



College for Certain

Aspire Public Schools

Organizational Update

and

Quarterly Financial Report¹

**For the three months ending September 30,
and twelve months ending June 30,
2014 and 2013**

November 15, 2014

¹ Financials unaudited.

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Aspire Public Schools CEO Message

I'm pleased to report on Aspire's 15th year of delivering a College for Certain education, and the first months of the new fiscal year:

- In June, Aspire graduated 372 students from high school. For the fourth consecutive year, **100 percent of our graduates were admitted to four-year colleges and universities.**
- We opened **three new schools** in FY14 in L.A. County and Memphis, serving a total of 1,054 students and joining a school community that now totals more than **14,600 students in two states.** Our 38th school opened in fall 2014 in Memphis, Aspire Coleman Elementary.
- Aspire recognized its **effective teachers** by paying bonuses as part of our teacher evaluation and development program. Starting in FY15, teacher compensation decisions will be based on years and levels of effective teaching.
- As of fall 2014, Aspire is operating a total of twelve **blended learning** schools. Aspire plans on continuing to expand blended learning conversions and new school openings in the future, as start-up funding becomes available.
- Aspire's schools and education team have been focused intently on preparing to integrate the national **Common Core State Standards (CCSS)** into Aspire's instructional model. Aspire's two Memphis schools opened last fall using the CCSS. This year, Aspire's 35 California schools and newest Memphis school follow.
- In January, we celebrated the ribbon-cutting at Aspire Olin University Preparatory Academy in Huntington Park (L.A. County). The ribbon-cutting finalizes an incredible effort to **complete the K-12 pathway for hundreds more of our students** in that community.
- Over the course of the year, Aspire received **eight charter approvals**, one for a new school in Oakland that opened this fall, and seven Bay Area, Central Valley and L.A. County schools, ensuring that Aspire continues to serve students in some of the state's highest-need communities .
- Aspire welcomed three **members to its Senior Leadership Team.** Viraj Patel joined Aspire as Chief Financial Officer, overseeing all financial and accounting operations, legal and real estate and facilities development. Kate Ford and Kimi Kean joined Aspire as L.A. Area Superintendent and Bay Area Superintendent, respectively, overseeing 22 schools and over 8,000 students in these regions.
- California released long-awaited, previously-awarded **state facilities funding**, enabling Aspire to break ground on a new facility in FY15 for Aspire Antonio Maria Lugo Academy in Huntington Park and thus fully enroll the school.
- **Aspire's celebrated its 15th anniversary** with a reception and dinner in in San Francisco. Aspire honored its co-founders, Don Shalvey and Reed Hastings, and paid tribute to the thousands of students who have become college-ready through Aspire schools.

Thank you as always for your continued support of our students, our team, and our mission at Aspire. College for Certain!

James Willcox
Chief Executive Officer

Organizational Update - FY14

Strategies, Priorities and Key Initiatives

In FY13, Aspire adopted a five-year plan governing its programming and operations, with longer-term (5-year) Strategies and shorter-term (2-5 year) Priorities (formerly known as Must Achieves). Aspire's Strategies and Priorities were developed by the Senior Leadership Team with input from school leaders and home office leaders and reviewed and approved by the Aspire Board. They tie directly to Aspire's mission and guide its efforts to deliver on its mission and vision. Strategies are the organization's long-term approach to furthering our mission, and Priorities outline where the organization will focus and direct resources over the shorter term. Aspire sets annual metrics within each priority area.

Aspire's Strategies and Priorities are outlined below, followed by highlights from FY14, on key initiatives within each strategy and priority area.

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| Strategy #1: <u>College Readiness</u>. Increase the number of college-ready Aspire graduates. |
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Priorities:

- Meet the academic accountability targets for each of the states in which Aspire operates.
- Achieve meaningful gains in Aspire students' college readiness levels.
- Increase the percentage of students in each 9th grade cohort that graduates from Aspire schools.
- Understand and address the equity issues that affect Aspire students.

Update on Key Initiatives:

Academic Accountability and College Readiness

- In support of Aspire's academic accountability and college graduation priorities, Aspire continues to develop a **blended learning** model that will positively impact student achievement and more efficiently use human capital and other resources, both within and beyond Aspire.
 - Already in five Aspire schools, blended learning is producing early successes for teachers and students. For example, based on internal assessments at Aspire Titan Academy in Huntington Park (Los Angeles County), the percentage of K-5 students reading at or near grade level rose from 66 percent in October 2012 to 80 percent in October 2013.
 - With the completion of Titan's conversion to blended learning in 2013, Aspire brought its model to all of Aspire Los Angeles area elementary schools beginning in SY13-14, through a generous grant from The Eli and Edythe Broad Foundation. All of Aspire's Los Angeles County schools will convert to blended learning by the end of the 2015-16 school year. At that point, 14 of Aspire's elementary schools across California and in Tennessee will use technology to further personalize instruction and drive student learning.
 - Aspire-wide, students' and teachers' embrace of technology continues to grow. Several Aspire schools competed in Code.org's national "Hour of Code" competition in December, and Aspire's Memphis students were the winners in the state of Tennessee.

- Aspire’s Director of Innovative Learning shared information about Aspire’s blended learning model at numerous conferences and convenings, and led many district and charter school leaders on tours of Aspire’s blended learning schools. She has authored a book on blended learning to be published in February 2015.
- Aspire continued its **transition to the Common Core State Standards** (Common Core, or CCSS), focusing on professional development, materials and resources, and technology. Aspire’s schools and education team focused intently on integrating the CCSS into Aspire’s instructional model. Aspire prepared its teachers with dedicated coaching, trainings, material development and piloted instructional strategies across the schools.
 - Aspire’s first two Memphis schools opened last fall using the CCSS. This year, Aspire’s 35 California schools and third Memphis school will follow.
 - Aspire developed Common Core Coaches who spent time focused on Aspire’s transition to the Common Core, building the capacity of other coaches, principals, teachers and the rest of the Education Team.
 - The CC Coaches and Education Team vetted materials, pacing guides, assessment item banks and other resources for use beginning this school year, and revised Aspire’s Instructional Guidelines to align with the CCSS.
 - Aspire completed initial organization-wide training focused on the instructional shifts of the CCSS, including two CCSS Summer Institutes, as these provide the groundwork to teach the standards and apply to all grade levels and subject. This will be on-going for the first few years of the CCSS, and will be strengthened with school-based CCSS experts, expanded trainings and professional development.
 - A change in the standards requires the adoption of new instructional materials. Aspire has adopted a new writing curriculum in grades K-8. Two elementary math curricula have been piloted this year in California and Memphis. Secondary math teachers began to vet secondary math materials. Aspire has partnered with Green Dot Public Schools to leverage and adapt their resources for Aspire teachers.
 - Aspire’s Technology Operations and Data & Assessment teams worked jointly to support principals and schools in planning the administration of the CCSS assessments on student computer devices. Implementation of critical technology infrastructure upgrades in school sites began and principals received guidance on additional technology equipment they may need to purchase. Principals and school Testing Coordinators will be given training on administration and technology support.

