39,532
Teacher	33,529	60	0	2,500	0	0	4,199	40,287
Teacher	33,455	3,150	0	2,000	0	0	4,576	43,181
Teacher	33,455	4,691	0	1,000	0	0	4,768	43,914
Other Professional	33,055	82	0	1,000	440	0	4,142	38,718
Part Time Senior Accountant/Internal Audit	32,990	5,200	0	500	0	2,400	4,774	45,864
Teacher	32,889	3,000	0	1,800	0	0	4,486	42,175
Teacher	32,857	80	0	0	0	0	4,117	37,054
Other Professional	32,361	2,116	0	1,500	480	0	4,310	40,766
Teacher	32,244	0	0	1,000	0	0	4,030	37,274
Teacher	31,862	0	0	0	0	0	3,983	35,844
Teacher	31,768	6,081	0	3,000	0	0	4,731	45,580
Teacher	31,768	2,270	0	2,000	0	0	4,255	40,292
Teacher	31,653	750	0	1,000	0	0	4,050	37,453
Teacher	31,298	1,500	0	2,000	0	0	4,100	38,898
Teacher	31,298	1,690	0	1,000	0	0	4,124	38,112
Teacher	31,298	0	0	2,850	0	0	3,912	38,061
Teacher	31,278	80	0	2,000	0	0	3,920	37,277
Teacher/Para Professional	30,996	0	0	2,250	0	0	3,875	37,121
Teacher	30,836	70	0	2,800	0	0	3,863	37,569
Teacher	30,836	0	0	1,600	0	0	3,854	36,290
Teacher	30,836	0	0	2,400	0	0	3,854	37,090
Teacher	30,836	150	0	500	0	0	3,873	35,359
Teacher	30,836	220	0	2,400	0	0	3,882	37,338
Teacher	30,808	1,500	0	2,600	0	0	4,039	38,947
Teacher	30,808	1,520	0	1,200	0	0	4,041	37,569
Teacher	30,409	0	0	1,388	0	0	3,801	35,598
Teacher	30,375	940	0	2,748	0	0	3,914	37,978
Teacher	30,165	1,500	0	1,000	0	0	3,958	36,623
Teacher	29,919	90	0	750	0	0	3,751	34,510
Teacher	29,919	0	0	0	0	0	3,740	33,659
Teacher	29,919	500	0	0	0	0	3,802	34,221

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DETAIL OF EMPLOYEES OF CCA DURING FISCAL YEAR 2008-09

Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Phone Stipend	Mileage Reimbursement	PERA Contributions ^a	Total
Teacher	29,919	420	0	0	0	0	3,792	34,131
Teacher/Wrestling Coach	29,919	170	0	0	0	0	3,761	33,850
Teacher	29,919	0	0	0	0	0	3,740	33,659
Teacher	29,919	90	0	1,167	0	0	3,751	34,927
Teacher	29,919	30	0	0	0	0	3,744	33,693
Teacher	29,919	0	0	333	0	0	3,740	33,992
Teacher	29,919	840	0	0	0	0	3,845	34,604
Teacher	29,919	400	0	1,350	0	0	3,790	35,459
Para Professional	29,890	60	0	3,000	0	0	3,744	36,694
Clerical	29,571	0	0	2,400	440	0	3,696	36,107
Para Professional	29,437	2,680	0	1,000	0	0	4,015	37,131
Teacher	29,425	0	0	3,000	0	0	3,678	36,103
Other Professional	29,271	3,834	0	1,400	0	0	4,138	38,643
Clerical	29,188	0	0	2,000	0	0	3,649	34,837
Teacher	29,179	0	0	0	0	0	3,647	32,826
Teacher	29,116	170	0	0	0	0	3,661	32,947
Teacher	28,757	0	0	0	0	0	3,595	32,352
Para Professional	27,930	190	0	3,000	0	0	3,515	34,635
Teacher	27,762	130	0	0	0	0	3,487	31,379
Teacher	27,733	0	0	0	0	0	3,467	31,200
Finance Assistant Accounts Receivable	27,653	224	0	3,000	0	0	3,485	34,361
Teacher	27,440	188	\$2,745	1,000	0	0	3,797	35,170
Teacher	27,377	1,632	0	0	0	0	3,626	32,636
Teacher	27,377	1,512	0	1,000	0	0	3,611	33,501
Teacher	27,303	0	0	0	0	0	3,413	30,716
AV / IT Tech	27,292	891	0	750	460	0	3,523	32,916
Teacher	27,073	0	0	0	0	0	3,384	30,458
Para Professional	26,620	180	0	2,000	0	0	3,350	32,150
Finance Assistant Accounts Payable	26,579	92	0	625	0	0	3,334	30,630
Teacher	26,487	0	0	1,199	0	0	3,311	30,997
Teacher	25,981	300	0	0	0	0	3,285	29,566
Math Tutor	25,447	199	0	1,600	0	0	3,206	30,451
Para Professional	25,407	0	0	0	0	0	3,176	28,582
Teacher	25,126	0	0	0	0	0	3,141	28,267
Transportation Coordinator	25,000	0	0	3,000	0	0	3,125	31,125
Teacher	24,857	2,357	0	900	0	0	3,402	31,516
Other Professional	24,733	0	0	0	0	0	3,092	27,824
Clerical	24,660	0	0	1,900	0	0	3,083	29,643
Teacher	24,444	90	0	500	0	0	3,067	28,101
Para Professional	24,411	127	0	1,250	0	0	3,067	28,855
Teacher	24,285	600	0	0	0	0	3,111	27,996
Clerical	24,170	965	0	1,167	320	0	3,142	29,764
Basketball & Softball Coach	24,108	7,643	0	4,000	480	0	3,969	40,200
Track/Cross Country Coach	23,385	1,472	0	2,000	0	0	3,107	29,964
Bus Driver	22,465	0	4,075	1,000	200	0	3,317	31,057
Para Professional	22,351	1,893	0	1,000	0	0	3,031	28,275
Para Professional	22,159	970	0	3,000	0	0	2,891	29,020
Teacher	21,790	0	0	0	0	0	2,724	24,514
Clerical	21,468	0	0	2,000	480	0	2,684	26,632
Clerical	21,406	261	0	1,000	0	0	2,708	25,376
Custodial	21,358	1,653	185	1,000	440	0	2,900	27,536
Security Coordinator & Custodial	21,358	473	0	1,400	300	0	2,729	26,260
Custodial	21,030	2,852	2,535	1,000	0	0	3,302	30,720
Teacher/Operations/Activities Coordinator	20,993	0	0	0	0	0	2,624	23,617
Mariachi Coach	20,800	0	0	3,000	0	0	2,600	26,400
Para Professional	20,675	1,551	0	750	0	0	2,778	25,755
Teacher	19,607	40	159	0	0	0	2,476	22,281
Para Professional	19,504	600	0	0	0	0	2,513	22,617
Clerical	18,985	0	0	1,950	0	0	2,373	23,309

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Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Phone Stipend	Mileage Reimbursement	PERA Contributions ^a	Total
Bus Driver	18,816	0	2,288	0	440	0	2,638	24,181
Custodial	18,802	319	98	1,000	0	0	2,402	22,622
Teacher	18,604	0	0	0	0	0	2,325	20,929
Para Professional	18,367	0	0	1,000	0	0	2,296	21,663
Custodial	18,182	497	410	0	440	0	2,386	21,915
Special Education Teacher	18,077	0	0	1,000	0	0	2,260	21,336
Bus Driver	17,347	0	2,805	0	160	0	2,519	22,831
Para Professional	16,764	56	0	2,300	0	0	2,103	21,223
Teacher	16,234	4,485	0	0	0	0	2,590	23,309
Para Professional	16,157	0	0	800	0	0	2,020	18,976
ELL Tutor	15,999	0	0	0	0	0	2,000	17,999
Para Professional	15,852	648	0	0	0	0	2,063	18,563
Para Professional	15,393	348	0	0	0	0	1,968	17,709
Teacher	14,814	0	0	0	0	0	1,852	16,666
Custodial	14,562	0	0	500	240	0	1,820	17,123
Para Professional	14,207	190	0	0	0	0	1,800	16,196
Para Professional	12,975	1,797	0	0	0	0	1,846	16,618
Para Professional	11,985	130	0	0	0	0	1,514	13,630
Teacher	11,922	0	0	0	0	0	1,490	13,412
Para Professional	11,913	0	0	833	0	0	1,489	14,236
Para Professional	10,687	210	0	0	400	0	1,362	12,659
Teacher	9,886	186	0	0	0	0	1,259	11,330
Other Professional	9,749	0	0	0	0	0	1,219	10,968
Bus Driver	9,690	0	1,916	1,350	100	0	1,451	14,507
Teacher	9,121	0	0	0	40	0	1,140	10,301
Para Professional	9,040	363	0	0	0	0	1,175	10,578
Para Professional	8,434	0	0	0	0	0	1,054	9,489
Para Professional	8,037	0	0	0	0	0	1,005	9,042
Para Professional	7,917	0	0	500	0	0	990	9,406
Para Professional	7,619	0	0	0	0	0	952	8,571
Teacher	7,560	1,021	0	0	0	0	1,073	9,654
Custodial	7,385	0	0	1,400	0	0	923	9,708
Teacher	6,899	0	0	0	40	0	862	7,801
Para Professional	6,817	0	0	0	40	0	852	7,710
Teacher/Para Professional	6,459	30	0	0	0	0	811	7,300
Clerical	6,262	0	0	1,000	0	0	783	8,044
Para Professional	6,029	0	0	0	0	0	754	6,782
Teacher	5,161	0	0	0	0	0	645	5,806
Para Professional	5,009	1,250	0	500	40	0	782	7,581
Teacher	5,000	0	0	0	0	0	625	5,625
Teacher	4,114	0	0	0	0	0	514	4,629
Teacher	3,589	0	0	0	0	0	449	4,038
Soccer Coach	3,444	0	0	0	0	0	431	3,875
Teacher	3,298	0	0	0	0	0	412	3,710
Teacher	3,142	0	239	0	0	0	423	3,804
Para Professional	2,988	0	0	0	0	0	374	3,362
Para Professional	2,894	0	0	1,000	0	0	362	4,255
Para Professional	2,706	0	0	0	0	0	338	3,044
Teacher	2,508	0	0	0	0	0	314	2,822
Teacher	2,458	0	1,016	1,400	0	0	434	5,309
Para Professional	2,002	0	0	0	0	0	250	2,252
Para Professional	1,766	0	0	0	0	0	221	1,987
Teacher	1,566	0	0	0	0	0	196	1,762
Para Professional	1,487	0	0	0	0	0	186	1,673
Teacher	1,480	0	0	0	0	0	185	1,665
Volleyball Coach & Custodial	1,472	0	0	0	0	0	184	1,656
Basketball Coach	1,472	0	0	0	0	0	184	1,656
Para Professional	750	0	0	0	0	0	94	844
Para Professional	500	0	0	0	0	0	63	563
Para Professional	385	0	0	0	0	0	48	433
Teacher & Custodial	0	0	25,220	500	0	0	3,152	28,872

Continued

*Financial and Organizational Review of Cesar Chavez School Network
for the Colorado Department of Education*

DETAIL OF EMPLOYEES OF CCA DURING FISCAL YEAR 2008-09

Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Phone Stipend	Mileage Reimbursement	PERA Contributions ^a	Total
Clerical	0	0	13,796	1,500	0	0	1,725	17,021
Bus Driver	0	0	11,820	0	40	0	1,478	13,338
Teacher	0	0	10,154	0	0	0	1,269	11,423
Para Professional	0	20	9,898	0	0	0	1,240	11,158
Custodial	0	0	9,690	0	0	0	1,211	10,901
Clerical & Student	0	48	9,432	0	0	0	1,185	10,665
Para Professional	0	2,200	8,118	0	0	0	1,290	11,607
Clerical	0	0	7,950	0	0	0	994	8,943
Custodial	0	0	7,406	750	0	0	926	9,082
Para Professional	0	0	7,145	0	0	0	893	8,038
Custodial	0	0	6,820	0	0	0	853	7,673
Student	0	0	6,812	0	0	0	852	7,664
Bus Driver	0	0	4,965	0	100	0	621	5,686
Bus Driver	0	0	4,905	417	100	0	613	6,035
Bus Driver	0	0	4,388	0	70	0	548	5,006
Custodial	0	0	4,282	750	0	0	535	5,567
Para Professional	0	0	3,980	500	0	0	498	4,978
Para Professional	0	0	3,942	0	0	0	493	4,435
Para Professional	0	0	3,905	600	0	0	488	4,993
Clerical	0	100	3,893	0	0	0	499	4,492
Para Professional	0	0	3,828	0	0	0	479	4,307
Teacher	0	0	3,600	0	0	0	450	4,050
Para Professional	0	68	3,507	0	0	0	447	4,021
Custodial	0	0	3,324	0	0	0	416	3,740
Para Professional	0	0	3,224	500	0	0	403	4,127
Para Professional	0	18	3,204	0	0	0	403	3,625
Bus Driver	0	0	2,916	0	80	0	364	3,360
Basketball Coach	0	2,988	2,727	0	0	0	714	6,430
Clerical	0	20	2,578	0	0	0	325	2,923
Para Professional	0	0	2,340	0	0	0	293	2,633
Custodial	0	0	1,316	0	0	0	165	1,481
Custodial	0	0	1,272	0	0	0	159	1,431
Para Professional	0	0	1,050	0	0	0	131	1,181
Para Professional	0	0	912	0	0	0	114	1,026
Custodial	0	0	840	0	0	0	105	945
Bus Driver	0	0	836	0	0	0	105	941
Student	0	0	623	0	0	0	78	700
Para Professional	0	0	600	0	0	0	75	675
Custodial	0	0	504	0	0	0	63	567
Clerical	0	0	480	0	0	0	60	540
Clerical	0	0	240	0	0	0	30	270
Student	0	0	226	0	0	0	28	254
Bus Driver	0	0	124	0	10	0	15	149
Teacher	0	0	120	0	0	0	15	135
Student	0	0	30	0	0	0	4	34
Custodial	0	0	24	0	0	0	3	27
Teacher	0	1,500	0	0	0	0	188	1,688
Other Professional	0	1,188	0	0	0	0	148	1,336
Totals	\$4,682,692	\$211,974	\$227,435	\$250,731	\$10,284	\$38,400	\$640,263	\$6,061,778

a The PERA contributions were paid by CCSN in lump sum calculations based upon total monthly salaries for all employees. Therefore, we applied the contribution rates of 12.05 percent and 12.99 percent for July through December 2008 and January through June 2009, respectively, to the salaries, additional pay, and wages shown in the above table to estimate PERA contributions per employee.

