

## **SUBJECT**

Charter Renewal Consideration  
F. Village Leadership Academy

## **APPLICABLE STATUTE, RULE, OR POLICY**

§33-5209B – Charter Renewals  
§33-5209C(7) - Enforcement

## **BACKGROUND**

Idaho statute requires that authorized chartering entities periodically evaluate schools for charter renewal. The Village Charter School, dba. Village Leadership Academy (VLA) operates under a performance certificate that will expire on June 30, 2023. The IPCSC must renew, conditionally renew, or non-renew this charter no later than March 15, 2023.

Idaho Code requires the IPCSC Director to issue, no later than November 15<sup>th</sup>, a renewal recommendation to each school whose performance certificate will expire the following June. Each school then has 30 days to notify the Director whether the school's board agrees with the recommendation or wishes to contest the recommendation.

A school that has met all the terms of its current performance certificate, including the standards established in the performance framework, must be renewed. Any school that has failed to meet one or more of the terms of its current performance certificate, including the standards established in the performance framework, may be considered for non-renewal.

Idaho Code requires that renewal decisions be grounded in the school's performance outcomes with regard to the performance framework, as well as the school's financial performance over the course of the performance certificate term.

## **DISCUSSION**

VLA opened in 2005. The school currently serves approximately 270 students across grades K-8. The school operates a Franklin-Covey Lighthouse School model.

VLA is recommended for renewal with 4 conditions. Two conditions are academic, focused on math and English language arts proficiency improvements. Two conditions are financial. VLA's board of directors agrees with the Director's renewal recommendation.

VLA was the subject of an IPCSC investigation in 2018 which revealed several concerning financial practices at the school. The details of this investigation are included in a series of courtesy letters. Most of the issues have been resolved, however, VLA has been in default of the terms of its facility loan since 2020, and as a result is operating under a Notification of Fiscal Concern.

After the IPCSC investigation concluded, the VLA governing board chose to sever its contract with Veritas, a predatory education management services company. The school then hired the services of MAST Financial Group (a Michigan-based

organization that specializes in charter school turn around), accepted the resignation of several board directors and the school leader, and, in 2020, hired an effective school leader to manage the school's turn-around.

Also, in 2020, the school accepted a short-term loan from its bond holder to assist with cash-flow and engaged in the first of several forbearance agreements, which allowed the school to make interest-only payments temporarily.

The governing board is now cooperative with the authorizer. The school leader is proactive in communicating with the authorizer and with other state agencies. The school's climate and culture have improved, and no complaints have been filed since 2020. The school achieved Lighthouse School status, a Franklin Covey school accreditation process, evidencing the school's ability to implement a structured program with fidelity. Operationally, the school is functioning at a meets standard level as reflected in the school's FY22 Annual Performance Report.

The school has also worked to improve academic outcomes by reevaluating curriculum, investing in professional development, and engaging instructional coaches from a nationally renowned Boise State University program. The school's renewal application includes additional data sets the school is monitoring. This data indicates improvement in rates of student's performing at grade level from fall to spring. The school is not currently high-performing, but significant ground-work has been done, indicating that "meets standard" performance is possible in the near future.

Financially, the school is not yet recovered. While the school is no longer reliant on short-term loans, and payroll and vendors are being paid on time, the school remains in default of the terms of its facility loan and a forbearance agreement is currently in place. Additionally, the school's financial outcomes on the FY22 Annual Performance Report are heavily impacted by the status of this loan. Each financial measure on which the school failed to meet standard is caused by the state of this facility loan. Each financial measure on which the school does meet standard is somewhat inflated due to the fact that regular facility payments are not being made. The school's financial situation is not sustainable as it currently stands.

As negotiations between the school and Eco Northwest (formerly Tortoise) were active at the time the Director's renewal recommendation was made, the renewal recommendation seeks first to put an end date on those negotiations as the primary issue, and then to focus on the remaining points of recovery.