Cohort Retention

Aspire is committed to ensuring that its students are prepared and supported to meet the rigorous college readiness academic expectations at its schools. As the organization focuses on a system of schools from K through 12, it is able to explore possible causes for some of its students who start as 9th graders to transfer to other school options. There are many factors that cause a student to potentially transfer from an Aspire secondary school – geographical family moves, desire to be in a larger traditional school with added electives or sports, or the student’s academic considerations. Aspire’s rigorous academic program demands much from its students, and those demands increase in the secondary grades.

Over the past year, Aspire worked to improve the percentage of students that graduate with their 9th grade class. Aspire’s data solutions team, Godzilla, produced data dashboards which helped Aspire determine that non-passing marks for students in 9th and 10th grade were the leading predictor of students leaving Aspire prior to graduation. As a result, Aspire’s secondary and student support team, Team LINK, worked with schools to identify situations in which schools have higher-than-expected non-passing rates, identified teachers who needed support, and students who were struggling. The schools then deployed and focused resources to support those teachers and students. At the close of the fall semester, the percentage of students not passing one or more classes fell from 48 percent of all 9th grade students in 2012-13 to 26 percent of all 9th grade students in 2013-14. This means that nearly 150 students remained on track to graduate in four years. Avoiding the non-passing marks reduced the need for recovery classes altogether. These efforts will continue in the coming school year.

Equity

The Senior Leadership Team, Directors and Principals continued their professional development focused on equity, completing a series of readings and sessions, enabling them to lead sessions with their respective teams. Aspire continues to build a framework to lead internal equity work, leveraging data along the way, with a design process facilitated by the National Equity Project, a nationally recognized equity coaching and consultancy organization.

In this design phase, Aspire gathered information from as many levels of the organization as possible to guide the formation of a longer-term plan to keep equity at the forefront of Aspire’s work. With its equity work, Aspire seeks to align leadership on the framing and understanding of equity issues, develop a consistent framework of inquiry, have each leader’s group (school site, regional team, central senior leadership teams) explore equity issues within that group, identify data to inform those issues, and begin to analyze that data

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| <p>Strategy #2: <u>People</u>. Develop highly effective educators in every classroom; ensure Aspire is a destination for top talent.</p> |
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Priorities:

- Recruit and hire a diverse high-caliber workforce.
- Support and challenge all teammates with evaluation and career pathway systems.
- Achieve high levels of team affiliation.

Update on Key Initiatives:

Diverse Workforce.

Aspire continued its work toward ensuring a diverse high-caliber workforce. As the majority of students served by the organization are those of color and low-income, Aspire believes that it is important to have more teachers and other leaders within the organization that reflect the composition of the students, families and communities it serves. These educators and leaders serve as role models and bring the benefits of diverse perspectives to Aspire's teaching, leading, and broadly to its organization.

- Aspire hired a Director of Talent in June to lead Aspire's work amassing a qualified, robust, and diverse applicant pool. The Director and recruitment team will prioritize outreach to organizations, teacher training programs, and colleges and universities that share a commitment to diversifying the K-12 school system workforce. As well, the Director will work across Aspire teams to foster a culture welcoming and supportive of educators and leaders from diverse backgrounds.
- Aspire is committed to ensure an increasing number of its educators represent the communities our schools serve. With that goal, the Aspire Teacher Residency (ATR) program has successfully recruited and trained 50% of its participants representing the communities we serve.

Evaluation and Career Pathway Systems.

1. All-Staff Evaluation.

- In October, all Aspire teammates completed Personalized Learning Plans, with input from their supervisors, reflecting on accomplishments and learning from the prior 6-8 months, related to Aspire's core values of Collaboration, Customer Service, Ownership, Purposefulness and Quality. Teammates then developed, with their supervisors, personal goals for the following 3-6 months in support of Aspire's core values, each team's goals, and Aspire's Strategies and Priorities. In January and February, Aspire teammates met with their supervisors to review progress on their Personalized Learning Plans.
- With input from teammates Aspire-wide, Aspire developed an evaluation rubric for its non-educator teammates. The rubric includes supervisor input as well as survey feedback from peers and student achievement gains. Aspire began implementation of the rubric, including the distribution of peer surveys and survey results to teammates. Data comprising all rubric components, including student achievement data, will be compiled in October, with teammates receiving notice of any salary increases starting in November.

2. The College-Ready Promise (TCRP) – Evaluation and Development of Teachers to Improve Their Effectiveness

- In fall 2013, Aspire launched new teacher leadership roles as part of the first iteration of its teacher leadership and career pathway. Throughout the year, Aspire provided training for various roles and captured feedback from both role participants and principals to inform revisions to the program this year.

- Aspire recognized its effective teachers by paying bonuses in November as part of its teacher evaluation and development program. Aspire distributed more than \$1.4 million in bonuses to more than 400 teachers. Teachers received bonuses based on multiple measures of effectiveness from the 2012-13 school year, including data from classroom observations, parent, student and peer feedback, and the academic growth of students. This data allowed Aspire to recognize its most highly effective educators to celebrate their teaching while also identifying instructional areas for individual and organizational growth.
- Aspire's focus on rubric-based evaluations resulting in targeted feedback has now expanded beyond teachers. Now both Aspire principals and instructional coaches receive a series of rubric-based observations, including evidence-based ratings and the development of growth goals.

3. Aspire Teacher Residency

- During FY14, ATR's fourth year, 27 residents participated. All passed Master's Orals the first time. The Master's Oral Exam is an opportunity for residents to demonstrate the connections they have made among the theories learned in courses, and their varied classroom applications experienced in the year-long practicum.
- In Los Angeles, Aspire launched its first teacher residency specifically for special education residents. As part of Aspire's nationally recognized teacher residency program, the special education residents work with a mentor for a year focused on students with special needs.
- The main summative assessment for the Residency Year was the residents' completion of the Performance Assessment for California Teachers (PACT). The PACT assesses California's Teacher Performance Expectations (TPEs) and is centered on a Teaching Event that happens towards the middle or end of February of the Residency Year. Completion of the PACT portfolio is intended to be a capstone performance that integrates the learning of theory and skills throughout the teacher residency program.
- The Aspire Teacher Residency was selected to co-host Instructional Rounds at Aspire Berkley Maynard Academy in March, with Urban Teacher Residency United, the national convener of residency programs across the country. During the two-day event, Residency leaders from across the country explored how to more effectively prepare teachers in their residency program to create cognitively engaging, rigorous learning experiences for students with different language and learning abilities in the era of the Common Core.
- Aspire has recruited 38 residents for the 14-15 school year.
- Building off the success of the current Aspire Teacher Residency program, Aspire has begun planning for Aspire University (**Aspire U**), envisioned as a complete teacher training and credentialing program built on the Aspire education and residency model. Aspire has developed a

business plan and financial model that identifies a roadmap for sustainability by seeking regional and state accreditation over the next five years for Aspire U to become a degree-conferring teacher preparation program. University of the Pacific will continue to partner with and advise Aspire as it goes through the accreditation process and develops the organizational capacity to operate as a stand-alone graduate program. The Aspire U advisory board is providing strategic guidance on program development and Aspire has begun seeking start-up funding for this significant expansion of Aspire's teacher development work. In addition, several traditional school districts and CMOs have approached Aspire with the interest in Aspire supporting their teacher development and/or residency programs. As part of Aspire U's vision, Aspire is exploring expanding services after fulfilling internal needs.