Source: The CCSN payroll data.

DETAIL OF EMPLOYEES OF CCA-CENTRAL DURING FISCAL YEAR 2008-09

Classification	Teachers	Administrators*	Other Professionals	Para Professionals	Clerical	Custodial	Bus Drivers	Totals
Salaries Paid								
Total Salaries	\$278,636	\$64,507	0	\$51,640	\$24,038	0	0	\$418,822
Total Employees	11	4	0	3	2	0	0	20
Average Salary Paid	25,331	16,127		17,213	12,019			
Percent of Employees that Claimed Additional Pay	36%	25%		100%	50%			50%
Number of Employees That Claimed Additional Pay	4	1		3	1	1		10
Total Additional Pay	9712	2,304		466.07	2,241	319		15,041
Average Additional Pay Claimed	2,428	2,304		155	2,241	319		
Bonuses	8,625	3,000		875				12,500
Cell Phone Stipends	440	480				40		960
Mileage Reimbursements								0
Total Compensation Paid	\$297,413	\$70,291	0	\$52,981	\$26,279	\$359	0	\$447,323
	Teachers	Para Professionals	Clerical	Custodial	Bus Drivers	Students		Totals
Hourly Wages Paid								
Total Wages	\$185	\$14,698	\$420	\$5,307	\$7,410			\$28,020
Bonuses								0
Cell Phone Stipends					100			100
								28,120
							Total Salaries and Wages Paid	\$446,841
							Total Additional Pay	\$15,041
							Bonuses	12,500
							Cell Phone Stipends	1,060
							Mileage Reimbursements	0
							Total Compensation Paid	\$475,443

*Note: Administrator column includes amounts for the CEO, CFO, and COO received salaries of \$4,694, \$4,173, and \$2,608, respectively, as part of CCA-Central payroll
Source: The CCSN payroll data.

DETAIL OF EMPLOYEES OF CCA-CENTRAL DURING FISCAL YEAR 2008-09

Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Phone Stipend	PERA Contributions^a	Total
Administrator	\$53,033	\$2,304	0	\$3,000	\$480	\$6,917	\$58,817
Teacher	37,002	2,220	0	2,400	0	4,903	41,622
Teacher	33,214	2,998	0	3,000	0	4,526	39,212
Teacher	31,656	1,115	0	2,600	0	4,096	35,371
Teacher	31,298	3,379	0	625	0	4,335	35,302
Teacher	33,507	0	0	0	440	4,188	33,947
Teacher	30,866	0	0	0	0	3,858	30,866
Teacher	30,409	0	0	0	0	3,801	30,409
Teacher	29,919	0	0	0	0	3,740	29,919
Clerical	21,046	2,241	\$420	0	0	2,963	23,707
Para Professional	19,619	219	550	375	0	2,548	20,763
Para Professional	16,169	240	1,438	500	0	2,231	18,347
Para Professional	15,852	7	362	0	0	2,028	16,222
Para Professional	0	0	11,128	0	0	1,391	11,128
Teacher	9,397	0	135	0	0	1,192	9,532
Bus Driver	0	0	7,410	0	100	926	7,510
Teacher	6,249	0	0	0	0	781	6,249
Custodial	0	319	5,307	0	40	703	5,666
Teacher	5,119	0	0	0	0	640	5,119
Chief Executive Officer	4,694	0	0	0	0	587	4,694
Chief Financial Officer	4,173	0	0	0	0	522	4,173
Clerical	2,992	0	0	0	0	374	2,992
Chief Operations Officer	2,608	0	0	0	0	326	2,608
Para Professional	0	0	1,220	0	0	153	1,220
Teacher	0	0	50	0	0	6	50
Totals	\$418,822	\$15,041	\$28,020	\$12,500	\$1,060	\$57,735	\$475,443

a The PERA contributions were paid by CCSN in lump sum calculations based upon total monthly salaries for all employees. Therefore, we applied the contribution rates of 12.05 percent and 12.99 percent for July through December 2008 and January through June 2009, respectively, to the salaries, additional pay, and wages shown in the above table to estimate PERA contributions per employee.

Source: The CCSN payroll data.

DETAIL OF EMPLOYEES OF CCA-NORTH DURING FISCAL YEAR 2008-09

Classification	Teachers	Administrators*	Other Professionals	Para Professionals	Clerical	Custodial	Bus Drivers	Totals
Salaries Paid								
Total Salaries	\$450,519	\$104,417		\$32,614	\$37,743			\$625,293
Total Employees	17	4		3	2			26
Average Salary Paid	26,501	26,104		10,871	18,872			
Percent of Employees that Claimed Additional Pay	24%	25%		100%	100%			
Number of Employees That Claimed Additional Pay	4	1	\$4	3	2	\$1		15
Total Additional Pay	6,946	9,214	437	3,983	6,676	323		27,579
Average Additional Pay Claimed	1,736	9,214	109	1,328	3,338	323		
Bonuses	4,400	4,000		625	3,000			12,025
Cell Phone Stipends	440							440
Mileage Reimbursements								0
Total Compensation Paid	\$462,305	\$117,631	\$437	\$37,222	\$47,420	\$323	\$0	\$665,338
	Teachers	Para Professionals	Clerical	Custodial	Bus Drivers	Students		Totals
Hourly Wages Paid								
Total Wages	\$14,651	\$12,996		\$10,594	\$33,184			\$71,424
Bonuses								0
Cell Phone Stipends					460			460
								71,884
							Total Salaries and Wages Paid	\$696,718
							Total Additional Pay	\$27,579
							Bonuses	12,025
							Cell Phone Stipends	900
							Mileage Reimbursements	0
							Total Compensation Paid	\$737,222

*Note: Administrator column includes amounts for the CEO, CFO, and COO received salaries of \$7,041, \$6,259, and \$3,912, respectively, as part of CCA-North payroll

Source: The CCSN payroll data.

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DETAIL OF EMPLOYEES OF CCA-NORTH DURING FISCAL YEAR 2008-09

Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Phone Reimbursement	PERA Contributions^a	Total
Chief Academic Officer	\$87,206	\$9,214	0	\$4,000	0	\$12,052	\$112,472
Teacher	41,074	0	0	0	\$440	5,134	46,648
Teacher	34,744	3,300	0	2,400	0	4,756	45,200
Teacher	39,068	0	0	0	0	4,883	43,951
Teacher	31,881	0	0	0	0	3,985	35,866
Teacher	30,516	0	0	0	0	3,815	34,331
Teacher	30,278	0	0	0	0	3,785	34,063
Teacher	29,919	38	0	0	0	3,745	33,701
Teacher	26,764	1,335	0	0	0	3,512	31,611
Teacher	27,377	0	0	0	0	3,422	30,800
Teacher	27,377	0	0	0	0	3,422	30,800
Teacher	27,377	0	0	0	0	3,422	30,800
Teacher	27,377	0	0	0	0	3,422	30,800
Teacher	27,377	0	0	0	0	3,422	30,800
Clerical	21,016	1,760	0	3,000	0	2,847	28,622
Clerical	16,728	4,917	0	0	0	2,706	24,350
Teacher	18,554	20	0	2,000	0	2,322	22,896
Teacher	6,461	2,254	\$8,674	0	0	2,174	19,562
Para Professional	16,153	0	0	625	0	2,019	18,797
Bus Driver	0	0	14,169	0	200	1,771	16,141
Teacher	13,876	0	0	0	0	1,735	15,611
Para Professional	10,000	2,406	371	0	0	1,597	14,374
Bus Driver	0	0	11,661	0	180	1,458	13,298
Para Professional	0	270	11,401	0	0	1,459	13,130
Teacher	10,497	0	0	0	0	1,312	11,809
Custodial	0	323	9,166	0	0	1,186	10,675
Para Professional	6,461	1,307	1,224	0	0	1,124	10,116
Bus Driver	0	0	7,354	0	80	919	8,353
Chief Executive Officer	7,041	0	0	0	0	880	7,921
Chief Financial Officer	6,259	0	0	0	0	782	7,041
Chief Operations Officer	3,912	0	0	0	0	489	4,401
Teacher	0	0	3,199	0	0	400	3,599
Teacher	0	0	1,585	0	0	198	1,783
Custodial	0	0	1,428	0	0	179	1,607
Teacher	0	0	1,084	0	0	135	1,219
AV/IT Tech	0	133	0	0	0	17	150
Teacher	0	0	109	0	0	14	122
Professional (Other)	0	108	0	0	0	13	121
Professional (Other)	0	105	0	0	0	13	118
AV/IT Tech	0	92	0	0	0	12	104
Totals	\$625,293	\$27,579	\$71,424	\$12,025	\$900	\$90,537	\$827,759

a The PERA contributions were paid by CCSN in lump sum calculations based upon total monthly salaries for all employees. Therefore, we applied the contribution rates of 12.05 percent and 12.99 percent for July through December 2008 and January through June 2009, respectively, to the salaries, additional pay, and wages shown in the above table to estimate PERA contributions per employee.

Source: The CCSN payroll data.

DETAIL OF EMPLOYEES OF DHPH DURING FISCAL YEAR 2008-09

Classification	Teachers	Administrators ^c	Other Professionals	Para Professionals	Clerical	Custodial	Bus Drivers	Totals
Salaries Paid								
Total Salaries	\$789,158	\$124,848	\$49,997	\$143,706	\$67,488	\$9,014	\$0	\$1,184,212
Total Employees	33	5	1	20	3	1	0	63
Average Salary Paid	23,914	24,970	49,997	7,185	22,496	9,014	0	
Percent of Employees that Claimed Additional Pay	61%	20%	100%	10%	33%	0%		40%
Number of Employees That Claimed Additional Pay	20	1	1	2	1	0		25
Total Additional Pay	27,547	4,000	2,245	1,916	152	0		35,860
Average Additional Pay Claimed	1,377	4,000	2,245	958	152	0		
Bonuses	33,083	4,000	2,000	7,200	7,000	500		53,783 ^a
Cell Phone Stipends	1,960	40		1,300	0			3,300
Mileage Reimbursements	250	125		125				500
Total Compensation Paid	\$851,998	\$133,013^b	\$54,243	\$154,247	\$74,640	\$9,514	\$0	\$1,277,655
	Teachers	Para Professionals	Clerical	Custodial	Bus Drivers	Students		Totals
Hourly Wages Paid								
Total Wages	\$10,324	\$24,442	\$16,353	\$0	\$0	\$0		\$51,119
Bonuses	0	0	750	0	0	0		750
Cell Phone Stipends	0	0	0	0	0	0		0
								51,869
							Total Salaries and Wages Paid	\$1,235,330
							Total Additional Pay	\$35,860
							Bonuses	54,533
							Cell Phone Stipends	3,300
							Mileage Reimbursements	500
							Total Compensation Paid	\$1,329,524

^aNote: Bonus amount does not include amount for the Academy Director - 3-5 for CCA who received a \$2,400 bonus as part of DHPH payroll

^bNote: Administrator column includes amounts for the Academy Director - GOAL who received a \$5,417 salary, \$40 cell phone stipend, and \$125 mileage reimbursement as part of DHPH payroll

^cNote: Administrator column includes amounts for the CEO, CFO, and COO who received salaries of \$14,082, \$12,518, and \$7,823, respectively, as part of DHPH payroll

Source: The CCSN payroll data.