Materials included in this packet for VLA:

### Primary Documentation

1. Notification of Director's Renewal Recommendation
2. Signed Consent and Agreement to the Director's Recommendation
3. Renewal Application
4. Fiscal Year 2022 Annual Performance Report
5. 2022 Fiscal Audit Report
6. 2018-2023 Performance Certificate

Secondary Documentation

1. Fiscal Year 2021 Annual Performance Report
2. Fiscal Year 2020 Annual Performance Report
3. Fiscal Year 2019 Annual Performance Report
4. Lottery Observation
5. Board Meeting Observation
6. Site Visit or Accreditation Report
7. Forbearance Agreement 12/15/22

Courtesy Letters

Notification of Fiscal Concern 2017-2020  
Notification of Fiscal Concern 2021  
Notification of Fiscal Concern 2022  
Notification of Fiscal Concern 2023  
Notice of Payment Delinquency 3/15/19  
Courtesy Letter 3/28/19  
Courtesy Letter 4/8/19  
Courtesy Letter 5/23/19  
Courtesy Letter 6/3/19  
Courtesy Letter 9/5/19  
Courtesy Letter 9/20/10  
Courtesy Letter 10/31/19

**SPEAKER**

Board Chair, Adrian Castaneda  
Administrator, Josh Noteboom  
MAST Financial Group, Adam Holcomb

**IMPACT**

Should the Commission approve the consent agreement for charter renewal with conditions as presented, the school and IPCSC staff will proceed with finalizing the terms of a performance certificate to begin July 1, 2023 and end on June 30, 2028. Performance certificates will be considered for final approval by the Commission in April.

If this renewal recommendation is approved and If the school is able to evidence that it has resolved its default status and can service whatever facility debt it holds on July 1, 2023, the school would be allowed to continue operating with a condition regarding long-term sustainability due in 2024 and both academic achievement conditions due in 2025.

However, if the school is unable to evidence that it has resolved its default status by July 1, 2023, the first day of the next performance certificate term, the school will not have met a condition of renewal by the established due date and IPCSC policy would require a revocation hearing to be scheduled. At that time, the Commission would determine whether the school's confirmed inability to resolve its financial default warrants revocation.

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends that the IPCSC move to accept the consent agreement for Village Leadership Academy as presented.

**COMMISSION ACTION**

A motion to approve the consent agreement for conditional charter renewal as presented for Village Leadership Academy thereby renewing the school's charter for another five years; OR

A motion to reject the consent agreement for charter renewal as presented and to conditionally renew the charter for Village Leadership Academy with the following conditions [state conditions if different from the recommendation]; OR

A motion to reject the consent agreement for charter renewal for Village Leadership Academy as presented and to proceed to a charter renewal hearing before March 15, 2023.

**BEFORE THE IDAHO PUBLIC CHARTER SCHOOL COMMISSION  
STATE OF IDAHO**

In the Matter of the Charter Renewal for:  
  
THE VILLAGE LEADERSHIP ACADEMY.

Case No. 22-52517

**NOTICE AND ACKNOWLEDGMENT OF  
COMMISSION DIRECTOR'S  
RECOMMENDATION FOR RENEWAL  
OF CHARTER WITH CONDITIONS**

Pursuant to Idaho Code section 33-5209B, the Director of the Idaho Public Charter School Commission ("Commission") recommends that the charter for Village Charter School, Inc., assumed business name, Village Leadership Academy ("VLA"), be renewed for a five-year term, provided that VLA agrees to comply with the conditions listed below in Section I.

Upon its review of the Director's recommendation, VLA may agree to accept the recommendation as presented below, or VLA may ask for an administrative hearing to contest the Director's recommendation.

If VLA agrees to accept the Director's recommendation as presented below, an authorized representative of VLA must complete the Consent Agreement, attached to this Notice as Attachment A, and return it to the Director **by no later than December 15, 2022** to the following address:

Jenn Thompson, Director  
Idaho Public Charter School Commission  
514 W. Jefferson St., Ste. 303  
Boise, Idaho 83720  
jenn.thompson@osbe.idaho.gov

If VLA does not accept the Director's recommendation as presented herein and wishes to have an administrative hearing before the Commission, an authorized representative of VLA must complete

the Request for Administrative Hearing, attached to this Notice as Attachment B, and return it to the Director **by no later than December 15, 2022** to the address provided above.