4. Aspire Principal Residency

- Aspire hired a Director of the Aspire Principal Residency, who oversees the recruitment, selection and training of the residents.
- Two Principal Residents served in Memphis in 2013. In September, one of the residents transitioned into the Principal position at Aspire Hanley Elementary #1. The second resident completed her residency in December and decided not to seek a position with Aspire, but to pursue other career options.
- Aspire's Principal Resident in California began the program in July 2013 and worked with a Principal Mentor until December 2013. She transitioned into the role of Interim Principal at Aspire ERES Academy in Oakland in January 2014, and continued her training as a Principal Resident through June.
- Aspire selected seven residents for the program for the upcoming school year, serving with mentor principals in all Aspire regions in California and Tennessee.

Team Affiliation.

Aspire continued its efforts to create a workplace environment that fosters teammate affiliation. Affiliation is a relationship between individuals and organizations that fosters openness and individual development as well as performance and in so doing generates alignment of individual aspirations with organizational goals. High levels of organizational affiliation correlate with higher levels of workplace performance. Aspire endeavors to create a workplace environment that fosters teammate affiliation, providing, for example, opportunities to assist with a variety of events and activities at school sites.

- Aspire Senior Leadership contracted with a consulting firm to develop an Employee Value Proposition to make explicit the rewards of working at Aspire, including affiliation.
- To help foster affiliation at Aspire, CEO James Willcox hosts annual Town Hall meetings at Aspire schools, meeting school leaders, teachers and administrative staff. By the close of the FY14, he led a Town Hall meeting at every Aspire school and administrative office to listen to and address specific questions, concerns and suggestions of team members across the organization.

Strategy #3: Financial Sustainability. Ensure Aspire has reliable and renewable financial resources to maintain current operations and achieve growth plan.

Priorities:

- Diversify funding sources to cover ongoing school support costs.
- Ensure every school has a plan to become financially and operationally viable.
- Evolve Aspire’s support structure and systems to optimally operate as a national organization.

Update on Key Initiatives:

Diversifying Funding

Aspire continued to make progress to diversify private philanthropy to fund school support costs. Aspire’s Advancement team focused on building Aspire’s California annual fund through new individual and institutional funders. The organization continued to identify and cultivate new California-based private foundations. In FY14, Aspire staff vetted 78 new or previously lapsed foundations for support, leading to 24 submissions.

Additionally, Aspire expanded its individual major donor outreach by leveraging Aspire board member and CEO connections. Aspire increased its major donor individual prospect list to 285 individuals, with 238 of those in active cultivation (meetings, communication, events). Aspire also hosted its first annual fundraising event in May, its 15th Anniversary Celebration Dinner in San Francisco, hosting 180 guests and raising over \$430,000. The dinner was the inauguration of an annual event which will raise funds for Aspire’s Annual Fund.

In conjunction with its fundraising activities, Aspire continued to significantly expand its communications efforts:

- Aspire sent its monthly donor newsletter to over 1,600 contacts, with an average 32 percent open rate.
- Aspire increased its social media efforts, and with 1,422 followers on Facebook and over 3,300 followers on Twitter.
- Aspire increased its traditional media coverage with 65 local and national media mentions, stories and “hits” since July 2013.

School Financial and Operational Viability

- Aspire developed a number of funding models to help it plan for the allocation of new funding as a result of California’s new Local Control Funding Formula (LCFF). The LCFF will provide all districts with across-the-board funding increases, and provide additional funding to districts depending on the number of students enrolled who participate in the federal free and reduced-price meal program, English Language Learners, and foster youth.

- As a result of the LCFF, Aspire expects an 11.5 percent increase in per-pupil funding in FY 2014-15, from \$6,750 to \$7,570. All told, Aspire expects \$12 million in additional funding for California, from the LCFF and because of enrollment growth due to grade expansion. In Tennessee, Aspire expects \$5 million in additional funding because of enrollment growth due to grade expansion and opening a new school. Additional funding will be used for teacher effectiveness compensation and for school programs that were cut or reduced during California’s recent years of budget cutbacks to education.
- As the level of state and federal funding is dependent on student enrollment, Aspire continued to prioritize securing larger, affordable facilities for its schools that are space-constrained, allowing the schools to grow to full capacity and thus garner additional per-student funding. Previously awarded funds from California’s Proposition 1D², frozen by the state because of the recent budget crisis, were released in FY14, and will allow Aspire to secure a new facility in Huntington Park for an existing elementary school currently in a temporary shared facility. The new facility’s opening is planned for fall 2015.
- Aspire explored, and will continue to explore, possible funding scenarios for two new facilities for existing schools in the East Bay Area, as both schools have long been too small to support a financially sustainable program.
- Aspire secured funding for the building of a gymnasium/multipurpose building to serve Aspire Golden State College Preparatory Academy in Oakland, allowing that school to use all of its classrooms for instruction and thus grow enrollment. Aspire worked, and continues to work, on securing support for a similar building at Aspire East Palo Alto Phoenix Academy, with the same intention of freeing classroom space to grow enrollment.

Support Structure and Systems

Aspire’s model of operating a system of schools, with centralized operations and support provided by a national home office, results in economies of scale that Aspire continues to maximize even as the organization adds schools and increases enrollment. As Aspire now operates in two states, Aspire is developing a plan to ensure that it maintains those economies through an appropriately sized infrastructure, technology and systems that will support that growth.. All central support departments have developed three-year plans to describe how support functions will evolve over time and what support will be provided centrally and locally, based on input from school principals on which functions are most crucial to Aspire’s mission of preparing students for college.

Strategy #4: Catalyze Change. Open new schools in strategic locations and continue to explore ways to improve the quality of all Aspire schools.

² In November 2006, California voters approved Proposition 1D, authorizing \$10.4 billion in bonds for the repair and modernization of kindergarten to university school facilities, including \$500 million for charter school facilities.

Priorities:

- Open schools and establish the next Aspire region in Memphis.
- Establish a plan for growth inside and outside of current regions.
- Develop approach for codifying and sharing best practices (instructional & operational) internally and externally.

Update on Key Initiatives:**New Schools Opening and Memphis Expansion**

- Aspire opened its first two schools in Memphis and its 35th California school facility last fall.
- Aspire's expansion in Memphis continued with preparations for the opening of Aspire Coleman Elementary in August 2014. Aspire Memphis and Home Office staff conducted a walkthrough of the school in March, all teachers and staff were hired by the end of May, and the school district turned the school over to Aspire in June.
- In January, the Oakland Unified School District (OUSD) unanimously approved the charter for Aspire Triumph Technology Academy (Triumph), opening this month on the site formerly occupied by Aspire Millsmont Academy. Aspire completed facilities, furniture, equipment and technology upgrades. The lottery for enrollment was held in May.
- In February, the OUSD renewed the charters for both Aspire ERES Academy and Aspire Monarch Academy.

Growth Plan.