*Financial and Organizational Review of Cesar Chavez School Network
for the Colorado Department of Education*

DETAIL OF EMPLOYEES OF DPH DURING FISCAL YEAR 2008-09

Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Phone Stipend	Mileage Reimbursement	PERA Contributions^a	Total
Director of Secondary Education	\$85,008	\$4,000	0	\$4,000	0	0	\$11,126	\$104,134
Operations/Activities Coordinator	49,997	2,245	0	2,000	0	0	6,530	60,773
Teacher	49,066	0	0	2,400	\$480	0	6,133	58,080
Athletic Coordinator	46,237	1,800	\$4,227	800	480	0	6,533	60,077
Teacher	43,507	2,250	0	1,500	0	0	5,720	52,977
Lead ECP Liaison	40,252	1,500	0	2,000	280	0	5,219	49,251
Teacher	37,542	4,000	0	1,900	0	0	5,193	48,635
Teacher	37,216	2,346	0	0	440	0	4,945	44,948
Teacher	35,688	4,605	0	2,400	0	0	5,037	47,729
Teacher	34,902	4,195	0	2,250	0	0	4,887	46,234
Teacher	33,817	0	0	2,250	0	0	4,227	40,294
Teacher	33,588	1,785	0	1,500	0	0	4,422	41,294
Teacher	32,825	250	0	2,100	0	0	4,134	39,309
Teacher	32,371	0	0	333	0	0	4,046	36,751
Teacher	31,768	80	0	1,250	0	0	3,981	37,079
Teacher	31,329	120	0	0	0	0	3,931	35,380
Teacher	31,298	60	0	1,500	0	0	3,920	36,778
PE/Health Teacher	30,866	0	1,854	3,000	0	0	4,090	39,810
Teacher	30,836	720	0	1,500	0	0	3,944	37,000
Teacher	30,808	140	0	1,400	0	0	3,869	36,217
Prevention Specialist	30,760	0	2,699	2,400	0	0	4,182	40,041
Teacher	29,919	40	0	0	0	0	3,745	33,704
Teacher	29,919	100	0	0	0	0	3,752	33,771
Athletic Director	26,521	458	0	2,000	480	0	3,372	32,832
ACT Tutor	25,447	1,457	0	2,300	0	0	3,363	32,567
Teacher	25,357	340	0	0	0	0	3,212	28,909
Clerical	25,046	152	0	2,000	0	0	3,150	30,348
Clerical	21,468	0	1,030	3,000	0	0	2,812	28,311
Clerical	20,973	0	0	2,000	0	0	2,622	25,595
Chief Executive Officer	14,082	0	0	0	0	0	1,760	15,842
Para Professional	13,377	0	0	0	780	0	1,672	15,830
Teacher	13,374	0	0	0	160	0	1,672	15,205
Chief Financial Officer	12,518	0	0	0	0	0	1,565	14,082
Para Professional	11,980	0	6,529	500	0	0	2,314	21,322
Teacher	10,142	0	0	0	0	0	1,268	11,410
Custodial	9,014	0	0	500	0	0	1,127	10,641
Chief Operations Officer	7,823	0	0	0	0	0	978	8,801
Teacher	6,657	0	0	0	0	0	832	7,489
Teacher	5,912	300	0	0	0	0	776	6,988
Para Professional	5,785	0	0	0	0	0	723	6,508
Administrator	5,417	0	0	0	40	\$125	677	6,259
Teacher	4,497	1,416	0	3,000	0	0	739	9,652
Teacher	3,554	0	0	0	0	0	444	3,998
Para Professional	3,515	0	0	0	0	0	439	3,954
Teacher	3,292	0	0	2,000	40	0	411	5,743
Para Professional	2,808	0	0	0	0	0	351	3,159
Teacher	2,797	0	0	0	40	125	350	3,311
Para Professional	2,681	0	0	0	0	0	335	3,016
Teacher	2,653	0	0	0	40	125	332	3,150
Teacher	2,508	0	0	0	0	0	314	2,822
Para Professional	2,460	0	0	0	0	0	308	2,768
Teacher	2,415	0	0	0	0	0	302	2,717
Para Professional	2,346	0	0	0	0	0	293	2,639
Para Professional	2,290	0	0	0	0	0	286	2,576
Para Professional	2,290	0	0	0	0	0	286	2,576
Para Professional	2,290	0	0	0	0	0	286	2,576
Teacher	2,250	0	0	0	0	0	281	2,531
Para Professional	2,060	0	0	0	0	0	258	2,318
Para Professional	1,700	0	0	0	0	0	213	1,913
Para Professional	1,500	0	0	0	0	0	188	1,688
Para Professional	1,455	0	0	0	0	0	182	1,636
Para Professional	1,441	0	0	0	40	125	180	1,787
Para Professional	1,000	0	0	0	0	0	125	1,125

Continued

DETAIL OF EMPLOYEES OF DHPH DURING FISCAL YEAR 2008-09

Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Phone Stipend	Mileage Reimbursement	PERA Contributions ^a	Total
Enrollment	0	0	16,353	750	0	0	2,044	19,147
Teacher	0	0	9,925	0	0	0	1,241	11,166
Para Professional	0	0	2,346	0	0	0	293	2,639
Tutor and PE Assistant	0	0	2,000	0	0	0	250	2,250
Para Professional	0	0	1,500	0	0	0	188	1,688
Para Professional	0	0	1,000	0	0	0	125	1,125
Para Professional	0	0	733	0	0	0	92	824
Para Professional	0	0	525	0	0	0	66	591
Teacher	0	0	279	0	0	0	35	314
Teacher	0	0	120	0	0	0	15	135
Teacher	0	1,500	0	0	0	0	188	1,688
Academy Director - 3-5	0	0	0	2,400	0	0	0	2,400
Totals	\$1,184,211	\$35,860	\$51,119	\$56,933	\$3,300	\$500	\$158,899	\$1,490,822

a The PERA contributions were paid by CCSN in lump sum calculations based upon total monthly salaries for all employees. Therefore, we applied the contribution rates of 12.05 percent and 12.99 percent for July through December 2008 and January through June 2009, respectively, to the salaries, additional pay, and wages shown in the above table to estimate PERA contributions per employee.

Source: The CCSN payroll data.

DETAIL OF EMPLOYEES OF GOAL DURING FISCAL YEAR 2008-09

Classification	Teachers	Administrators	Other Professionals	Para Professionals	Clerical	Custodial	Bus Drivers	Totals
Salaries Paid								
Total Salaries	341,526	122,275	29,774	31,368	19,651			544,594
Total Employees	16	5	1	2	1			25
Average Salary Paid	21,345	24,455	29,774	15,684	19,651			
Percent of Employees that Claimed Additional Pay	13%	20%		50%	0%			16%
Number of Employees That Claimed Additional Pay	2	1		1				4
Total Additional Pay	5,433	2,862		721				9,016
Average Additional Pay Claimed	2,717	2,862		721				
Bonuses	4,375	4,000		3,000				11,375
Cell Phone Stipends	4,000	440	400	800	280			5,920
Mileage Reimbursements	12,500	1,375	1,250	2,500				17,625
Total Compensation Paid	367,835	130,952	31,424	38,389	19,931	0	0	588,530
Hourly Wages Paid								
Total Wages			6,334					\$6,334
Bonuses								0
Cell Phone Stipends								0
								6,334
							Total Salaries and Wages Paid	\$550,928
							Total Additional Pay	\$9,016
							Bonuses	11,375
							Cell Phone Stipends	5,920
							Mileage Reimbursements	17,625
							Total Compensation Paid	\$594,864

*Note: Administrator column includes amounts for the CEO, CFO, and COO who were paid salaries of 14,640, 13,013, and 8,133, respectively, as part of GOAL payroll.

Source: The CCSN payroll data.

DETAIL OF EMPLOYEES OF GOAL DURING FISCAL YEAR 2008-09

Title	Salary	Additional Pay	Hourly Wages	Bonus	Cell Reimbursement	Mileage Reimbursement	PERA Contributions^a	TOTAL
GOAL Director	\$75,167	\$2,862	0	\$4,000	\$440	\$1,375	\$9,754	\$93,597
Teacher	39,926	0	0	0	440	1,375	4,991	46,732
Teacher	33,840	2,836	0	1,875	440	1,375	4,585	44,951
Teacher	33,176	2,597	0	2,500	440	1,375	4,472	44,560
Teacher	31,991	0	0	0	440	1,375	3,999	37,805
Teacher	31,714	0	0	0	360	1,125	3,964	37,164
Other Professional	29,774	0	0	0	400	1,250	3,722	35,146
Teacher	26,576	0	0	0	360	1,125	3,322	31,383
Teacher	22,947	0	0	0	280	875	2,868	26,970
Para Professional	18,351	721	0	3,000	440	1,375	2,384	26,270
Teacher	22,363	0	0	0	200	625	2,795	25,983
Teacher	22,117	0	0	0	240	750	2,765	25,872
Teacher	20,143	0	0	0	200	625	2,518	23,486
Clerical	19,651	0	0	0	280	0	2,456	22,387
Teacher	18,173	0	0	0	240	750	2,272	21,434
Teacher	17,292	0	0	0	200	625	2,162	20,279
Chief Executive Officer	14,640	0	0	0	0	0	1,830	16,470
Para Professional	13,017	0	0	0	360	1,125	1,627	16,130
Chief Financial Officer	13,013	0	0	0	0	0	1,627	14,640
Administrator	11,322	0	0	0	0	0	1,415	12,737
Teacher	10,898	0	0	0	80	250	1,362	12,590
Chief Operations Officer	8,133	0	0	0	0	0	1,017	9,150
Clerical	0	0	\$6,334	0	0	0	792	7,126
Teacher	4,529	0	0	0	40	125	566	5,260
Teacher	4,342	0	0	0	40	125	543	5,050
Teacher	1,500	0	0	0	0	0	188	1,688
Totals	\$544,594	\$9,016	\$6,334	\$11,375	\$5,920	\$17,625	\$69,993	\$664,857

a The PERA contributions were paid by CCSN in lump sum calculations based upon total monthly salaries for all employees. Therefore, we applied the contribution rates of 12.05 percent and 12.99 percent for July through December 2008 and January through June 2009, respectively, to the salaries, additional pay, and wages shown in the above table to estimate PERA contributions per employee.

Source: The CCSN payroll data.

Appendix G—Income

CCA INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

	Jul '08 - Jun 09
Income	
1310 · Tuition from Individuals	94,825.00
1700 · Pupil Activities	
1750 · Fund Raisers	63,040.84
1760 · Gifts, Contributions	34,958.79
1790 · Uniforms/Other	60,340.79
Total 1700 · Pupil Activities	158,340.42
1740 · Fees	
Student Accident Insurance	6,532.00
1740 · Fees - Other	2,963.50
Total 1740 · Fees	9,495.50
1800 · Community Service Activities	
1820 · After School Programs	10.00
Total 1800 · Community Service Activities	10.00
1900 · Other Revenue from Local Service	
EMO Income CCAC	37,567.14
EMO Income CCAN	74,014.07
EMO Income DPHH	190,753.82
EMO Income GOAL	293,606.53
1990 · Misc Revenue	98,837.41
1900 · Other Revenue from Local Service - Other	1,306,029.62
Total 1900 · Other Revenue from Local Service	2,000,808.59
1910 · Other Sources Rent Income	500,000.00
1920 · Grant Income	44,000.00
1940 · Book and Material Fees	
Planner fees	487.00
1940 · Book and Material Fees - Other	163.90
Total 1940 · Book and Material Fees	650.90
3000 · State Revenue	
Capital Const. Fund 3113	121,481.38
ECEA Special Ed 3130	99,021.00
3000 · State Revenue - Other	36,900.00
Total 3000 · State Revenue	257,402.38
4000 · Federal Revenue from CDE	
Federal Entitlement Funds	104,452.00
Total 4000 · Federal Revenue from CDE	104,452.00
4020 · Federal Revenue from Feds	
IDEA PART B Special Ed 4027	54,432.00
Total 4020 · Federal Revenue from Feds	54,432.00
5200 · General Fund Transfers	
5211 · Transfers into Cap Reserve (c)	477,427.56
5221 · Transfers from Gen Fund (d)	-477,427.56

CCA INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

Total 5200 · General Fund Transfers	0.00
5700 · PPR	<u>7,658,788.00</u>
Total Income	<u>10,883,204.79</u>
Gross Profit	10,883,204.79
Expense	
0100 · Salaries	
100 · Principal/Director	791,070.66
200 · Teachers/Certified	
Bonus	253,131.05
200 · Teachers/Certified - Other	<u>2,319,894.70</u>
Total 200 · Teachers/Certified	2,573,025.75
300 · Other Professional	837,998.62
400 · Paraprofessionals	691,339.42
500 · Clerical	265,590.20
600 · Custodial	293,870.36
0100 · Salaries - Other	<u>0.00</u>
Total 0100 · Salaries	5,452,895.01
0200 · Benefits	
Clerical Benefits	
5-0211 · Life Insurance	97.20
5-0214 · ST Disability	315.00
5-0221 · Medicare	58.24
5-0230 · PERA	
PERA Retirement	<u>555.96</u>
Total 5-0230 · PERA	555.96
5-0251 · Health Benefits	11,998.35
5-0252 · Dental Benefits	267.12
Clerical Benefits - Other	<u>35,940.63</u>
Total Clerical Benefits	49,232.50
Custodial Benefits	
6-0221 · Medicare	-0.99
6-0230 · PERA	
PERA Retirement	<u>15,180.94</u>
Total 6-0230 · PERA	15,180.94
6-0251 · Health Benefits	16,800.00
Custodial Benefits - Other	<u>40,646.37</u>
Total Custodial Benefits	72,626.32