If VLA does not complete either the Consent Agreement or the Request for Administrative Hearing and return it to the Director **by December 15, 2022**, VLA's inaction will be interpreted as a request for an administrative hearing for conditions not accepted.

## **I. DIRECTOR'S RECOMMENDATION TO RENEW WITH CONDITIONS**

The Director recommends that VLA's charter be renewed subject to the following conditions:

1. Condition 1: VLA must achieve a Meets Standard rating on the Financial Default measure of the Commission's performance framework by July 1, 2023.

VLA is currently in default of the terms of its facility loan. The Financial Default measure is defined in the performance framework and shall be incorporated into VLA's 2023-2028 performance certificate.

To meet this condition, VLA must not be in default of any financial obligations, including, but not limited to, facility debt and payroll obligations. Specifically, VLA must evidence that it is no longer in financial default of the terms of the loan for the facility located at 1747 Fairmeadow Dr, Boise, ID 83704 **and** must evidence that VLA is able to service principal and interest payments on any facility related debt it holds as of July 1, 2023 with an enrollment of 265 students (the school's average enrollment across the past three school years).

2. Condition 2: VLA must achieve a Meets Standard rating on all financial measures of the Commission's performance framework in fiscal year 2024. Since the corresponding data will be evaluated on or before November 15, 2024, the date by which this condition must be met is November 15, 2024.

This condition is based on the school resolving its current facility debt issues (for which the school has been on a formal notification of fiscal concern for three consecutive years) without otherwise compromising the school's long-term financial viability.

3. Condition 3: VLA must achieve a Meets Standard rating on the math proficiency measure of the Commission's performance framework in fiscal year 2025. Since the corresponding data will be evaluated on or before November 15, 2025, the date by which this condition must be met is November 15, 2025.

VLA did not meet standard on the math proficiency measure in fiscal year 2022. The math proficiency measure is defined in the performance framework and shall be incorporated into VLA's 2023-2028 performance certificate.

4. Condition 4: VLA must achieve a Meets Standard rating on the English language arts proficiency measure of the Commission's performance framework in fiscal year 2025. Since the corresponding data will be evaluated on or before November 15, 2025, the date by which this condition must be met is November 15, 2025.

VLA did not meet standard on the English language arts proficiency measure in fiscal year 2022. The English language arts proficiency measure is defined in the performance framework and shall be incorporated into VLA's 2023-2028 performance certificate.

Pursuant to Idaho Code section 33-5209C(7), if a school's charter is renewed with conditions and the school subsequently fails to meet any one of those conditions by the specified dates, the school's charter may be revoked by the Commission. The revocation procedure is described in subsections (7) and (8) of Idaho Code section 33-5209C and IDAPA 08.02.04.303.

Dated this 15th day of November, 2022.

**Jenn Thompson** Digitally signed by Jenn Thompson  
Date: 2022.11.11 12:11:03 -07'00'

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Jenn Thompson  
Director  
Idaho Public Charter School Commission

## CONSENT AGREEMENT ACCEPTING DIRECTOR'S RECOMMENDATION FOR RENEWAL OF CHARTER WITH CONDITIONS

This Consent Agreement ("Agreement") is hereby entered into between the Director of the Idaho Public Charter School Commission ("Director") and Village Charter School, Inc., assumed business name Village Leadership Academy ("VLA"). VLA understands, acknowledges, and agrees to the following:

1. On behalf of VLA, the undersigned authorized representative acknowledges the receipt of the Notice and Acknowledgment of Commission Director's Recommendation for Renewal of Charter with Conditions, dated November 15, 2022 ("Notice").
2. VLA understands and acknowledges the recommendation of the Director, and agrees to accept the conditions as proposed in the Notice and restated below:
  - a. Condition 1: VLA must achieve a Meets Standard rating on the Financial Default measure of the Commission's performance framework by July 1, 2023.

VLA is currently in default of the terms of its facility loan. The Financial Default measure is defined in the performance framework and shall be incorporated into VLA's 2023-2028 performance certificate.