- This fall, Aspire adds grades at several schools and is opening two schools, Triumph and Coleman.
- Aspire has begun the process for renewing charters for seven California schools this year.

Sharing Best Practices.

Aspire shares and disseminates best practices both within Aspire and to traditional school districts and other charter management organizations. The organization's data tools, teacher training, special education and blended learning successes are a few areas that Aspire has shared with or continues to explore ways to collaborate on with others.

- Aspire's launch of Schoolzilla as an independent entity in 2013 marked the first time a public school system developed and shared an innovative data analysis platform for educators at all levels with other school systems across the country. A year later, Schoolzilla is considered an innovative ed tech company serving school districts throughout the country, with over one million students served.

- In a December article in the *San Francisco Chronicle*, Aspire's Teacher Evaluation program was featured as an example for developing and rewarding teachers.
- Aspire's blended learning model and its implementation at Aspire Titan Academy in Huntington Park, California, was featured in January online in *The Hechinger Report* and *The Atlantic*, and in February on *edSurge*.
- Also in January, Aspire Memphis's parent engagement activities were detailed in *Chalkbeat Tennessee*, a news site covering educational change in Memphis schools.
- Aspire's Director of Innovative Learning, Liz Arney, blogs regularly at *Blend My Learning*, an online community of blended learning schools and practitioners which provides a venue for best practices sharing and learning. In June 2013, through *Blend My Learning*, Aspire published its *Blended Learning Handbook* for use by other charters, districts and educators nationwide who are exploring or in the process of converting their schools to blended learning. In addition, Ms. Arney participated in a number of events to share Aspire's blended learning model:
 - She spoke on two blended learning panels at the International Association for K-12 Online Learning (iNACOL) conference in October.
 - Ms. Arney led several tours of Aspire ERES Academy in Oakland and Aspire Titan Academy in Huntington Park (LA County) for a number of charter operators, district leaders, and blended learning organizations.
 - She presented at the Bill & Melinda Gates Foundation's NextGen Grantee Webinar on Aspire's blended learning work, and participated in a "Taxonomy of Blended Learning" workshop also, hosted by the Foundation.
 - Ms. Arney spoke on several panels at the 2014 Los Angeles Blended Learning Summit in February, attended by foundation and charter school leaders.
 - She participated in the blended learning working group at the California Charter Schools Association conference in March.
- Aspire partnered with charter operators Achievement First and YES Prep to lead a cohort of 12 public charter school networks for the Charter Network Accelerator. The networks selected as members of the inaugural cohort represent nearly 20,000 students at 45 schools in 11 states. The program is focused on helping experienced leaders, with an emphasis on leaders of color, in designing and scaling their networks of schools.
- Aspire's Direction of Instructional Growth, James Gallagher, participated in a number of convenings focused on teacher effectiveness, sharing Aspire's work in this area with other charter management organizations and school districts engaged in similar initiatives. These including convenings hosted

by the Bill & Melinda Gates Foundation and the William T. Grant Foundation. Mr. Gallagher also participated in the “Teacher Incentive Fund (TIF) Topical Meeting on Teacher Salary Structures” conference hosted by the U.S. Department of Education for TIF grantees. Mr. Gallagher discussed Aspire’s work towards creating a teacher salary scale based on “years of effective practice” with other districts and Charter Management Organizations focused on moving towards effectiveness-based pay structures.

- Aspire’s Chief People Officer, Dr. Heather Kirkpatrick, participated in a panel at the Carnegie Foundation for the Advancement of Teaching Summit on Improvement in Education, on the subject of facilitating change to improve organizational performance. She also spoke about the Aspire model at the Stanford Graduate School of Business and Aspire teacher training at the New Schools Venture Fund Summit.
- Two Aspire teachers, Lindsey Fuller and Caitlin Schoenfelder, both teachers at Aspire Berkley Maynard Academy in Oakland, were named as part of the second cohort of GO Public Fellows. Great Oakland Public Schools Leadership Center (GO) is a non-profit organization that provides education, advocacy and leadership to support a coalition of Oakland families, students, teachers, principals, community and civic leaders united around a positive, student-oriented vision for public education in Oakland. GO’s Teacher Policy Fellowship is a yearlong program for a small cohort of current Oakland teachers to “Learn, Think and Lead” for the future of education.
- Internally, Aspire distributes a weekly update to all teammates and the Area Superintendents share regional news through a weekly newsletter. Aspire teammates also access a wealth of organizational information through its intranet, MyAspire. Teams worked to upgrade MyAspire to ensure that teammates throughout the organization can easily access the most useful and up-to-date information about Aspire’s key initiatives and activities specific to each school site. For example, to enhance internal best practices sharing, Aspire team representatives received training on Sharepoint, a content management application that makes it easier to more quickly disseminate and collect information for sharing across teams on MyAspire.

Organizational Update – Q1, FY15
Strategies, Priorities and Key Initiatives

In FY13, Aspire adopted a five-year plan governing its programming and operations, with longer-term (5-year) Strategies and shorter-term (2-5 year) Priorities (formerly known as Must Achieves). Aspire's strategies and priorities tie directly to Aspire's mission and guide its efforts to deliver on its mission and vision. Strategies are the organization's long-term approach to furthering our mission, and priorities outline where the organization will focus and direct resources over the shorter term. Aspire sets annual metrics within each priority area.

Aspire leadership revisits its Strategies and Priorities each year to ensure that they continue to capture the initiatives essential to making each student college-ready. In FY14, Aspire revised its Strategies and **Priorities for FY15 and those are detailed below, along with highlights from Q1 of FY15 on key initiatives within each strategy and priority area.**

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| Strategy #1: <u>College Readiness</u>. Increase the number of college-ready Aspire graduates. |
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Priorities:

- Achieve meaningful gains in Aspire students' **college readiness** levels by **aligning Aspire instruction** with the **Common Core State Standards (CCSS)** and **Next Generation Science Standards (NGSS)**.
- Increase the percentage of **9th grade cohort** that graduates from Aspire schools.
- Use an **equity** lens to examine Aspire policies, practices, and systems at Aspire to strive for all groups to increase access and benefit from Aspire's work.

Update on Key Initiatives:

Gains in College Readiness by Aligning Instruction with CCSS and NGSS.

CCSS. All teachers attended a 4-day Common Core Institute that focused on the instructional shifts required to teach the new standards. The Aspire Instructional Methods were rewritten to align with those instructional shifts. Additionally, new assessments were identified to align with the new standards. To support teachers as they develop a more robust skillset to teach the CCSS-aligned English Language Arts and Literacy standards to English learners, who comprise one-fourth of Aspire students, Aspire is piloting a digital badging project³ that will evidence and reward the completion of a professional development learning pathway focused on CCSS-aligned EL instructional strategies.