CCA INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

Other Professional Benefits	
3-0211 · Life Insurance	323.80
3-0214 · ST Disability	588.00
3-0221 · Medicare	1,232.02
3-0230 · PERA	
401K Board Match	1,504.76
PERA Retirement	<u>59,651.16</u>
Total 3-0230 · PERA	61,155.92
3-0251 · Health Benefits	39,886.92
3-0252 · Dental Benefits	5,261.02
3-0253 · Vision Benefit	234.12
Other Professional Benefits - Other	<u>75,389.45</u>
Total Other Professional Benefits	184,071.25
Paraprofessional Benefits	
4-0221 · Medicare	42.23
4-0230 · PERA	
PERA Retirement	<u>13,789.19</u>
Total 4-0230 · PERA	13,789.19
4-0240 · Tuition Reimbursement	3,000.00
Paraprofessional Benefits - Other	<u>159,008.06</u>
Total Paraprofessional Benefits	175,839.48
Principal/Director Benefits	
1-0211 · Life Insurance	187.20
1-0214 · ST Disability	336.00
1-0221 · Medicare	584.32
1-0230 · PERA	
401K Board Match	42,312.70
PERA Retirement	<u>81,278.20</u>
Total 1-0230 · PERA	123,590.90
1-0251 · Health Benefits	24,963.06
1-0252 · Dental Benefits	992.04
1-0253 · Vision Benefit	146.52
Principal/Director Benefits - Other	<u>35,381.48</u>
Total Principal/Director Benefits	186,181.52
Teachers-Certified Benefits	
2-0211 · Life Insurance	689.78
2-0214 · ST Disability	7,018.77
2-0221 · Medicare	74,469.30
2-0230 · PERA	
PERA Retirement	<u>430,950.54</u>
Total 2-0230 · PERA	430,950.54

CCA INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

2-0240 · Tuition Reimbursement	4,667.00
2-0251 · Health Benefits	392,132.75
2-0252 · Dental Benefits	13,872.51
2-0253 · Vision Benefit	13,872.96
Teachers-Certified Benefits - Other	<u>-346,365.99</u>
Total Teachers-Certified Benefits	<u>591,307.62</u>
Total 0200 · Benefits	1,259,258.69
0300 · Purchased Professional Services	
0313 · Bank/Payroll Ser. Fees	
Payroll Expenses	4,727.12
0313 · Bank/Payroll Ser. Fees - Other	<u>2,854.13</u>
Total 0313 · Bank/Payroll Ser. Fees	7,581.25
0320 · Educational Prof. Services	59,982.40
0331 · Legal Services	146,306.09
0332 · Audit Services	8,500.00
0334 · Consultant	11,221.42
0335 · Medical Services	1,140.50
0339 · Professional Service	152,453.03
0340 · Technical Services	14,240.93
0390 · Other Purch Prof/Tech Services	<u>339.31</u>
Total 0300 · Purchased Professional Services	401,764.93
0400 · Purchased Property Services	
0410 · Water Service	15,616.77
0421 · Trash Removal	13,546.76
0423 · Custodial Services	8,913.81
0424 · Lawn Care	3,885.91
0441 · Rental of Land and Buildings	58,862.72
0450 · Contractor Services	
Copier Maintenance Services	31,137.57
Fire/Security Monitoring	<u>1,886.80</u>
Total 0450 · Contractor Services	<u>33,024.37</u>
Total 0400 · Purchased Property Services	133,850.34
0430 · Repairs/Maintenance	142,949.34
0442 · Equipment Rental	40,296.11
0500 · Other Purchased Services	
0531 · Phone Service	
Cellular Services	24,618.02
Telephone Services	71,141.71
0531 · Phone Service - Other	<u>-25,044.84</u>
Total 0531 · Phone Service	70,714.89
0532 · Postage Machine Rental	10,939.90
0533 · Postage	36,310.32
0534 · Online Services	33,099.50
0540 · Advertising	26,556.90

CCA INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0550 · Printing and Binding	77,925.78
0596 · EMO Services	<u>1,306,029.62</u>
Total 0500 · Other Purchased Services	1,561,576.91
0513 · Contracted Field Trips	13,918.44
0520 · Insurance	
0521 · Liability Insurance	36,184.54
0525 · Colorado Un-Employment Ins.	10,144.70
0526 · Workers Compensation	50,170.85
0527 · Multiple Coverage Insurance	61,688.36
0528 · Student Accident Insurance	<u>12,630.07</u>
Total 0520 · Insurance	170,818.52
0569 · Tuition	32,000.00
0580 · Travel/Registration	163,199.51
0595 · District Purchased Services	199,152.00
0600 · Supplies	
0610 · General Supplies	
Accountability & Testing Sup.	9,614.31
Custodial Supplies	38,208.55
Elementary General Supplies	193,832.96
Office Supplies	102,738.79
Special Education	4,963.34
Sports Supplies	20,564.00
Student Awards	7,315.25
0610 · General Supplies - Other	<u>-3,765.62</u>
Total 0610 · General Supplies	373,471.58
0621 · Natural Gas Service	8,438.61
0622 · Electric Service	197,923.23
0626 · Gasoline-Vehicle	14,222.35
0650 · Software	10,763.48
0690 · Uniforms	52,330.36
0600 · Supplies - Other	<u>1,702.54</u>
Total 0600 · Supplies	658,852.15
0630 · Food	17,006.77
0640 · Books and Periodicals	47,850.57
0710 · Land and Improvements	107,473.57
0720 · Buildings	
Capital Reserve Fund Expend.	
Cesar Chavez Academy Modulars	97,838.67
New Construction Lease Payment	<u>878,743.22</u>
Total Capital Reserve Fund Expend.	976,581.89
0720 · Buildings - Other	<u>-97,313.53</u>
Total 0720 · Buildings	879,268.36
0722 · New Construction	2,095.75
0730 · Equipment	

CCA INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0733 · Furniture	0.00
0734 · Technology Equipment	<u>52,824.25</u>
Total 0730 · Equipment	52,824.25
0732 · Vehicles	20,452.38
0735 · Non-Capital Equipment	8,911.85
0800 · Other Objects	
0890 · Bad Debt	<u>115,220.46</u>
Total 0800 · Other Objects	115,220.46
0810 · Dues and Fees	62,427.57
0830 · Interest Expense	7,926.76
0910 · Redemption of Principal	<u>96,788.00</u>
Total Expense	<u>11,648,778.24</u>
Net Income	<u><u>-765,573.45</u></u>

Source: The CCSN unaudited financial data.

CCA-CENTRAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

	Jul '08 - Jun 09
Income	
1600 · Food Service Income	4,420.50
1700 · Pupil Activities	
1750 · Fund Raisers	1,658.51
1760 · Gifts and Contributions	2,408.00
1790 · Uniforms/Other	1,947.76
1700 · Pupil Activities - Other	101.00
Total 1700 · Pupil Activities	6,115.27
1740 · Student Activity Field Trip	175.00
1800 · Community Service Activities	
1820 · After School Programs	1,809.00
Total 1800 · Community Service Activities	1,809.00
1900 · Other Local Revenue	
1990 · Misc Revenue	0.01
Student Accident Insurance	900.00
1900 · Other Local Revenue - Other	286.25
Total 1900 · Other Local Revenue	1,186.26
3954 · State Revenue	
3150 · State G & T	1,368.00
3169 · State Reduced Lunch	200.40
3113 · SB129 Capital Construction Fund	10,091.21
3130 · State Grant Income Special Ed	5,600.00
3140 · ELPA Special Ed	1,232.00
3160 · Transportation Revenue	6,534.93
3164 · State Breakfast Program	181.50
Total 3954 · State Revenue	25,208.04
4000 · Federal Revenue from CDE	64,238.28
4010 · Federal Grant Medicaid	1,549.91
4954 · Federal Revenue-pass Thru CSI	
4027 · IDEA Part B Special Ed	10,500.00
4173 · IDEA Preschool	865.00
4553 · Federal Food Income Breakfast	4,090.90
4555 · Federal Food Program Lunch	15,331.73
Federal Entitlement Funds	26,674.00
Total 4954 · Federal Revenue-pass Thru CSI	57,461.63
5600 · General Fund Transfers	
5611 · Transfers into Cap Reserve (c)	48,198.92
5621 · Transfers from Gen Fund	-27,982.20
5651 · Food Transfer	-20,216.72
Total 5600 · General Fund Transfers	0.00

CCA-CENTRAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

5700 · Charter School Revenues-PPR	
Previous Year PPR	3,584.16
PPR Rescission	-1,814.36
5700 · Charter School Revenues-PPR - Other	<u>641,525.85</u>
Total 5700 · Charter School Revenues-PPR	<u>643,295.65</u>
Total Income	805,459.54
Expense	
100 · Principle/Director Salary	
600 · Custodial	6,534.93
500 · Clerical	22,239.62
400 · Paraprofessionals	65,354.26
200 · Teachers-Certified	
Bonus	12,500.00
200 · Teachers-Certified - Other	<u>217,753.00</u>
Total 200 · Teachers-Certified	230,253.00
100 · Principle/Director Salary - Other	<u>69,810.90</u>
Total 100 · Principle/Director Salary	394,192.71
0200 · Benefits	
Custodial Benefits	
6-0230 · PERA	
PERA Retirement	<u>1,688.13</u>
Total 6-0230 · PERA	1,688.13
Custodial Benefits - Other	<u>473.19</u>
Total Custodial Benefits	2,161.32
Clerical Benefits	
	6,004.70
Paraprofessional Benefits	
4-0230 · PERA	
PERA Retirement	<u>-390.56</u>
Total 4-0230 · PERA	-390.56
Paraprofessional Benefits - Other	<u>18,036.20</u>
Total Paraprofessional Benefits	17,645.64
Other Professional Benefits	
3-0230 · PERA	
PERA Retirement	<u>-537.40</u>
Total 3-0230 · PERA	-537.40
Other Professional Benefits - Other	<u>537.40</u>
Total Other Professional Benefits	0.00

CCA-CENTRAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

Teachers-Certified Benefits	
2-0211 · Life Insurance	347.85
2-0214 · ST Disability	1,134.32
2-0221 · Medicare	5,595.36
2-0230 · PERA	
PERA Retirement	42,769.70
Total 2-0230 · PERA	42,769.70
2-0251 · Health Benefits	46,789.93
2-0252 · Dental Benefits	1,992.42
2-0253 · Vision Benefit	80.53
Teachers-Certified Benefits - Other	-36,742.83
Total Teachers-Certified Benefits	61,967.28
Principal/Director Benefits	
1-0214 · ST Disability	84.00
1-0230 · PERA	
PERA Retirement	4,896.98
401K Board Match	200.00
Total 1-0230 · PERA	5,096.98
1-0251 · Health Benefits	3,855.80
Principal/Director Benefits - Other	9,812.16
Total Principal/Director Benefits	18,848.94
0200 · Benefits - Other	0.00
Total 0200 · Benefits	106,627.88
0300 · Purchased Professional Services	
0300a · CDE Withholding	12,812.37
0313 · Bank/Payroll Fees	
Payroll Expenses	613.72
0313 · Bank/Payroll Fees - Other	100.02
Total 0313 · Bank/Payroll Fees	713.74
0320 · Educational Prof. Services	18,660.00
0330 · Other Professional Services	
0332 · Audit	7,000.00
0334 · Consultant	400.00
0335 · Medical Services	2,669.00
0339 · Professional Service	23,649.57
Total 0330 · Other Professional Services	33,718.57
0340 · Technical Services	801.30
Total 0300 · Purchased Professional Services	66,705.98

CCA-CENTRAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0400 · Purchased Property Services	
0410 · Water Service	3,485.67
0421 · Trash Removal	670.00
0422 · Snow Removal	250.00
0423 · Custodial Services	20,223.75
0424 · Lawn Care	4,200.02
0440 · Rentals	
0441 · Rental of Land and Buildings	82,858.00
Total 0440 · Rentals	82,858.00
0450 · Contractor Services	
Copier Maintenance Services	1,457.77
Fire/Sec. Monitoring Services	1,155.00
Total 0450 · Contractor Services	2,612.77
0490 · Other Purchased Property Service	52.00
Total 0400 · Purchased Property Services	114,352.21
0430 · Repairs/Maintenance	2,369.41
0442 · Equipment Rental	211.79
0500 · Other Purchased Services	
0530 · Communications	
0531 · Phone Service	
Cellular Services	1,443.16
Telephone Services	9,732.22
Total 0531 · Phone Service	11,175.38
0533 · Postage	560.74
0534 · Online Services	904.85
Total 0530 · Communications	12,640.97
0540 · Advertising	0.00
0596 · EMO Service	37,567.14
0500 · Other Purchased Services - Other	-140.00
Total 0500 · Other Purchased Services	50,068.11
0513 · Contracted Field Trips	264.00
0519 · Other Stud. Transportation	0.00
0520 · Insurance	
0521 · Liability Insurance	12,462.78
0525 · Colorado Un-Employment Ins.	10,766.94
0526 · Workers Compensation	4,119.82
0527 · Multiple Coverage Insurance	680.89
0528 · Student Accident Insurance	1,049.15
0520 · Insurance - Other	-234.37
Total 0520 · Insurance	28,845.21

CCA-CENTRAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0580 · Travel, Registration	2,689.99
0594 · District Purchased Services	19,218.56
0600 · Supplies	
0610 · General Supplies	
Elementary General Supplies	16,321.09
Student Awards	1,359.25
Sports Supplies	127.73
Office Supplies	8,152.79
Custodial Supplies	6,432.78
0610 · General Supplies - Other	0.00
Total 0610 · General Supplies	32,393.64
0621 · Natural Gas Service	6,124.90
0622 · Electric service	6,374.23
0626 · Gasoline-Vehicle	6,309.99
0690 · Uniforms	1,112.74
Total 0600 · Supplies	52,315.50
0630 · Food	45,253.52
0640 · Books and Periodicals	19,059.84
0710 · Land & Improvements	765.00
0730 · Equipment	
0734 · Technology Equipment	21,092.42
0735 · Non Capital Equipment	14,441.72
0730 · Equipment - Other	0.00
Total 0730 · Equipment	35,534.14
0800 · Other Objects	
Bad Debt	112.48
0800 · Other Objects - Other	43.80
Total 0800 · Other Objects	156.28
0810 · Dues and Fees	3,985.73
Total Expense	942,615.86
Net Income	-137,156.32

Source: The CCSN unaudited financial data.