To meet this condition, VLA must not be in default of any financial obligations, including, but not limited to, facility debt and payroll obligations. Specifically, VLA must evidence that it is no longer in financial default of the terms of the loan for the facility located at 1747 Fairmeadow Dr, Boise, ID 83704 and must evidence that VLA is able to service principal and interest payments on any facility related debt it holds as of July 1, 2023 with an enrollment of 265 students (the school's average enrollment across the past three school years).

- b. Condition 2: VLA must achieve a Meets Standard rating on all financial measures of the Commission's performance framework in fiscal year 2024. Since the corresponding data will be evaluated on or before November 15, 2024, the date by which this condition must be met is November 15, 2024.

This condition is based on the school resolving its current facility debt issues (for which the school has been on a formal notification of fiscal concern for three consecutive years) without otherwise compromising the school's long-term financial viability.

- c. Condition 3: VLA must achieve a Meets Standard rating on the math proficiency measure of the Commission's performance framework in fiscal year 2025. Since the corresponding data will be evaluated on or before November 15, 2025, the date by which this condition must be met is November 15, 2025.

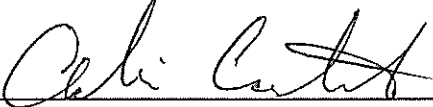
VLA did not meet standard on the math proficiency measure in fiscal year 2022. The math proficiency measure is defined in the performance framework and shall be

incorporated into VLA's 2023-2028 performance certificate.

- d. Condition 4: VLA must achieve a Meets Standard rating on the English language arts proficiency measure of the Commission's performance framework in fiscal year 2025. Since the corresponding data will be evaluated on or before November 15, 2025, the date by which this condition must be met is November 15, 2025.

VLA did not meet standard on the English language arts proficiency measure in fiscal year 2022. The English language arts proficiency measure is defined in the performance framework and shall be incorporated into VLA's 2023-2028 performance certificate.

3. VLA understands and acknowledges that the Director's recommendation will be presented to the Idaho Public Charter School Commission ("Commission"). VLA further understands and acknowledges that the Commission is under no obligation to agree with the Director's recommendation, and is under no obligation to adopt this Agreement.
4. VLA understands and acknowledges that if the Commission approves the renewal of VLA's charter, the Commission and VLA shall negotiate the terms of and execute a new performance certificate, as defined in Idaho Code section 33-5202A(6), by no later than June 30, 2023.
5. On behalf of VLA, the undersigned authorized representative understands and acknowledges that by accepting the Director's recommendation as proposed in the Notice and entering into this Agreement, VLA is freely and voluntarily waiving certain rights provided by the Idaho Administrative Procedure Act and the laws and rules governing public charter schools in Idaho. These rights include: a full and complete administrative hearing; the right to present evidence or to call witnesses; the right to confront and cross-examine witnesses; the right to reconsideration; the right to appeal this matter to district court; and any other rights provided by the aforementioned laws and rules governing public charter schools in the state of Idaho.

  
\_\_\_\_\_  
Authorized Representative  
Board Chair/President  
Village Leadership Academy

**Jenn Thompson**      Digitally signed by Jenn Thompson  
\_\_\_\_\_  
Jenn Thompson      Date: 2022.11.11 12:11:44 -07'00'  
Director  
Idaho Public Charter School Commission

11/17/2022  
\_\_\_\_\_  
Date

11/15/22  
\_\_\_\_\_  
Date



A charter school for today's leaders

## **RENEWAL APPLICATION**

**The Village Charter School #473  
DBA: Village Leadership Academy**

**1747 N Fairmeadow Dr.  
Boise, ID 83704**

**Josh Noteboom  
Lead Administrator  
208-336-2000  
[jnoteboom@villageleadershipacademy.org](mailto:jnoteboom@villageleadershipacademy.org)**

**Adrian Castaneda  
Board Chair  
208-336-2000  
[acastaneda@villageleadershipacademy.org](mailto:acastaneda@villageleadershipacademy.org)**

**Village Leadership Academy inspires students to cultivate their individual gifts and abilities, equipping them to discover meaningful value and purpose in the world.**

**Current Enrollment: 232**

<b>Kinder</b>	21	<b>3rd</b>	22	<b>6th</b>	20
<b>1st</b>	37	<b>4th</b>	29	<b>7th</b>	20
<b>2nd</b>	41	<b>5th</b>	18	<b>8th</b>	24

## What improvements are planned for the school's next performance certificate term?

### A New Decade for the Village

The Village Charter School, now doing business as Village Leadership Academy, is entering its second decade as a Leader in Me School. In 2020, VLA received its Lighthouse Status, completing the rigorous review process with FranklinCovey to demonstrate mastery of the teaching and learning practices that exemplify a leadership school. VLA was recertified in 2022 and will undergo the review process every two years to maintain Lighthouse Status and be a model Leader in Me School in the State of Idaho.