NGSS. Aspire is participating in the four-year California Next Generation Science Standards K-8 Early Implementation Initiative (the Initiative). Developed by the K-12 Alliance at WestEd with close collaborative input on its design and objectives from the State Board of Education, the California Department of Education, and Achieve, the Initiative is a fast-start demonstration project that will build local education agency capacity to fully implement the NGSS in grades K-8. Eight school districts and two charter management organizations, Aspire and High Tech High, were selected to participate in the Initiative. The districts and CMOs will engage with the K-12 Alliance to collaboratively develop and

³ Digital badges are online representations of a skill or accomplishment that are earned and validated.

participate in leadership training for teachers and administrators, and in teacher professional development in content and pedagogy to meet the conceptual shifts required by the NGSS. They will form a Learning Collaborative as a community for sharing best practices and addressing challenges of practice.

Blended Learning’s Role in Aligning Instruction.

Curriculum and Instruction.

- In Aspire’s blended learning classrooms, students are working on CCSS-aligned adaptive software programs in English Language Arts and math. While half the students are on these programs, teachers provide CCSS instruction to the rest of the class and are able to give more targeted feedback and support to students.
- Students in blended learning classrooms engage in skill-building technology activities that are crucial for CCSS success. For example, because the CCSS will require 3rd grade students to be able to type a page at one sitting, Aspire recognizes that it needs to provide keyboarding instruction to all 2nd and 3rd graders. Students who have mastered the handwriting standard can get started early on keyboarding.

School Openings and Conversions.

- Aspire Gateway Academy, in South Gate, and Aspire Slauson Academy, Aspire Inskeep Academy and Aspire Tate Academy, in Los Angeles completed their blended learning conversions in September. Aspire began converting Aspire Firestone Academy in South Gate in August, with whole-school conversion to be completed this school year.
- In August, Aspire launched two new blended learning schools – Aspire Coleman in Memphis and Aspire Triumph Technology Academy (formerly Aspire Millsmont Academy) in Oakland. Both schools are technology focused and include blended learning and coding. By the end of this school year, Aspire will have increased the number of its blended learning schools by seven, for a total of 11 blended learning schools.

Increasing 9th Grade Cohort Retention. Aspire continued its work closely monitoring those secondary school students with academic struggles, identifying those students at highest risk for earning a “D” for “F” earlier in the school year, and focusing resources on those students intensively and quickly. School leaders and instructional coaches provide extra supports to teachers to ensure that they are well-equipped to move those students toward satisfactory academic progress and thus reduce attrition. Aspire is also looking more closely at grading scales to determine their impact on students’ academic records and their perception of academic progress or challenges.

Equity.

- The Senior Leadership Team continued its work with the National Equity Project, and set goals for Aspire’s equity work going forward: (1) Make equity a systemic and sustainable thread that runs

through Aspire’s core values; and (2) Implement sustainable equity practices that are employed throughout the organization.

- Aspire established a project plan to build the following capacities across the organization in the next two years: (1) shared and distributed ownership of the equity work; (2) skills and capacity to lead for equity; and (3) experience in applying an equity lens to address equity issues.
- Aspire began planning the professional development plan for Senior Leadership Team, Principals, Coaches, and Home Office Directors, focused on building the above capacities.

Strategy #2: People. Develop highly effective educators in every classroom. Ensure Aspire is a destination for top talent.

Priorities:

- Recruit, retain and promote a **high-caliber workforce** that is more reflective of the communities that we serve.
- Support and challenge all teammates with **evaluation and career pathway systems**.
- Build and maintain a leadership pipeline at all levels of the organization.
- Achieve high levels of affiliation.

Update on Key Initiatives:

High-Caliber Workforce Reflective of Communities. Aspire’s Human Capital Team has focused on the following activities:

- Expanding teacher recruitment to include more Historically Black Colleges and Universities and Hispanic Serving Institutions.
- Beginning to build relationships with campus organizations serving students of color and other historically underrepresented students that emphasize areas of study that are a focus for Aspire teacher recruitment. For example, MESA (Mathematics, Engineering, Science Achievement) works with thousands of educationally disadvantaged college and university students to help them excel in math and science and graduate with math-based degrees.
- Continuing to work toward ensuring that Aspire has enough qualified diverse candidates in the pipeline for teaching and other positions. This work includes opening and posting all positions for a minimum number of days to allow more candidates to apply, and ensuring that there is a qualified and diverse slate of candidates available to be reviewed and selected for interviews.

Evaluation and Career Pathway Systems.

1. **All-Staff Evaluation.** Aspire rolled out a system to capture mid and end-of-year evaluations and goal-setting (Personal Learning Plans) for every teammate in the organization, tied to Aspire’s performance-based pay system. Aspire has developed a set of salary bands with career pathways and will begin working on job descriptions for each level.

2. The College-Ready Promise (TCRP) – Evaluation and Development of Teachers to Improve Their Effectiveness

- In July, Instructional Coaches conducted Common Core Institutes for new and veteran teachers in each of Aspire’s three California regions. This professional development opportunity provided teachers with a chance to learn about the CCSS transition and plan collaboratively.
- In September, Aspire launched the second year of its Teacher Leadership program. This program provides teachers with the opportunity to apply for a variety of leadership opportunities based on their effectiveness data. For example, highly effective teachers are eligible to serve as “Peer Observers.” In this role, teachers receive additional training on the Aspire Instructional Rubric and the observation process. Peer Observers then observe teachers at their site and provide formative data to aid teacher development.

3. Aspire Teacher Residency

- As a testament to its national impact and effectiveness, the Aspire Teacher Residency program was featured on the front page of *The New York Times* in October 2014. K-12 education reporter Motoko Rich followed three Aspire residents for a year, tracking their progression through the program, culminating in their hiring as full-time teachers. This is a huge recognition of the strong results of the program.
- 25 residents from the 2013-14 residency cohort are currently teaching in 15 Aspire schools throughout California and in Memphis.
- This year, the program has expanded to 37 residents, including 33 residents training in California, seven of whom will go on to teach in Memphis, plus four residents training in Memphis.
- 50% of ATR participants represent the communities Aspire serves, helping Aspire to continue to diversify its workforce.
- Aspire is currently actively recruiting 55 new residents for the 2015-2016 residency cohort and will begin selection in December.
- Aspire has developed a multi-year plan to expand ATR into a fully self-sustainable entity called Aspire U, designed to lead ATR and eventually provide masters degrees and credentialing. Aspire is raising initial philanthropy to expand the program.

4. Aspire Principal Residency

- A cohort of seven newly-hired residents began work in July throughout Aspire’s four regions, i.e., the Central Valley, Bay Area, Los Angeles, and Memphis.

- Aspire launched a competency-based badging system for residents to acquire and show evidence of school leadership skills and knowledge. The residents received training and are piloting the system this fall.

Leadership Pipeline. Aspire is focusing on building both the breadth and depth of its organizational leadership. It continues to refine its Principal Residency program and has its largest and most promising cohort to date this year. Aspire is developing more structure to support other leaders across Aspire. For example, this fall Aspire began hosting all Directors at quarterly daylong meetings, with positive feedback from participants.

Team Affiliation.

- Aspire reviewed end-of-year data on teammate affiliation, identified sites that need the most support in fostering affiliation, created an action plan and is executing on the plan.
- Aspire continues to develop value-add workplace policies that it believes will further strengthen affiliation. Aspire is investing in restructured paid time office for Home and Regional Office staff, a remote work policy, and exploring broadly with teammates the topic of work/life balance across the organization.