CCA-NORTH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

	Jul '08 - Jun 09
Income	
1600 · Food Service Income	12,461.25
1700 · Pupil Activities	
1720 · Book and School Fees	2,202.21
1750 · Fund Raisers	2,717.82
1760 · Gifts and Contributions	0.06
1790 · Uniforms/Other	
Planner Fees	435.00
1790 · Uniforms/Other - Other	1,758.23
Total 1790 · Uniforms/Other	2,193.23
Total 1700 · Pupil Activities	7,113.32
1740 · Student Activity Field Trip	2,825.50
1800 · Community Service Activities	
1820 · After School Program	4,515.00
Total 1800 · Community Service Activities	4,515.00
1900 · Other Local Revenue	
1990 · Misc Income	251.19
Student Accident Insurance	2,405.00
Total 1900 · Other Local Revenue	2,656.19
1920 · Cont. from Private Sources	138,860.58
3954 · State Grant Income	
3113 · SB129 Capital Construction Fund	18,677.87
3130 · State Grant Income Special Ed	7,200.00
3140 · ELPA Special Ed	1,379.00
3164 · State Breakfast Program	247.50
3169 · State Reduced Lunch	250.00
3954 · State Grant Income - Other	1,650.00
Total 3954 · State Grant Income	29,404.37
4000 · Federal Funding from CDE	252,214.66
4954 · Federal Revenue-Pass thru CSI	
Federal Entitlement Funds	46,500.00
4027 · IDEA Part B Special Ed	13,500.00
4553 · Federal Food Service Breakfast	5,181.50
4555 · Federal Food Service Lunch	29,375.36
Total 4954 · Federal Revenue-Pass thru CSI	94,556.86
5600 · General Fund Transfers	
5651 · Food Service Transfer	-47,952.66
5611 · Transfers into Cap Reserve (c)	99,745.06
5621 · Transfers from Gen fund (d)	-51,792.40
Total 5600 · General Fund Transfers	0.00
5700 · Charter School Revenues - PPR	1,180,046.65
Total Income	1,724,654.38

CCA-NORTH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

Expense

0100 · Salaries	
100 · Principle/Director Salary	116,631.46
200 · Teachers-Certified	
Bonus	5,025.00
200 · Teachers-Certified - Other	540,888.91
Total 200 · Teachers-Certified	545,913.91
300 · Other Professional	437.18
400 · Paraprofessionals	51,192.92
500 · Clerical	48,419.58
600 · Custodial	58,831.00
Total 0100 · Salaries	821,426.05
0200 · Benefits	
Principal/Director Benefits	
1-0221 · Medicare	1,691.16
1-0230 · PERA	
PERA Retirement	0.00
Total 1-0230 · PERA	0.00
401(k) Board Match	2,683.08
Principal/Director Benefits - Other	19,110.13
Total Principal/Director Benefits	23,484.37
Teachers-Certified Benefits	
Vision Ins	5,810.62
2-0211 · Life Insurance	466.10
2-0214 · ST Disability	1,593.73
2-0221 · Medicare	9,123.69
2-0230 · PERA	
PERA Retirement	86,291.39
Total 2-0230 · PERA	86,291.39
2-0251 · Health Benefits	62,204.90
2-0252 · Dental Benefits	3,100.87
Teachers-Certified Benefits - Other	-39,299.78
Total Teachers-Certified Benefits	129,291.52
Other Professional Benefits	
3-0230 · PERA	
PERA Retirement	8,413.08
Total 3-0230 · PERA	8,413.08
Other Professional Benefits - Other	-8,312.53
Total Other Professional Benefits	100.55
Paraprofessional Benefits	
4-0221 · Medicare	23.20
4-0230 · PERA	
PERA Retirement	192.80
Total 4-0230 · PERA	192.80
Paraprofessional Benefits - Other	11,558.37
Total Paraprofessional Benefits	11,774.37

CCA-NORTH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

Clerical Benefits	
5-0221 · Medicare	620.51
5-0230 · PERA	
PERA Retirement	0.00
Total 5-0230 · PERA	0.00
Clerical Benefits - Other	9,940.06
Total Clerical Benefits	10,560.57
Custodial Benefits	
6-0221 · Medicare	861.76
6-0230 · PERA	
PERA Retirement	6,189.68
Total 6-0230 · PERA	6,189.68
Custodial Benefits - Other	6,479.70
Total Custodial Benefits	13,531.14
0200 · Benefits - Other	0.00
Total 0200 · Benefits	188,742.52
0300 · Purchased Professional Services	
0330a · CDE Fee	23,634.40
0313 · Bank Fees/Payroll Svc	
Payroll Expenses.	5,339.88
0313 · Bank Fees/Payroll Svc - Other	142.93
Total 0313 · Bank Fees/Payroll Svc	5,482.81
0320 · Educational Prof Services	52,014.50
0330 · Other Professional Services	
0331 · Legal Services	2,500.00
0332 · Audit Services	1,000.00
0334 · Consultant	975.00
0335 · Medical Services	15,895.80
0339 · Professional Service	14,179.61
Total 0330 · Other Professional Services	34,550.41
0340 · Technical Services	
Special Education Services	19,972.50
0340 · Technical Services - Other	30.38
Total 0340 · Technical Services	20,002.88
Total 0300 · Purchased Professional Services	135,685.00
0400 · Purchased Property Services	
0421 · Trash Removal	221.00
0423 · Custodial Services	6,433.50
0440 · Rentals	
0441 · Rental of Land and Buildings	66,870.81
Total 0440 · Rentals	66,870.81
0450 · Contractor Services	
Copier Maintenance Services	788.61
Total 0450 · Contractor Services	788.61
Total 0400 · Purchased Property Services	74,313.92

CCA-NORTH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0430 · Repairs/Maintenance	9,536.90
0442 · Equipment Rental	2,452.80
0500 · Other Purchased Services	
0530 · Communications	
0531 · Phone Service	
Telephone Services	6,554.90
Cellular Services	1,375.35
Total 0531 · Phone Service	7,930.25
0533 · Postage	346.69
Total 0530 · Communications	8,276.94
0540 · Advertising	5,578.21
0550 · Printing and Binding	720.00
0597 · EMO Expenses	74,014.07
Total 0500 · Other Purchased Services	88,589.22
0513 · Contracted Field Trips	1,501.30
0519 · Other Stud Transportation	-5,859.04
0520 · Insurance	
0521 · Liability Insurance	4,103.41
0525 · Co Un-Employment Insurance	10,263.34
0526 · Workers Compensation Ins	7,625.40
0527 · Multiple Coverage Insurance	9,527.27
0528 · Student Accident Insurance	1,941.88
Total 0520 · Insurance	33,461.30
0580 · Travel/Registration	16,813.49
0594 · District Purchased Services	35,451.60
0600 · Supplies	
0610 · General Supplies	
Sports Supplies	572.04
Elementary General Supplies	77,613.40
Accountability & Testing Sup	3,409.68
Special Education	131.25
Student Awards	1,442.98
Office supplies	7,240.64
Custodial Supplies	2,035.86
0610 · General Supplies - Other	3.19
Total 0610 · General Supplies	92,449.04
0622 · Electric Service	38,169.93
0626 · Gasoline/Vehicle	11,709.82
0650 · Software	6,012.49
0690 · Uniforms	19,552.40
0600 · Supplies - Other	111.50
Total 0600 · Supplies	168,005.18
0630 · Food	94,004.77
0640 · Books and Periodicals	
Periodicals	4,864.21
Textbooks	103,008.62
Total 0640 · Books and Periodicals	107,872.83
0710 · Land and Improvements	20,835.00
0730 · Equipment	

CCA-NORTH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0733 · Furniture	9,851.87
0734 · Technology Equipment	37,403.27
0735 · Non-Capital Equipment	6,376.71
0730 · Equipment - Other	5,616.00
Total 0730 · Equipment	59,247.85
0732 · Vehicles	16,000.00
0800 · Other Objects	
Bad Debt	190.00
Total 0800 · Other Objects	190.00
0810 · Dues and Fees	5,502.40
0830 · Interest Expense	298.42
Total Expense	1,874,071.51
Net Income	-149,417.13

Source: The CCSN unaudited financial data.

DHPH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

	Jul '08 - Jun 09
Income	
1700 · Pupil Activities	
1750 · Fund Raisers	24,302.86
1760 · Gifts, Contributions	1,170.57
1790 · Uniforms/Other	57,070.35
1700 · Pupil Activities - Other	1,756.17
Total 1700 · Pupil Activities	84,299.95
1740 · Fees	
Student Accident Insurance	12,309.75
1740 · Fees - Other	11,463.14
Total 1740 · Fees	23,772.89
1900 · Other Revenue from Local Service	
1990 · Misc Revenue	1,353.02
1900 · Other Revenue from Local Service - Other	9,309.24
Total 1900 · Other Revenue from Local Service	10,662.26
1910 · Other Sources Rent Income	2,300.00
1920 · Grant Income	28,114.76
1940 · Book and Material Fees	
Planner fees	1,355.00
1940 · Book and Material Fees - Other	150.00
Total 1940 · Book and Material Fees	1,505.00
3000 · State Revenue	
Capital Const. Fund 3113	45,888.67
ECEA Special Ed 3130	39,084.00
Total 3000 · State Revenue	84,972.67
4000 · Federal Revenue from CDE	
IDEA PART B Special Ed 4027	20,533.00
Total 4000 · Federal Revenue from CDE	20,533.00
4010 · Federal Revenue-Local Sources	39,131.00
5200 · General Fund Transfers	
5211 · Transfers into Cap Reserve (c)	127,246.00
5221 · Transfers from Gen Fund (d)	-127,246.00
Total 5200 · General Fund Transfers	0.00
5700 · PPR	2,876,252.00
5900 · Other Sources	0.00
Total Income	3,171,543.53

DHPH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

Expense	
0100 · Salaries	
600 · Custodial	8,223.27
500 · Clerical	83,694.14
400 · Paraprofessionals	169,825.68
200 · Teachers/Certified	
Bonus	-2,400.00
200 · Teachers/Certified - Other	<u>832,203.56</u>
Total 200 · Teachers/Certified	829,803.56
100 · Principal/Director	
300 · Other Professional	52,242.72
100 · Principal/Director - Other	<u>91,406.06</u>
Total 100 · Principal/Director	<u>143,648.78</u>
Total 0100 · Salaries	1,235,195.43
0200 · Benefits	
Custodial Benefits	
6-0221 · Medicare	-11.46
6-0230 · PERA	
PERA Retirement	<u>-95.27</u>
Total 6-0230 · PERA	-95.27
Custodial Benefits - Other	<u>1,948.74</u>
Total Custodial Benefits	1,842.01
Clerical Benefits	
5-0221 · Medicare	-3.10
5-0230 · PERA	
PERA Retirement	77.57
5-0230 · PERA - Other	<u>-103.33</u>
Total 5-0230 · PERA	-25.76
Clerical Benefits - Other	<u>21,633.49</u>
Total Clerical Benefits	21,604.63
Paraprofessional Benefits	
4-0221 · Medicare	-3.46
4-0230 · PERA	
PERA Retirement	<u>-28.75</u>
Total 4-0230 · PERA	-28.75
Paraprofessional Benefits - Other	<u>37,108.92</u>
Total Paraprofessional Benefits	37,076.71
Other Professional Benefits	11,702.37