Village Leadership Academy continues to inspire students to become leaders in their community and equip them to discover their individual value and purpose in the world through application of the 7 Habits of Highly Effective People. As a CASEL (Collaborative for Academic, Social, and Emotional Learning) endorsed curriculum, Leader in Me focuses on developing the whole-child, ensuring students are prepared for the world beyond school. The Leader in Me Framework below provides an overview of the paradigms, practices and results of VLA's Leader in Me Curriculum.

Leader in Me Framework:

<b>SEE</b> Core Paradigms	<b>Paradigm of Leadership</b>  Everyone can be a leader.	<b>Paradigm of Potential</b>  Everyone has genius.	<b>Paradigm of Change</b>  Change starts with me.	<b>Paradigm of Motivation</b>  Empower students to lead their own learning.	<b>Paradigm of Education</b>  Educators and families partner to develop the whole person.
<b>DO</b> Highly Effective Practices	<b>Leadership</b>  <b>Start With Adults Learning &amp; Modeling</b> <ul style="list-style-type: none"><li>• Principal &amp; Coordinator Development</li><li>• New &amp; Ongoing Staff Learning</li><li>• Family &amp; Community Partnerships</li></ul> <b>Teach Students to Lead</b> <ul style="list-style-type: none"><li>• Direct Lessons</li><li>• Integrated Approaches</li><li>• Service Learning</li></ul>	<b>Culture</b>  <b>Create a Leadership Environment</b> <ul style="list-style-type: none"><li>• Physical Environment</li><li>• Social-Emotional Environment</li><li>• Leadership Events</li></ul> <b>Share Leadership</b> <ul style="list-style-type: none"><li>• Lighthouse &amp; Action Teams</li><li>• Leadership Roles</li><li>• Student Voice</li></ul>	<b>Academics</b>  <b>Achieve Goals</b> <ul style="list-style-type: none"><li>• Individual Goals</li><li>• Team Goals</li><li>• Aligned School Goals</li></ul> <b>Empower Learners</b> <ul style="list-style-type: none"><li>• Leadership Portfolios</li><li>• Student-Led Conferences</li><li>• Empowering Instruction</li></ul>		
<b>GET</b> Measurable Results	<b>Highly effective students and adults who are leaders in their school and community.</b>	<b>A high-trust school culture where every person's voice is heard and their potential is affirmed.</b>	<b>Engaged students who are equipped to achieve and entrusted to lead their own learning.</b>		

## 5 Year Strategic Plan

Village Leadership Academy developed a 5 year strategic plan to guide the continuous improvement of the school through its next authorized term. This plan was developed by the VLA community with facilitation by the Idaho School Board Association (ISBA).

### Village Leadership Academy Strategic Plan 2022-2027

## DEVELOPING TODAY'S LEADERS



#### Focus 1: Academics

- Ensure 100% of students grow, Fall to Spring, on state-wide assessments
- Ensure each grade-level cohort increases % of proficient students each year
- Support a Collaborative Culture
- Provide multiple opportunities for tutoring and remediation

#### Focus 2: Extra/Co-Curricular Activities

- Build community partnerships, sponsors, volunteers
- Increase athletic and extra curricular opportunities for students

#### Focus 3: Leadership through 7 Habits

- Maintain Lighthouse Status with FranklinCovey.
- Provide multiple Student-Led Leadership Events, Service Learning Projects.
- Model and teach the 7 Habits and Leader in Me Principles

#### Focus 4: Safety/Facilities

- Prioritize safety and health of students and staff
- Develop and communicate long term facilities plan, safety plan