Strategy #3: Financial Stewardship. Secure and manage reliable and renewable financial resources to achieve our strategies.

Priorities:

- Ensure that every school has a **balanced, multi-year budget.**
- Meet the **Annual Fund milestones** to ensure multi-year grant commitments.
- Reduce the **Home Office** deficit and evolve Home Office into a national support system.

Update on Key Initiatives:

School Budgets.

- Schools are at their budgeted enrollment, including Aspire’s new and expanding schools in Tennessee. All schools are spending at or below their budgeted expenses to date.
- In California, Aspire schools are receiving additional revenue of \$1,000 per student in FY15 as a result of the Local Control Funding Formula. Schools are using these funds to increase compensation and support school site programs.
- Aspire has adopted and implemented school site and organization-wide reserve guidelines to ensure that Aspire has adequate reserves to meet its bond covenants, protect against any future state funding cuts, and take care of the deferred maintenance of its facilities.
- The finance team is working with principals on 3 to 5-year budgets to sustain the teacher effectiveness work currently funded by federal grants and private philanthropy.

- Aspire secured a \$10 million line of credit with Umpqua Bank which increases the organizations financial flexibility and augment its working capital management.

Annual Fund Milestones.

- To ensure its continued financial sustainability, Aspire plans to increase its Annual Fund goal to \$5.5 million from a diversified group of funders by FY18. This year, Aspire’s target is \$3.9 million.
- In Q1 FY15, Aspire raised \$1.2m, approximately 31% of its target.
- In September, Aspire hired a Director of Individual Giving to manage its ever-growing base of individual donors and prospects, currently 292 individuals. The Director of Individual Giving will direct strategy for cultivating potential funders and manage relationships with existing supporters.
- Aspire has scheduled its second annual fundraising event for Wednesday, May 20th, 2015 in San Francisco. The Advancement team is planning event details and exploring options for sponsorship and financial support.

Home Office. Aspire identified possible options of evolving the Home Office support structure in a way that (1) allows for differentiation of support across regions by providing regional leaders with more decision-making authority over supports needed for their specific region; (2) honors Aspire’s belief in principal’s autonomy in school site budget decision-making, as Aspire believes that budget decisions are best made by those closest to the students; (3) maintains efficient and consistent high-quality customer service; and (4) reduces the Home Office deficit. Aspire formed a Principal Advisory Group to help guide this work.

Strategy #4: Catalyze Change. Further our impact by opening new schools where the opportunity for catalytic impact is greatest. Support scalable opportunities to share successful practices.

Priorities:

- Grow the Memphis region in partnership with the city.
- Develop and support strategic partnerships to more widely share practices, processes and systems.

Update on Key Initiatives:

Memphis Region.

- In July, Aspire was awarded a charter by the Shelby County Schools district in Memphis and will begin exploring with the district how Aspire can work with them to serve students currently served by low-performing schools.

- Aspire opened its third Memphis school and 38th Aspire school, Aspire Coleman Elementary, in August. Aspire Coleman joins Hanley Elementary #1 and #2 to serve more than 1,200 Memphis students this year, making Aspire one of the largest charter systems in Tennessee.

Strategic Partnerships.

- Aspire successfully incubated and launched Schoolzilla in 2013, as an independent Education Tech data analysis company. Since then, Aspire continues to serve as a strategic partner with Schoolzilla, providing consultancy and opportunities for Aspire teachers and schools to serve as test sites for Schoolzilla tools and services. This partnership represents Aspire sharing successful practices with other reform-minded educators. Today, Schoolzilla continues to grow, serving school districts and students across the nation.
- Aspire partners with charter operators Achievement First and YES Prep to lead a cohort of 12 public charter school networks for the **Charter Network Accelerator**. The networks selected as members of the inaugural cohort represent nearly 20,000 students at 45 schools in 11 states. The program is focused on helping experienced leaders, with an emphasis on leaders of color, in designing and scaling their networks of schools. In September, CEO James Willcox participated in an Accelerator convening in September, sharing information about Aspire’s organizational model, how he came to lead Aspire, and his leadership philosophy.
- Aspire is a member of the **Lumicore Group**, an affiliation of high-performing charter operators receiving support from the Bill & Melinda Gates Foundation.
 - Aspire, along with partner CMOs KIPP and PUC, completed a CCSS project supported by a grant through their Lumicore Group affiliation. The “PAK” (PUC, Aspire, KIPP) collaboration focused on piloting CCSS-aligned assessment strategies and tools. Aspire is preparing a final report on the Project and looks forward to continuing to share CCSS-related learnings and best practices with KIPP, PUC and other CMOs.
 - Aspire was awarded a grant through its Lumicore Group membership to pilot a professional development digital badging project this year that will build teachers’ skills and knowledge of best instructional practices to help English learners master the rigorous English Language Arts standards of the Common Core. As more than one-fourth of Aspire’s students are English learners, Aspire anticipates that this pilot, if successful, will positively impact its English learners’ college readiness, as well as that of students served by its Lumicore Group partners and in school districts in the regions where Aspire schools are located.
- Aspire is a member of **100Kin10**, a multi-sector network of partners committed to training and retaining 100,000 excellent science, technology, engineering and math teachers by 2021. As a member, Aspire shares and has access to best practices, and can tap into a broad network of prospective funders for support of its work related to recruiting, training and supporting its math and science teachers. In September Aspire received a grant commitment from a family foundation

in Los Angeles, also a 100Kin10 member, which funding will support Aspire's math coaches in its Los Angeles-area schools. In addition, the Aspire Teacher Residency was an active partner in 100Kin10's STEM recruitment social media campaign, *Blow Minds. Teach STEM*, which launched in September. Leading up to the launch, Aspire participated in a series of webinars and online meetings with 100Kin10 partners.

- Aspire is a member of a residency network helmed by **Urban Teacher Residency United** (also a 100Kin10 partner). As a member, Aspire problem-solves with peer organizations, participates in symposia, and attends and hosts instructional rounds.

Financial Discussion

I. Overview

- For the three months ending September 30, 2014, Earnings before Interest, Depreciation and Amortization (EBIDA) were \$6.8 million versus \$5.4 million for September 30, 2013.
- Enrollment grew this year by approximately 1,000 students, and we have met our budgeted enrollment targets. Enrollment at September 30, 2014 was 14,598, which is 8% higher than the same period one year ago.
- Our state per pupil revenues increased by \$1,000 per student since last year due to the continued roll-out of California's Local Control Funding Formula. This year's surplus is being used on direct school programs, and salary (COLA) and benefit increases across the organization.
- Expenses are on track with budget. Overall expenses are \$4.5 million higher than a year ago due to enrollment growth in our California and Tennessee schools. We also used one-time grant funds to invest in our professional development for teachers and school leaders (~\$1 million of the \$4.5 million increase).
- Aspire ended the quarter with \$42.4 million in cash. Cash is higher because there have been no state funding deferrals and the organization's cash reserves have increased over the last two years.
- During the first quarter, Aspire paid down \$1 million of debt and ended the quarter with \$117.7 million in debt. Over the next year, through September 30, 2015, the organization is scheduled to make \$2 million in principal payments and \$5.7 million in interest payments. Aspire has sufficient funds to meet these obligations.
- Aspire closed an annual line of credit facility with Umpqua Bank for up to \$10 million. This line of credit will increase the organization's flexibility in managing its working capital.