DHPH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

Teachers-Certified Benefits	
2-0211 · Life Insurance	791.95
2-0214 · ST Disability	2,289.00
2-0221 · Medicare	17,739.44
2-0230 · PERA	
PERA Retirement	139,384.39
2-0230 · PERA - Other	<u>-1,299.85</u>
Total 2-0230 · PERA	138,084.54
2-0251 · Health Benefits	119,216.86
2-0252 · Dental Benefits	5,406.00
2-0253 · Vision Benefit	299.63
Teachers-Certified Benefits - Other	<u>-101,186.69</u>
Total Teachers-Certified Benefits	182,640.73
Principal/Director Benefits	
1-0211 · Life Insurance	-57.60
1-0221 · Medicare	-526.39
1-0230 · PERA	
PERA Retirement	<u>-4,625.51</u>
Total 1-0230 · PERA	-4,625.51
1-0251 · Health Benefits	-2,052.90
1-0252 · Dental Benefits	-76.32
Principal/Director Benefits - Other	<u>28,793.17</u>
Total Principal/Director Benefits	<u>21,454.45</u>
Total 0200 · Benefits	276,320.90
0300 · Purchased Professional Services	
0331 · Legal Services	11,051.95
0313 · Bank/Payroll Ser. Fees	
Payroll Expenses	1,584.76
0313 · Bank/Payroll Ser. Fees - Other	<u>612.12</u>
Total 0313 · Bank/Payroll Ser. Fees	2,196.88
0320 · Educational Prof. Services	6,178.09
0330 · Other Professional Services	
0332 · Audit Services	7,000.00
0334 · Consultant	3,165.00
0335 · Medical Services	1,277.50
0339 · Professional Service	<u>28,210.02</u>
Total 0330 · Other Professional Services	39,652.52
0340 · Technical Services	<u>446.43</u>
Total 0300 · Purchased Professional Services	59,525.87

DHPH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0400 · Purchased Property Services	
0410 · Water and Sewer	8,285.85
0421 · Trash Removal	12,103.00
0423 · Custodial Services	133,208.33
0424 · Lawn Services	2,425.00
0440 · Rentals	
0441 · Rentals of Land and Buildings	506,958.71
0440 · Rentals - Other	2,239.94
Total 0440 · Rentals	509,198.65
0450 · Contractor Services	
Copier Maintenance Services	180.00
Fire/Security Monitoring	5,244.16
Total 0450 · Contractor Services	5,424.16
Total 0400 · Purchased Property Services	670,644.99
0430 · Repairs and Maintenance	12,391.28
0442 · Equipment Rental	3,389.08
0500 · Other Purchased Services	
0530 · Communications	
0531 · Phone Service	
Cellular Services	5,051.95
Telephone Services	370.26
Total 0531 · Phone Service	5,422.21
0532 · Postage Machine Rental	9,086.90
0533 · Postage	268.77
0534 · Online Services	24,840.00
0530 · Communications - Other	-9,743.73
Total 0530 · Communications	29,874.15
0540 · Advertising	6,210.84
0550 · Printing and Binding	8,168.65
0596 · EMO Services	190,753.82
Total 0500 · Other Purchased Services	235,007.46
0513 · Contracted Field Trips	3,729.64
0520 · Insurance	
Federal Unemployment	0.00
0521 · Liability Insurance	45,902.82
0525 · Colorado Un-employment Ins.	23,402.50
0526 · Worker's Compensation	9,948.14
0528 · Student Accident Insurance	7,205.55
0520 · Insurance - Other	3,048.58
Total 0520 · Insurance	89,507.59
0569 · Tuition	117,924.84
0580 · Travel, Registration	70,591.74
0595 · District Purchased Services	72,443.14
0600 · Supplies	

DHPH INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0610 · General Supplies	
Accountability and Testing Supp	447.49
Custodial Supplies	15,047.27
High School General Supplies	82,908.31
Office Supplies	6,303.14
Sports Supplies	44,519.86
0610 · General Supplies - Other	0.00
Total 0610 · General Supplies	149,226.07
0621 · Natural Gas Service	11,756.34
0622 · Electrical Service	25,963.22
0626 · Gasoline -Vehicle	10,459.37
0650 · Software	3,960.00
0690 · Uniforms	47,141.74
Total 0600 · Supplies	248,506.74
0630 · Food	8,963.51
0640 · Books and Periodicals	5,734.82
0710 · Land and Improvements	90,192.04
0720 · Buildings	
Capital Reserve Fund Expenditures	
New Construction Lease Payments	1,297.50
Total Capital Reserve Fund Expenditures	1,297.50
0720 · Buildings - Other	14,272.50
Total 0720 · Buildings	15,570.00
0730 · Equipment	
0734 · Technology Equipment	9,594.68
0735 · Non-Capital Equipment	2,799.00
Total 0730 · Equipment	12,393.68
0800 · Other Objects	
Bad Debt	29,022.56
Total 0800 · Other Objects	29,022.56
0810 · Dues and Fees	32,635.70
Total Expense	3,289,691.01
Net Income	-118,147.48

Source: The CCSN unaudited financial data.

GOAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

	Jul '08 - Jun 09
Income	
1920 · Private Grant Income	35,136.02
3954 · State Revenue - Pass Thru CSI	
Gifted and Talented 3150	1,965.00
3130 · State Grant Income Special Ed	13,600.00
3140 · State ELPA	487.13
3192 · School Counselor	71,500.00
Total 3954 · State Revenue - Pass Thru CSI	87,552.13
4000 · Federal Income from CDE	88,666.07
4954 · Federal Grant Income Pass Thru	
4027 · IDEA Part B Special Ed	25,500.00
4954 · Federal Grant Income Pass Thru - Other	58,461.00
Total 4954 · Federal Grant Income Pass Thru	83,961.00
5700 · PPR Charter School Transfers	
PPR Rescission	0.00
5700 · PPR Charter School Transfers - Other	1,694,305.29
Total 5700 · PPR Charter School Transfers	1,694,305.29
Total Income	1,989,620.51
Expense	
0100 · Salaries	
100 · Principle/Director Salary	135,970.51
200 · Teachers-Certified	
Bonus	7,375.00
200 · Teachers-Certified - Other	359,475.95
Total 200 · Teachers-Certified	366,850.95
300 · Other Professional	37,773.82
400 · Paraprofessionals	33,757.20
500 · Clerical	28,041.04
Total 0100 · Salaries	602,393.52
0200 · Benefits	
Principal/Director Benefits	
1-0221 · Medicare	99.08
1-0230 · PERA	
PERA Retirement	823.42
Total 1-0230 · PERA	823.42
Principal/Director Benefits - Other	31,545.29
Total Principal/Director Benefits	32,467.79
Teachers-Certified Benefits	
Vision Ins	89.02
2-0211 · Life Insurance	304.65
2-0214 · ST Disability	700.00
2-0221 · Medicare	8,527.82
2-0230 · PERA	
PERA Retirement	62,962.98
Total 2-0230 · PERA	62,962.98

GOAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

2-0251 · Health Benefits	46,577.02
2-0252 · Dental Benefits	1,405.28
Teachers-Certified Benefits - Other	-51,608.61
Total Teachers-Certified Benefits	68,958.16
Other Professional Benefits	
3-0221 · Medicare	116.00
3-0230 · PERA	
PERA Retirement	388.50
Total 3-0230 · PERA	388.50
Other Professional Benefits - Other	6,925.01
Total Other Professional Benefits	7,429.51
Paraprofessional Benefits	
4-0221 · Medicare	24.19
4-0230 · PERA	
PERA Retirement	5,798.70
Total 4-0230 · PERA	5,798.70
Paraprofessional Benefits - Other	7,176.78
Total Paraprofessional Benefits	12,999.67
Clerical Benefits	
5-0221 · Medicare	29.82
5-0230 · PERA	
PERA Retirement	247.80
Total 5-0230 · PERA	247.80
Clerical Benefits - Other	5,961.53
Total Clerical Benefits	6,239.15
0200 · Benefits - Other	0.00
Total 0200 · Benefits	128,094.28
0300 · Purchased Professional Services	
0313 · Bank Fees/Payroll Svc	
Payroll Expenses	3,657.86
0313 · Bank Fees/Payroll Svc - Other	271.04
Total 0313 · Bank Fees/Payroll Svc	3,928.90
0320 · Educational Prof Services	900.00
0330 · Other Professional Services	
0331 · Legal Services	405.00
0334 · Consultant	800.00
0339 · Professional Service	1,365.20
Total 0330 · Other Professional Services	2,570.20
0330a · a CDE Fees	33,934.16
0340 · Technical Services	318.00
0390 · Other Purchases Prof/Tech Services	30.58
Total 0300 · Purchased Professional Services	41,681.84

GOAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0400 · Purchased Property Services	
0421 · Trash Removal	442.98
0423 · Custodial services	1,872.96
0440 · Rentals	
0441 · Rental of Land and Buildings	31,842.90
Total 0440 · Rentals	31,842.90
Total 0400 · Purchased Property Services	34,158.84
0430 · Repairs/Maintenance	2,016.69
0442 · Equipment Rental	1,161.49
0500 · Other Purchased Services	
0530 · Communications	
0531 · Phone Service	
Cellular Services	5,920.00
Telephone Services	1,955.59
0531 · Phone Service - Other	628.01
Total 0531 · Phone Service	8,503.60
0532 · Postage Machine Rental	2,296.45
0533 · Postage	874.32
0534 · Online Services	10,614.89
Total 0530 · Communications	22,289.26
0540 · Advertising	4,987.67
0550 · Printing and Binding	31.64
0597 · EMO Expense	383,129.94
Total 0500 · Other Purchased Services	410,438.51
0513 · Contracted Field Trips	1,950.00
0519 · Other Stud Transportation	277.00
0520 · Insurance	
0521 · Liability Insurance	6,259.50
0525 · Colorado Un Employment Ins	7,185.05
0526 · Workers Compensation	6,243.79
0528 · Student Accident Insurance	4,522.45
Total 0520 · Insurance	24,210.79
0569 · Tuition	6,404.03
0580 · Travel, Registration	56,723.77
0594 · District Purchased Services	50,901.24
0600 · Supplies	
0610 · General Supplies	
Accountability & Testing Supplies	3,188.61
Custodial Supplies	4,725.49
High School General Supplies	36,100.07
Office Supplies	4,804.46
Special Education	58.28
Sports Supplies	1,750.00
Student Awards	3,912.38
Total 0610 · General Supplies	54,539.29
0626 · Gasoline -Vehicle	754.46
0650 · Software	47,188.51
Total 0600 · Supplies	102,482.26
0630 · Food	1,003.40

GOAL INCOME AND EXPENSE STATEMENT FOR FISCAL YEAR 2008-09

0640 · Books & Periodicals	
Periodicals	2,150.00
Textbooks	4,121.83
Total 0640 · Books & Periodicals	<u>6,271.83</u>
0730 · Equipment	
0733 · Furniture	7,085.00
0734 · Technology Equipment	77,404.74
Total 0730 · Equipment	<u>84,489.74</u>
0810 · Dues and Fees	<u>4,568.95</u>
Total Expense	<u>1,559,228.18</u>
Net Income	<u><u>430,392.33</u></u>

Source: The CCSN unaudited financial data.

Appendix H—Balance Sheets

CCA BALANCE SHEET FOR FISCAL YEAR 2008-09

	Jun 30, 09
ASSETS	
Current Assets	
Checking/Savings	
8101 · US Bank Cesar Chavez Academy	430,813.51
Total Checking/Savings	430,813.51
Accounts Receivable	
8142 · Grant Accounts Receivable	
Federal Grants Receivable	
Title IV A Receivable 4186	5,953.00
Total Federal Grants Receivable	5,953.00
Total 8142 · Grant Accounts Receivable	5,953.00
8153 · Accounts Receivable	
Allowance for Uncollectable A/R	-98,350.16
8153 · Accounts Receivable - Other	441,083.45
Total 8153 · Accounts Receivable	342,733.29
Total Accounts Receivable	348,686.29
Other Current Assets	
8102 · Undeposited Funds	300.00
Total Other Current Assets	300.00
Total Current Assets	779,799.80
TOTAL ASSETS	779,799.80
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
7421 · Accounts Payable	268,854.37
Total Accounts Payable	268,854.37
Credit Cards	
7424 · US Bank Credit Card	11,806.03
Total Credit Cards	11,806.03
Other Current Liabilities	
7461 · Payroll Liability. Year end accruals	136,993.44
7471 · Payroll Liabilities	
401(K) Liability	5,142.10
403 (B) Liability	452.09
457 Plan	625.00
AFLAC Liability	2,070.59
CO-Withholding	9,704.00
Colorado Unemployment Co. Liability	862.45
Dental Insurance Liability	1,973.00
Employee Account Deduction	1,135.94
Federal Withholding	22,371.00

CCA BALANCE SHEET FOR FISCAL YEAR 2008-09

Health Insurance Liability	14,902.98
Medicare Liability	10,967.68
PERA Liability	31,161.97
Pera Life Insurance	162.50
Vision Ins	557.46
Wage Garnishment Other	2,724.18
Ozark L · Ozark Liability	<u>400.00</u>
Total 7471 · Payroll Liabilities	105,212.94
7481 · Deferred Revenue	<u>4,000.00</u>
Total Other Current Liabilities	<u>246,206.38</u>
Total Current Liabilities	<u>526,866.78</u>
Total Liabilities	526,866.78
Equity	
6740 · Retained Earnings	1,018,506.47
Net Income	<u>-765,573.45</u>
Total Equity	<u>252,933.02</u>
TOTAL LIABILITIES & EQUITY	<u><u>779,799.80</u></u>

Source: The CCSN unaudited financial data.