#### Focus 5: Financial Stability

- Create a Budget Advisory Committee
- Develop donations, grants, and funding opportunities
- Finalize Bond Agreement
- Ensure ongoing funding for Leader in Me

#### Focus 6: Communication

- Maintain Communication and Marketing Plans
- Provide communication tools for consistent and timely communication
- Provide meaningful engagement through Parent Lighthouse Team

#### Focus 7: Quality Staff

- Explore innovative recruitment and retention strategies
- Support staff with meaningful professional development
- Foster partnerships with professional organizations



## Key Focus Areas

Under the Strategic Plan, supported by the IPCSC Performance Framework and Annual Performance Reports, there are two key focus areas for Village Leadership Academy. These focus areas are Facilities & Financial Stability and Academics.

### Facilities & Financial Stability

Village Leadership Academy's financial outcomes on the Annual Performance Report that do not meet standard are related to its facility loan. The current status of the facility loan has impacted the school's three year total margin, cash flow and unrestricted days cash, debt service ratio and debt to asset ratio. The facility loan is also the reason for the current letter of fiscal concern issued in 2019.

Village Leadership Academy has been working to negotiate a resolution to the facility loan that has been in default since 2021. This is evidenced through several forbearance agreements and a good faith effort to bring all past interest due in July 2021 with a more than \$500,000.00 interest payment. Village Leadership Academy has approved a forbearance agreement in December that extends through the remainder of the 2022-23 school year.

While efforts are still underway to refinance the current bond agreement, the VLA Board of Directors have also been pursuing alternative avenues to secure the purchase of a facility for the 2023-24 school year. These include engaging a realtor to identify facilities for lease or purchase in the Summer of 2023. VLA has also engaged in financing options through Piper Sandler and Charter School Capital for both the refinancing of the current facility debt or the purchase of a new facility.

The facility loan requirements have driven enrollment targets for the past 5 years. Since 2019-20, Village Leadership Academy saw a significant decrease in enrollment due to poor communication regarding the facility loan issues that year. The Covid-19 pandemic added to this fluctuation in enrollment. Over the past 3 years, enrollment has begun to stabilize around 250 students.

Village Leadership Academy's priority is to resolve the facility loan issue by July of 2023. This will be achieved by simultaneously pursuing two available options. The first is to continue to pursue refinancing the existing loan in alignment with current enrollment and revenue trends. The second is to continue to pursue the purchase and/or lease of a new facility.