II. Enrollment and Average Daily Attendance

- Enrollment at September 30, 2014 was 14,598 compared to 13,551 at September 30, 2013, a growth of approximately 600 students in Memphis and 400 students in California. We added one new school in Memphis serving pre-K to 5th grades. In California, the growth in our students came from our existing secondary schools, not from the opening of a new school.
- Attendance percentages are ahead of expectations in California. Budget ADA is 96.1% for the year. Actual ADA is 97.3% for the first quarter. (In Tennessee, state funding is calculated based on enrollment and not attendance).

III. Revenues

- Actual QTD revenues at September 30, 2014 are \$37.8 million, which is 18% higher than the comparable amount one year ago. The majority of the increase is from higher per-ADA revenues from LCFF and Prop 30 revenues and a significant increase in enrollment. In addition:
 - Federal program funding is higher by \$0.8 million in the first quarter as compared to a year ago. This increased funding came from the TIF grant (Teacher Incentive Fund) and was used to pay for targeted professional development for our school leaders over the summer.
 - Federal and state nutrition funding increased by \$0.3 million this quarter, because of the addition of five new school sites to Aspire's breakfast and lunch program.
- Donation and Grants is \$1 million less in the first quarter as compared to a year ago. This is due to the timing of grant receipts; several grants were received in October 2014 and are not reflected in the quarterly results. Aspire anticipates meeting its budgeted revenue for donations and grants.

IV. Expenses

- Quarterly expenses at the schools are \$27.7 million. This is 16% higher than one year ago and on-budget. The growth in school expense is driven by the increased enrollment (new staff, furniture, supplies, technology) and COLA adjustments for existing staff. The growth in total expenses is less than the growth in total revenues.
- Home office expenses on a quarterly basis are \$5.7 million, which is \$1.7 million higher than a year ago. The increase is due to one-time expenditures paid for with grant funds (Teacher Incentive Fund) which was explained above.

V. Balance Sheet

- Aspire ended the quarter with \$42.4 million of unrestricted cash, an increase of \$3 million from last quarter. This increase is driven by the fact that there have been no state deferrals this year to date, and Aspire has increased its operating cash reserves over the last two years.
- During the quarter Aspire did not add any new debt. Aspire made a \$1 million principal payment on July 1 and anticipates another \$2 million of debt pay down over the next 12 months.
- Accounts receivable is \$24.5 million at September 30, 2014. \$20 million of this balance is collectible within 30-60 days; the balance is as per Aspire's internal expectations, knowing the cyclical nature of state and federal funding.

- Current restricted cash is at \$1.6 million. This cash is set aside to make debt and interest payments on Aspire's 2010 Bond issue. The restricted cash balance will increase through December 31, 2014, and on January 1, 2015, it will fall to \$0 when an interest payment is made.
- The organization had \$15.2 million in current liabilities at September 30, 2014 versus \$17.3 million at June 30, 2014. The decrease is from a payoff of accounts payable of \$1.3 million and the reduction of \$1.4 million of accrued interest that was paid on July 1, 2014.

VI. Other Charter Updates

- Three charter renewals have been completed this year thus far including:
 1. Aspire Gateway Academy
 2. Aspire Firestone Academy
 3. Aspire Pacific Academy
- Aspire has submitted charter petitions for two new schools in West Contra Costa Unified School District. The decision hearing is scheduled for November 12.
- Aspire received a charter approval from Shelby County Office of Education in Tennessee. Shelby County could be an additional charter authorizer for Aspire in Tennessee, in addition to the Achievement School District.

Quarterly and Annual Financial Statements

Consolidated Balance Sheet

| | Unaudited <u>September 30, 2014</u> | Audited* <u>June 30, 2014</u> | Audited* <u>June 30, 2013</u> |
|-------------------------------------|--|----------------------------------|----------------------------------|
| Assets | | | |
| Cash & Equivalents | \$ 42,435,709 | \$ 39,390,319 | \$ 21,600,698 |
| Restricted Cash | 1,642,687 | 3,695,292 | 2,802,418 |
| Accounts Receivable | 24,486,964 | 24,481,110 | 32,206,936 |
| Pledges Receivable | 3,628,289 | 6,014,287 | 4,995,776 |
| Prepaid Expenses | 450,894 | 257,053 | 625,826 |
| | ----- | ----- | ----- |
| Total Current Assets | 72,644,543 | 73,838,060 | 62,231,654 |
| | | | |
| Non-Current Assets | | | |
| Restricted Cash | 7,675,598 | 7,757,821 | 7,676,029 |
| Pledges Receivable | 830,512 | 830,512 | 2,611,476 |
| Property & Equipment (net) | 135,964,803 | 136,490,660 | 130,868,895 |
| Other Assets (net) | 4,412,203 | 4,470,487 | 5,136,425 |
| | ----- | ----- | ----- |
| Total Non-Current Assets | 148,883,116 | 149,549,481 | 146,292,825 |
| | ----- | ----- | ----- |
| Total Assets | \$ 221,527,659 | \$ 223,387,541 | \$ 208,524,479 |
| | ===== | ===== | ===== |
| Liabilities & Net Assets | | | |
| Accounts Payable | 5,191,736 | 6,581,608 | 8,208,804 |
| Accrued Expenses | 6,766,393 | 8,040,736 | 7,730,511 |
| Deferred Revenue | 600,000 | - | - |
| Capital Leases | 640,000 | 635,000 | 610,000 |
| Debt | 2,023,814 | 2,070,896 | 4,186,241 |
| | ----- | ----- | ----- |
| Total Current Liabilities | 15,221,943 | 17,328,240 | 20,735,556 |
| | | | |
| Non-Current | | | |
| Deferred Rent Due | 709,843 | 695,531 | 628,639 |
| Capital Leases | 15,826,250 | 15,990,000 | 16,625,000 |
| Debt | 115,690,089 | 116,745,506 | 116,108,260 |
| | ----- | ----- | ----- |
| Total Liabilities | 147,448,125 | 150,759,278 | 154,097,455 |
| | | | |
| Net Assets | | | |
| Beginning Net Assets | 72,628,264 | 54,427,024 | 45,546,787 |
| Change in net assets | 1,451,269 | 18,201,240 | 8,880,237 |
| | ----- | ----- | ----- |
| Ending Net Assets | 74,079,533 | 72,628,264 | 54,427,024 |
| | ----- | ----- | ----- |
| Total Liabilities & Net Assets | \$ 221,527,659 | \$ 223,387,541 | \$ 208,524,479 |
| | ===== | ===== | ===== |

* June figures reflect Audited Financial results, which can be found at <http://aspirepublicschools.org/about/financials/>

Note: Certain items have been reclassified to conform with current period presentation.