CCA-CENTRAL BALANCE SHEET FOR FISCAL YEAR 2008-09

	Jun 30, 09
ASSETS	
Current Assets	
Checking/Savings	
8101 · US Bank CCA Central	38,759.45
Total Checking/Savings	38,759.45
Accounts Receivable	
8142 · Grants Account Receivable	
Federal Grants Receivable	
Title III A 4365	3,100.00
Federal Breakfast 4553	691.46
Federal Lunch 4555	2,495.21
Title V CDE Start-up 5282	5,068.28
Medicaid Receivable 9003	1,549.91
Total Federal Grants Receivable	12,904.86
State Grants Receivable	
ELPA 3140	123.20
State Breakfast 3164	26.40
Total State Grants Receivable	149.60
Total 8142 · Grants Account Receivable	13,054.46
8153 · Accounts Receivable	
PPR Receivable	74.02
8153 · Accounts Receivable - Other	73,705.62
Total 8153 · Accounts Receivable	73,779.64
Total Accounts Receivable	86,834.10
Other Current Assets	
8153a · Related Party A/R CCA North	-36,168.61
Total Other Current Assets	-36,168.61
Total Current Assets	89,424.94
TOTAL ASSETS	89,424.94
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
7421 · Accounts Payable	35,187.78
Total Accounts Payable	35,187.78
Other Current Liabilities	
7421a · Related Party A/P GOAL	2,355.00
7421b · Related Party A/P CCA	125,558.96
7461 · Payroll Liability. Year end accruals	13,932.41
7471 · Payroll Liabilities	
Health Insurance Liability	2,850.23
Vision Insurance	243.26

CCA-CENTRAL BALANCE SHEET FOR FISCAL YEAR 2008-09

Dental Insurance Liability	777.03
Federal Withholding	1,562.00
CO-Withholding	845.00
Medicare Liability	1,020.48
PERA Liability	2,904.40
Colorado Unemployment Liability	1,684.05
AFLAC Liability	<u>200.96</u>
Total 7471 - Payroll Liabilities	<u>12,087.41</u>
Total Other Current Liabilities	<u>153,933.78</u>
Total Current Liabilities	<u>189,121.56</u>
Total Liabilities	189,121.56
Equity	
6740 - Retained Earnings	19,831.11
6761 - Tabor 3% Mandatory Reserve	17,628.59
Net Income	<u>-137,156.32</u>
Total Equity	<u>-99,696.62</u>
TOTAL LIABILITIES & EQUITY	<u><u>89,424.94</u></u>

Source: The CCSN unaudited financial data.

CCA-NORTH BALANCE SHEET FOR FISCAL YEAR 2008-09

	Jun 30, 09
ASSETS	
Current Assets	
Checking/Savings	
8101 · US Bank CCA North	94,210.20
Total Checking/Savings	94,210.20
Accounts Receivable	
8142 · Grants Account Receivable	
State Grants Receivable	
ELPA 3140	137.90
State Breakfast	34.80
Total State Grants Receivable	172.70
Federal Grants Receivable	
CDE Implementation 5282	3,699.07
Federal Breakfast 4553	1,106.66
Federal Lunch 4555	5,481.04
Title III 4365	3,100.00
Total Federal Grants Receivable	13,386.77
Total 8142 · Grants Account Receivable	13,559.47
8153 · Accounts Receivable	
PPR Receivable	3,333.23
8153 · Accounts Receivable - Other	37,962.05
Total 8153 · Accounts Receivable	41,295.28
Total Accounts Receivable	54,854.75
Other Current Assets	
8153a · Related Party A/R CCA Central	-36,168.61
Total Other Current Assets	-36,168.61
Total Current Assets	112,896.34
TOTAL ASSETS	112,896.34
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
7421 · Accounts Payable	18,916.60
Total Accounts Payable	18,916.60
Credit Cards	
7424 · US Bank Credit Card	1,150.90
Total Credit Cards	1,150.90
Other Current Liabilities	
7421b · Relate Party A/P CCA Central	37,611.39
7421a · Related Party A/P CCA Pueblo	24,998.20
7482 · Grants Deferred Revenue	
Private Grants 1920	118,639.42
Total 7482 · Grants Deferred Revenue	118,639.42
7471 · Payroll Liabilities	
Health Insurance Liability	994.94
Vision Insurance	129.72
Dental Insurance Liability	192.50

CCA-NORTH BALANCE SHEET FOR FISCAL YEAR 2008-09

Federal Withholding	2,796.00
CO-Withholding	1,553.00
Medicare Liability	1,782.92
PERA Liability	5,041.13
401(k) Liability	209.55
403(b) Liability	500.00
Colorado Unemployment Liability	1,929.26
AFLAC Liability	284.73
Total 7471 · Payroll Liabilities	<u>15,413.75</u>
7461 · Payroll Liability. Year end accruals	<u>45,583.21</u>
Total Other Current Liabilities	<u>242,245.97</u>
Total Current Liabilities	<u>262,313.47</u>
Total Liabilities	262,313.47
Equity	
6740 · Unrestricted Retained Earnings	-25,048.46
6761 · TABOR 3% Reserve	25,048.46
Net Income	<u>-149,417.13</u>
Total Equity	<u>-149,417.13</u>
TOTAL LIABILITIES & EQUITY	<u><u>112,896.34</u></u>

Source: The CCSN unaudited financial data.

DHPH BALANCE SHEET FOR FISCAL YEAR 2008-09

	Jun 30, 09
ASSETS	
Current Assets	
Checking/Savings	
8101 · US Bank DHPH	260,815.45
8103 · Change Fund	100.00
Total Checking/Savings	260,915.45
Accounts Receivable	
8142 · Grants Account Receivable	
Federal Grants Receivable	
Title IV	621.04
Total Federal Grants Receivable	621.04
Total 8142 · Grants Account Receivable	621.04
8153 · Accounts Receivable	
Allowance For Uncollectable A/R	-19,307.78
8153 · Accounts Receivable - Other	165,765.15
Total 8153 · Accounts Receivable	146,457.37
Total Accounts Receivable	147,078.41
Total Current Assets	407,993.86
TOTAL ASSETS	407,993.86
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
7421 · Accounts Payable	364,092.84
Total Accounts Payable	364,092.84
Credit Cards	
7424 · US Bank Credit Card	599.94
Total Credit Cards	599.94
Other Current Liabilities	
7461 · Payroll Liabilities. Year end accruals	33,201.84
7471 · Payroll Liabilities	
401(K) Liability	1,169.99
AFLAC Liability	376.80
AXA Liability	113.77
CO-Withholding	2,351.00
Colorado Unemployment Liability	514.39
Dental Insurance Liability	582.60
Employee Account Deduction	445.00
Federal Withholding	5,494.00
Health Insurance Liability	3,937.32
Medicare Liability	2,907.86
PERA Liability	8,163.87

DHPH BALANCE SHEET FOR FISCAL YEAR 2008-09

Pera Life Liability	52.00
Vision Insurance	203.20
Wage Garnishment	<u>25.00</u>
Total 7471 · Payroll Liabilities	26,336.80
7482 · Grant Deferred Revenue	<u>12,085.24</u>
Total Other Current Liabilities	<u>71,623.88</u>
Total Current Liabilities	<u>436,316.66</u>
Total Liabilities	436,316.66
Equity	
6740 · Retained Earnings	54,513.03
6761 · Tabor 3% Mandatory Reserve	93,363.75
Net Income	<u>-176,199.58</u>
Total Equity	<u>-28,322.80</u>
TOTAL LIABILITIES & EQUITY	<u><u>407,993.86</u></u>

Source: The CCSN unaudited financial data.

GOAL BALANCE SHEET FOR FISCAL YEAR 2008-09

	Jun 30, 09
ASSETS	
Current Assets	
Checking/Savings	
8101 · US Bank GOAL	741,229.70
Total Checking/Savings	741,229.70
Accounts Receivable	
8142 · Grants Account Receivable	
Federal Grants Receivable	
CDE Start Up Grant 5282	88,666.07
Total Federal Grants Receivable	88,666.07
Total 8142 · Grants Account Receivable	88,666.07
8153 · Accounts Receivable	
PPR Receivable	26.78
8153 · Accounts Receivable - Other	2,355.00
Total 8153 · Accounts Receivable	2,381.78
Total Accounts Receivable	91,047.85
Other Current Assets	
8191 · Lease Deposit	
Colorado Rural Housing	2,000.00
ECHSA	2,000.00
Relevant Word Ministries	600.00
Total 8191 · Lease Deposit	4,600.00
Total Other Current Assets	4,600.00
Total Current Assets	836,877.55
TOTAL ASSETS	836,877.55
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
7421 · Accounts Payable	136,624.85
Total Accounts Payable	136,624.85
Credit Cards	
7424 · US Bank Credit Card	1,853.17
Total Credit Cards	1,853.17
Other Current Liabilities	
7461 · Payroll Liab Year end accruals	31,192.29
7471 · Payroll Liabilities	
CO-Withholding	1,953.00
Colorado Unemployment Liability	1,994.11
Dental Insurance Liability	611.44
Employee Account Deduction	65.00
Federal Withholding	4,505.00

GOAL BALANCE SHEET FOR FISCAL YEAR 2008-09

Health insurance Liability	3,906.52
Medicare Liability	2,131.80
PERA Liability	5,597.68
Vision Insurance	147.43
Wage Garnishment	<u>1,038.95</u>
Total 7471 · Payroll Liabilities	21,950.93
7482 · Grants Deferred Revenue	
Private Grant Income 1920	<u>214,863.98</u>
Total 7482 · Grants Deferred Revenue	<u>214,863.98</u>
Total Other Current Liabilities	<u>268,007.20</u>
Total Current Liabilities	<u>406,485.22</u>
Total Liabilities	406,485.22
Equity	
6740 · Unrestricted Retained Earnings	-45,722.43
6761 · Tabor 3% Mandatory Reserve	45,722.43
Net Income	<u>430,392.33</u>
Total Equity	<u>430,392.33</u>
TOTAL LIABILITIES & EQUITY	<u><u>836,877.55</u></u>

Source: The CCSN unaudited financial data.

*Appendix I – CCA-DPHH Response
to the Report*



CESAR CHAVEZ ACADEMY



DOLORES HUERTA PREPARATORY HIGH

April 29, 2010

MGT of America, Inc.
2001 P Street, Suite 200
Sacramento, CA 95811

RE: Responses to Report by MGT of America, Inc.

First and foremost, the Cesar Chavez Academy and Dolores Huerta Preparatory High Boards of Directors would like to thank the Colorado Department of Education, the Charter School Institute, and Pueblo City Schools for providing the opportunity for our organizations to participate in this financial and organizational performance review.

Over the past year, the CCA and DHPH Board of Directors have addressed many of the issues and findings contained in the MGT Report and have worked diligently to resolve and/or remedy these situations, including implementation of many of the recommendations contained in the Report. The audit, in effect, validates the actions taken by the Board of Directors on October 2, 2009, and subsequent corrective actions taken since then, and provides us with assurance that we are moving in the right direction as we restructure both boards and implement new policies to ensure the schools are in compliance with all legal and contractual requirements and that our academic and financial operations are transparent. As we represented during the course of the audit, over the past few months we have completely changed the governance and leadership of the both schools and the management services organization.

The Board recognizes the importance of these schools to the communities they serve. We are committed to ensuring that CCA and DHPH are among the strongest performing public schools in our community. To this end, the reconstituted boards and new school leadership have been engaged in extensive planning and development of school and organizational improvement plans designed to get us back to our primary mission of providing our students with the best education possible.

We acknowledge, too, that this report goes beyond the issues heretofore identified by the Board and we appreciate the recommendations proffered for the purpose of strengthening and improving financial management and operating policies and procedures. In addition to those recommendations that have already been implemented, we will give careful consideration to any additional recommendations contained in the report, as we strive to ensure that all of our operating policies and procedures are sound and lend toward accountability. We expect that operations in 2010-11 will look significantly different than in the past.

In closing, I want to express our thanks to the MGT of America Team for their diligence in completing this review. The responses on pages I-1 through I-6 are respectfully submitted on behalf of the Network Entities to assist the reader in better understanding this report and its impact on future operations.

Sincerely,

A handwritten signature in black ink that reads "Donielle K. Gonzales". The signature is written in a cursive style with a large, stylized initial 'D'.

Donielle K. Gonzales, Board President

CESAR CHAVEZ SCHOOL NETWORK (CCSN)

RESPONSE TO THE REPORT BY MGT OF AMERICA, INC

REPORT TITLE: "RESULTS OF THE FINANCIAL AND ORGANIZATIONAL REVIEW OF CESAR CHAVEZ SCHOOL NETWORK (CCSN)"

GENERAL COMMENT:

To facilitate reading of these responses in conjunction with the MGT Team report, the issues will be addressed in the same sequence that they appear in the report.

COMMENTS BY SPECIFIC REVIEW SECTION:

TASK 1.0: LEGAL STATUS

Currently the Network Entities file with the Secretary of State upon receipt of a notice from the State. In the future, the annual report will be placed on a critical date calendar for reporting in November each year. The Network Entities are all currently in good standing with the Secretary of State.