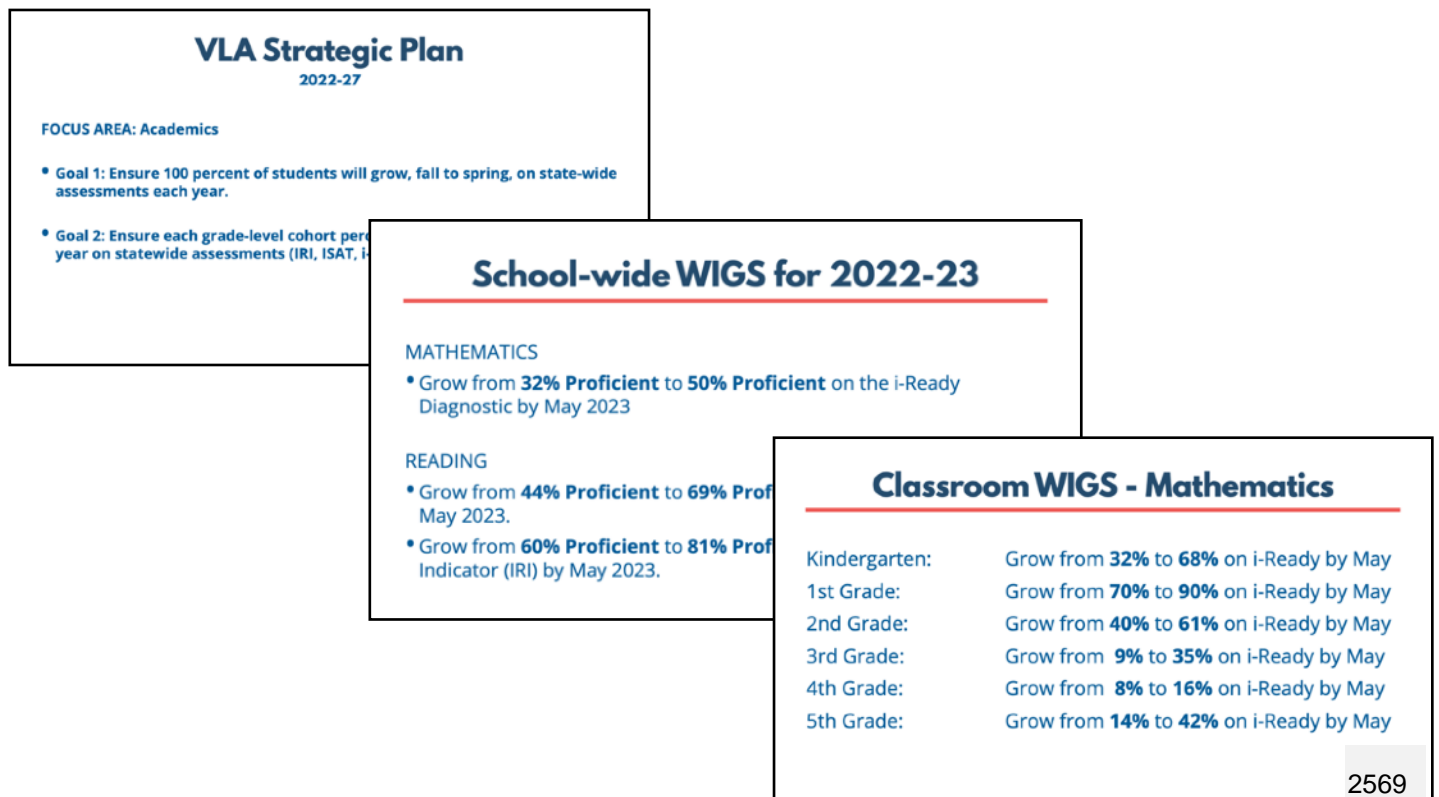
## Academics

VLA's most notable area for improvement is in Mathematics. Since 2020, VLA has invested in several proven practices to address this area of concern:

- Purchased a new curriculum resource aligned with Idaho State Standards and the NCTM standards: Ready Classroom and I-Ready.
- Ongoing Professional Development from Curriculum Associates on the use of Ready Classroom and I-Ready.
- Partnership with the Regional Math Center at Boise State University, providing ongoing coaching and training in mathematics content and instruction.
- Continued alignment of school, classroom, and student learning goals in mathematics.

Over the next 5 years, VLA will continue to invest in the professional development of teachers and staff in mathematics content and pedagogy, living out the paradigm of *change starts with me*. Improving student learning in mathematics requires us to first invest in the learning and development of the teachers and staff. This investment is already beginning to impact student learning, particularly in the younger grades, as evidenced by the I-Ready diagnostic.

Through our Leader in Me Program, students set individual Wildly Important Goals (WIGs) towards important outcomes in academics and leadership. The academic goals for our school in mathematics align with the classroom and individual goals for students, ensuring that our focus on growth in mathematics remains a priority across the school. This alignment is evident from the 5 Year Strategic to School Wide WIGs to Classroom WIGs.



## List of Exhibits

<b>Exhibit 1</b>	<b>Village Leadership Academy 5 Year Strategic Plan</b>
<b>Exhibit 2</b>	<b>Resolution of VLA Board of Directors Intent to Enter into Forbearance Agreement with Huntington National Bank.</b>
<b>Exhibit 3</b>	<b>Draft Forbearance Agreement</b>
<b>Exhibit 4</b>	<b>Engagement Letter with Piper Sandler</b>
<b>Exhibit 5</b>	<b>2021-22 i-Ready Diagnostic Results Report</b>
<b>Exhibit 6</b>	<b>2021-22 I-Ready Diagnostic Growth Report</b>

## **Exhibit 1**

### **Village Leadership Academy 5 Year Strategic Plan**

This one page summary of the 2022-2027 Village Leadership Academy 5 Year Strategic Plan outlines the desired outcomes for the school in several focus areas. The process for developing this plan was facilitated by the Idaho School Boards Association. This plan was created by the VLA community through surveys and focus groups that include students, parents, staff, community members, and the Board of Directors. The continuous improvement of the Village Leadership Academy will follow the direction of the strategic plan over the next 5 years.