Consolidated Statement of Activities

| | Unaudited | | Audited* | |
|---|---------------------------------|--------------|-----------------------------|--------------|
| | Three Months Ended September 30 | | Twelve Months Ended June 30 | |
| | 2014 | 2013 | 2014 | 2013 |
| Active Schools | 38 | 37 | 37 | 34 |
| Enrollment | 14,598 | 13,551 | 13,556 | 12,520 |
| Average Daily Attendance % | 97.3% | 97.3% | 96.1% | 96.5% |
| ADA | 14,197 | 13,184 | 13,032 | 12,084 |
| Revenues | | | | |
| State ADA-Based | \$27,751,134 | \$22,854,165 | \$92,216,900 | \$77,964,641 |
| <i>Per ADA (Annualized)</i> | 7,819 | 6,934 | 7,076 | 6,452 |
| Other State | 2,323,540 | 1,426,587 | 8,741,808 | 9,557,544 |
| Total State Revenues | 30,074,675 | 24,280,753 | 100,958,708 | 87,522,186 |
| Federal Programs | 3,945,898 | 3,214,036 | 14,545,327 | 10,285,236 |
| Special Education | 2,083,335 | 2,013,761 | 8,424,736 | 7,505,457 |
| Food Programs | 927,162 | 682,523 | 3,701,068 | 3,732,114 |
| Local | 272,717 | 282,036 | 1,186,603 | 1,583,456 |
| Donations & Grants | 535,755 | 1,471,601 | 4,767,171 | 5,486,405 |
| Other Income | 14,594 | 60,848 | (151,436) | 552,385 |
| Total Revenues | 37,854,136 | 32,005,558 | 133,432,177 | 116,667,239 |
| Expenses | | | | |
| <i>Schools</i> | | | | |
| Payroll & Benefits | 20,423,538 | 18,004,422 | 78,390,207 | 65,979,548 |
| Operating | 7,246,635 | 5,764,655 | 25,126,690 | 23,288,205 |
| Total School Expenses | 27,670,173 | 23,769,077 | 103,516,897 | 89,267,753 |
| <i>Home Office</i> | | | | |
| Payroll & Benefits | 3,719,540 | 2,992,161 | 12,819,773 | 11,699,294 |
| Operating | 1,976,800 | 1,015,852 | 4,701,105 | 4,953,902 |
| Total Home Office Expenses | 5,696,340 | 4,008,013 | 17,520,878 | 16,653,196 |
| Total Expenses | 33,366,513 | 27,777,090 | 121,037,774 | 105,920,950 |
| CY Expenses with PY Revenues | (2,358,910) | (1,202,375) | (6,952,608) | (4,951,803) |
| Total Expenses for EBIDA | 31,007,603 | 26,574,715 | 114,085,167 | 100,969,146 |
| Earnings Before Interest & Depreciation | 6,846,533 | 5,430,843 | 19,347,010 | 15,698,092 |
| Other (Income) Expense | | | | |
| Depreciation & Amortization | 1,347,793 | 1,077,932 | 4,889,486 | 4,270,408 |
| Interest | 1,688,561 | 1,663,920 | 6,770,979 | 6,705,482 |
| Other (Income) Expense | 0 | 15 | 106 | (1,222,505) |
| CY Expenses with PY Revenues | 2,358,910 | 1,202,375 | 6,952,608 | 4,951,803 |
| Net Other | 5,395,264 | 3,944,242 | 18,613,178 | 14,705,189 |
| Net Funds Provided (Used) | 1,451,269 | 1,486,600 | 733,832 | 992,904 |
| Special Multi-Year Revenues | - | 5,658,233 | 17,467,408 | 7,887,334 |
| Total Funds Provided | \$ 1,451,269 | \$ 7,144,833 | \$ 18,201,240 | \$ 8,880,237 |

* June figures reflect Audited Financial results, which can be found at <http://aspirepublicschools.org/about/financials/>

Note: Certain items have been reclassified to conform with current period presentation.

Consolidated Statement Of Changes In Cash

| | Unaudited | | Audited* | |
|---|--|---------------|------------------------------------|---------------|
| | <u>Three Months Ended September 30</u> | | <u>Twelve Months Ended June 30</u> | |
| | 2014 | 2013 | 2014 | 2013 |
| Operating Activities | | | | |
| Total Funds Provided | \$1,451,269 | \$7,144,833 | \$18,201,240 | \$8,880,237 |
| Depreciation & Amortization | 1,347,793 | 1,077,932 | 4,889,486 | 4,270,408 |
| | ----- | ----- | ----- | ----- |
| Provided By Operating Activities | 2,799,062 | 8,222,765 | 23,090,726 | 13,150,645 |
| Current Balance Sheet Accounts | | | | |
| Restricted Cash | 2,052,605 | 1,161,049 | (892,874) | - |
| Accounts Receivable | (5,854) | 11,444,814 | 7,725,826 | (702,346) |
| Pledges Receivable | 2,385,998 | (5,655,660) | (1,018,511) | 2,560,331 |
| Prepaid Expenses | (193,841) | 333,811 | 368,773 | (398,728) |
| Accounts Payable | (1,389,872) | (2,829,040) | (1,627,197) | 1,974,749 |
| Accrued Expenses | (1,274,343) | (1,428,674) | 310,225 | (3,520,925) |
| Deferred Revenue | 600,000 | - | - | - |
| Capital Leases | 5,000 | 6,250 | 25,000 | 20,000 |
| Debt | (47,082) | (2,333,812) | (2,115,345) | (6,167,793) |
| | ----- | ----- | ----- | ----- |
| Net Current Changes | 2,132,611 | 698,737 | 2,775,898 | (6,234,712) |
| Non-Current Balance Sheet Accounts | | | | |
| Restricted Cash | 82,223 | 4,427 | (81,792) | 3,535,057 |
| Pledges Receivable | - | - | 1,780,963 | 3,796,296 |
| Property & Equipment (net) | 525,857 | (3,227,814) | (5,621,765) | (6,949,175) |
| Other Assets (net) | 58,285 | 142,707 | 665,938 | (1,093,252) |
| Depreciation & Amortization | (1,347,793) | (1,077,932) | (4,889,486) | (4,270,408) |
| Deferred Rent Due | 14,312 | (0) | 66,893 | 628,639 |
| Capital Leases | (163,750) | (158,750) | (635,000) | (610,000) |
| Debt | (1,055,417) | (1,491,620) | 637,246 | 6,680,640 |
| | ----- | ----- | ----- | ----- |
| Net Non-Current Changes | (1,886,283) | (5,808,982) | (8,077,004) | 1,717,796 |
| | ----- | ----- | ----- | ----- |
| Net Change In Cash | 3,045,390 | 3,112,520 | 17,789,620 | 8,633,729 |
| | ----- | ----- | ----- | ----- |
| Beginning Cash | 39,390,319 | 21,600,698 | 21,600,699 | 12,966,969 |
| | ----- | ----- | ----- | ----- |
| Ending Cash | \$ 42,435,709 | \$ 24,713,218 | \$ 39,390,319 | \$ 21,600,698 |
| | ===== | ===== | ===== | ===== |

*June figures reflect Audited Financial results, which can be found at <http://aspirepublicschools.org/about/financials/>
 Note: Certain items have been reclassified to conform with current period presentation.