TASK 2.0: IRS NONPROFIT STATUS

We agree the lack of non-profit status for CCA-Central, CCA-North and GOAL is a serious matter with far reaching ramifications. It is not for lack of trying that this matter has not been resolved. Filing with the IRS is a slow process with long delays between the date of the filing and the response from the IRS. The applications were filed twice but did not meet the non-profit requirements with regard to their governance structure.

It is important to note that CCA-Central no longer exists and the other two schools are no longer under the control of the Network. The two entities still in existence have reorganized under new names with their own individual boards, bylaws and governance structures. It is our understanding that they have applied for non-profit status with these changes.

We agree that it may take the expertise of a tax professional to help resolve the unanswered questions related to non-profit status of the entities.

TASK 3.0: LEADERSHIP RELATIONSHIPS

Job descriptions including minimum qualifications are being prepared for all positions with priority given to positions that are vacant and soon to be advertised to be filled. Job descriptions for existing positions will be completed by October 1, 2010. Once job descriptions are in place, they will be reviewed any time there is a vacancy to see if they still clearly reflect the duties assigned to that position.

Clear conflict of interest and nepotism policies are in process for adoption by the Board before the end of this fiscal year. The application and/or new employee enrollment packages will include a form that requires disclosure of any known family relationship to board members, school leaders, other employees and vendors. Any potential conflicts or family relationships will be reviewed by the director of human resources and reported to the Board prior to approval for employment.

TASK 4.0: BOARD GOVERNANCE

We agree that there needs to be board stability and that the protocol set forth in the bylaws needs to be strictly adhered to. The Board is working with a consultant to identify skill sets that should be represented on the board and to find qualified individuals with requisite skills. Specifically, the Board is diligently working to recruit board members that possess skills and expertise currently missing from the Board and which will enhance the Board's ability to carry out its fiduciary responsibilities.

TASK 5.0: BOARD ACTIVITIES

There are four primary issues that arise in this section: turnover and frequent absences of board members; meetings without a quorum; missing or insufficient detail in board minutes, including failure to document conflict of interest; and failure to hold at least 13 meetings per year. Unfortunately, one problem often becomes the cause of other problems. For example, vacancies and poor attendance lead to not having a quorum, which in turn leads to cancelled meetings with the result being less than the required number of meetings for the year.

As stated in Task 4.0, this Board is committed to filling all board positions and adhering to the bylaws as they relate to attendance and consequences for missing meetings. The Board will establish the time frame (months of the year) for election of officers, term expirations and seating of new board members, and compliance with any term limits that apply. At some point the Board may revisit the number of meetings required in the bylaws and consider reducing the number to the actual number of meetings that are needed to carry on school business.

As for the minutes, there have been improvements over the past three years and into the current fiscal year, reference to which is not included in the audit report. The Board has designated a qualified individual – someone who is not a board member and participating in Board discussions, to record the minutes of each meeting. This step has been taken to ensure that there is consistency in preparation of minutes and retention of resolutions and supporting documentation. The designated person will also be responsible for maintaining the files where board activities are documented. The Board Secretary and the person designated to keep minutes of meetings and maintain board records will also receive training in preparation and maintenance of appropriate Board minutes. The minutes, once approved, will be available on the schools' websites. ①

Revised conflict of interest policies were approved at the April 2010 meeting. Individual conflict of interest forms have been completed by all Board members. A section will be added at the beginning of each Board meeting's agenda following roll call where Board members will be asked to declare any conflicts they may have with regard too any items on the agenda. Such declarations will be noted in the minutes and Board members with potential conflicts will be required to recuse themselves from discussing or voting on any matters about which they may have a conflict of interest. The minutes will accordingly reflect such recusal to document that Board proceedings are in compliance with state statute and Board policies.

TASK 6.0: FINANCIAL POLICIES AND PROCEDURES

The conflict of interest section of current Financial Policies and Procedures applies to employees and is not prescriptive enough to ensure that any and all potential conflicts are identified and appropriate action is taken, or disclosures made, when this is the case. Financial Policies and Procedures are in the process of being revised to include the recommended wording from the IRS Form 1023 application for non-profit status, which is the recommendation of the MGT Team. The policy should be approved at the May meeting.

TASK 7.0: POLICY AND PROCEDURE WAIVERS

As noted in Task 6.0, the Financial Policies and Procedures are being revised. In addition to the changes noted above, more direction is being added to clearly define when bids are required for procured services, processes by which to solicit bids, and to state clearly, by amount and/or type of procured service, when formal board approval is required. Purchase order forms are being modified to provide space for documenting quotes in instances where the type of service and/or projected cost do not necessitate a formal bid process. Additional documentation will be added to the accounts payable and/or vendor files to show documentation of bidding results and Board approval when applicable.

TASK 8.0: CASH AND INVESTMENTS

No Findings or Recommendations.

TASK 9.0: CREDIT CARD ACCOUNTS

All credit cards were discontinued in October 2009. There are no plans to reinstate credit cards any time in the future.

We agree that regardless of however travel is procured, the documentation required for approval should be the same. There needs to be receipts for every transaction with the business purpose clearly documented, including names of the participants. The Board will institute a travel policy that outlines allowable travel cost rates and a pre-approval process. Board approval of out-of-state travel will be considered. However it is important to remember that important training was received by school personnel, and significant funding for the schools was generated, as a result of the out-of-state travel and relationships developed by school representatives at the national level. Therefore, we do not believe travel out-of-state should be prohibited, but rather that it be appropriate for school purposes and properly documented. ②

As stated by the MGT Team, the lack of receipts is not an indicator of unallowable expenses. Entity employees know the underlying nature of the travel and are confident that it was for legitimate business purposes. At this time, there are no plans to charge these costs back to the cardholders who are presumed to have made the charges. Moving forward, we will make the necessary adjustments to our approval and payment processes to ensure that proper documentation is provided to support all expenditures regardless of the procurement method. ③

TASK 10.0: LEASE AGREEMENTS AND CONTRACTS

As stated under Task 5.0, part of the problem identified by the report is lack of sufficient information in the Board minutes. The second half of this problem is lack of clarity in the Financial Policies and Procedures. Currently any contract that runs more than three months requires Board approval regardless of the amount of the commitment, which is not a reasonable requirement. The process for Board approval of contracts will be clarified as these policies and procedures are reviewed and updated to include the recommendations of the MGT Team.

Contracts that cross over fiscal years – which must be submitted for Board approval, will be monitored for inclusion of the annual appropriations clause. It should be noted that copier leases should not be exempted from these requirements since the standard language often creates a non-cancellable financing arrangement instead of an operating lease. If needs change, for example, as when CCA-Central closed, there is no way to terminate this liability and discontinue use of the copier.

TASK 11.0: EXPENDITURES

We agree that internal procedures need to be strengthened and that the staff needs more training centered on approval processes and consistent data entry into the QuickBooks accounting system. Documenting a system of internal controls, segregation of duties, and multiple level approval processes will be critical as we change our organizational structure and identify and define the roles of the new leadership and management. We will also re-examine the limitations of the QuickBooks system and identify ways to ensure consistency in recording transactions.

We assure you that each entity in the Network was billed for only their share of costs attributable to their organization. Contracts with each entity defined the amount to be charged for CMO services. Costs for supplies and services directly related to an entity's operations were billed at actual cost by creating an invoice from the bill or other documentation indicating payment for any particular good or service. Typically, these transactions would flow through Accounts Receivable on one entity's books and Accounts Payable on the other entity's books. Due To and Due From accounts were only used at the 2008-09 year end to segregate the payables and receivables between the related entities from other customer receivables and vendor payables.

Moving forward, this will be less of an issue in that the entities cited in the audit are now largely separate organizations, each with its own Board of Directors and own accounting systems. The only possible related entity transactions may be between CCA and DPH if they determine that sharing services will reduce costs to each entity. Non-CCA and DPH are now responsible for procuring their own services through other non-Network providers.

TASK 12.0: RECAP OF NETWORK EMPLOYEES

The Board recognizes the importance of appropriate compensation based on required qualifications and duties assigned to each position. To that end, the Board has asked that job descriptions be prepared for all positions and that salary ranges comparable to similar positions in other schools or networks of schools be established. The human resources department will be responsible for ensuring that placements are made within the salary ranges based on Board approved guidelines. All changes in employment status, compensation and benefits will be subject to explicit approval of the full Board before such changes become final. A detailed staffing chart listing each position, salaries and benefits will be included in budget documents presented to the Board at the time the annual budgets are adopted, and at any time budgets are to be amended. Monthly or quarterly reports reviewed by management and leadership and submitted to the board will include information on any position newly created or filled, to include position title, salary, and benefits data.

TASK 13.0: FEDERAL COMPLIANCE

No Findings or Recommendations.

TASK 14.0: FUNDING AND ACTIVITIES

Tabor Amendment #1 requires that if a school district fails to meet the emergency reserve requirements, the district is required to develop a plan to restore that reserve within the next fiscal year. This same standard will be applied to DPH with regard to restoring both the Tabor Emergency Reserve. CCA will develop a plan to restore the Operating Reserve required under the bond covenants within a five year period. Both plans will be in place before the beginning of the next fiscal year (2010-11). We note that it will include significant changes in previous spending patterns. The Board is committed, as a first priority, to allocating scarce resources to our number one priority: addressing the academic needs of our students.

④

TASK 15.0: INDIVIDUAL STATEMENTS

No Findings or Recommendations are presented in this section. The concerns expressed by individuals and described in the narrative of this section are generally addressed in other sections of this report. Our responses are included in those sections and not repeated here.

TASK 16.0: LEGAL PARTIES TO BONDS

Recommendation 16.1 regarding insufficient operating reserves as defined in the CECFA bond covenants has been addressed under Section 14.0. We should also note that Bond investors were notified when the reserve requirements were not met. With regard to Recommendation 16.2 no salaries are currently being charged to the Building Corporation nor are there any plans to charge salaries in the future. The Board recognizes the importance of a fully seated board and, as recommended in 16.3, vacancies on the Building Corporation Board will be filled as soon as possible in accordance with its bylaws.

TASK 17.0: NEPOTISM AND EMPLOYMENT PRACTICES

The Board agrees with the findings in this section and welcomes the recommendations from the MGT Team. The Board is in the process of approving a Nepotism policy that is intended to prevent these situations in the future. Changes to other existing personnel policies will be made, if necessary. Documented concrete employment practices coupled with a strong human resources department will further ensure compliance with these policies. Evaluations and administrative discipline procedures will be implemented early in the 2010-11 school year.

TASK 18.0: OCR COMPLAINTS OR LABOR VIOLATIONS

Historically, there had been only one employment related claim from inception in 2000 through the end of the 2008-09 school year. Eleven complaints were filed after employees were released due to budget cuts in November 2009. The recommendation to hire an ombudsman is not a remedy, in our opinion, and, in fact, could encourage unnecessary complaints, especially on the part of employees who have been asked to improve their performance. The cost of such a position does not seem to be a justifiable added cost. We believe that stronger and better overall organizational leadership, as well as strengthening the human resource department, documenting concrete hiring practices, and establishing an evaluation system and administrative discipline procedures, will open the lines of communication and alleviate many of these concerns.

⑤

TASK 19.0: NETWORK ENTITY VENDOR CONFLICTS

Conflict of interest policies applicable to board members have already been adopted and individual conflict of interest disclosure forms have been completed by all board members. Employee conflict of interest policies are in process of being developed and should be finalized at the May meeting. The Nepotism policy was held over for additional modifications, but should be approved no later than the June meeting. As discussed under Task 5.0, each Board meeting agenda will include a time for specific disclosure of board conflicts with regard to any items being presented at each meeting, and Board members with potential conflicts will recuse themselves from discussion and voting on any item about which a potential conflict is disclosed.

*Appendix J—MGT's Comments on the
Response from CCA-DHPH*

MGT OF AMERICA’S COMMENTS ON THE RESPONSE FROM THE CESAR CHAVEZ ACADEMY— DOLORES HUERTA PREPARATORY HIGH

To provide clarity and perspective, we are commenting on the Cesar Chavez Academy—Dolores Huerta Preparatory High’s (Network Entities) response to our report. The numbers below correspond to the numbers we have placed in their response.

1. The Network Entities are mistaken. On page 26 of the report, we clearly state “To the Network Entities’ credit, they have improved their practices over the last few years.” However, the entities should continue their efforts to improve the content and thoroughness of its board meeting minutes.
2. The Network Entities are overstating what is in the report. The report does not suggest that out-of-state travel be prohibited; rather, we recommend adding an additional control—to obtain board approval.
3. Again, this is a misstatement. The report does not suggest that “the lack of receipts is not an indicator of unallowable charges.” Rather the report states “The travels for these events are not necessarily unallowable;” however, we also state that “Without this information, neither we nor the schools can attest that these transactions were related to school business and were allowable.” Moreover, we are concerned that the entities are not following their own policy to charge back items to individuals who cannot provide receipts for their purchases.
4. The organization will continue to be in violation of TABOR and its bond covenants until it establishes adequate reserves and, therefore, should develop a plan that includes restoring the required reserves as soon as possible.
5. We disagree. Due to the number of recent complaints and the pervasiveness of the staff concerns with the organization that we learned of during our review, we believe that implementing additional avenues or approaches for resolving concerns, such as an Ombudsman, are justified.