# DEVELOPING TODAY'S LEADERS

## Focus 1: Academics

Ensure 100% of students grow, Fall to Spring, on state-wide assessments  
Ensure each grade-level cohort increases % of proficient students each year  
Support a Collaborative Culture  
Provide multiple opportunities for tutoring and remediation

## Focus 2: Extra/Co-Curricular Activities

Build community partnerships, sponsors, volunteers  
Increase athletic and extra curricular opportunities for students

## Focus 3: Leadership through 7 Habits

Maintain Lighthouse Status with FranklinCovey.  
Provide multiple Student-Led Leadership Events, Service Learning Projects.  
Model and teach the 7 Habits and Leader in Me Principles

## Focus 4: Safety/Facilities

Prioritize safety and health of students and staff  
Develop and communicate long term facilities plan, safety plan

## Focus 5: Financial Stability

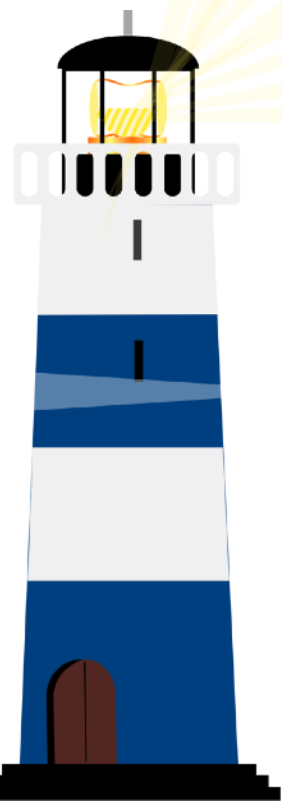
Create a Budget Advisory Committee  
Develop donations, grants, and funding opportunities  
Finalize Bond Agreement  
Ensure ongoing funding for Leader in Me

## Focus 6: Communication

Maintain Communication and Marketing Plans  
Provide communication tools for consistent and timely communication  
Provide meaningful engagement through Parent Lighthouse Team

## Focus 7: Quality Staff

Explore innovative recruitment and retention strategies  
Support staff with meaningful professional development  
Foster partnerships with professional organizations



## **Exhibit 2**

### **Resolution of VLA Board of Directors Intent to Enter into Forbearance Agreement with Huntington National Bank.**

The Village Leadership Academy School Board adopted this resolution on December 15th, 2022, declaring their intent to enter in to a forbearance agreement with Huntington National Bank and directing the officers of the school to take action to finalize the agreement.

**RESOLUTION**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VILLAGE CHARTER SCHOOL, INC., AUTHORIZING THE SCHOOL'S INTENT TO ENTER INTO A FIRST AMENDMENT TO A FIFTH AMENDMENT TO FORBEARANCE AGREEMENT WITH THE HUNTINGTON NATIONAL BANK; AND AUTHORIZING THE OFFICERS OF THE SCHOOL TO TAKE ACTION IN FURTHERANCE OF SAID AGREEMENT**

WHEREAS, at the request of the School, Idaho Housing and Finance Association, as issuer (the "Issuer"), issued its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017A, in the original aggregate principal amount of \$4,875,000, its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017B, in the original aggregate principal amount of \$85,000, and its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017C, in the original aggregate principal amount of \$210,000 (collectively, the "Bonds") pursuant to that certain Trust Indenture dated as of May 1, 2017 (the "Original Indenture") between the Issuer and the Trustee, as supplemented and amended by that certain First Supplemental Trust Indenture dated as of May 15, 2019 between the Issuer and the Trustee (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"); and

WHEREAS, the proceeds of the Bonds were loaned by the Issuer to the School pursuant to that certain Loan Agreement dated as of May 1, 2017 (the "Original Loan Agreement") between the Issuer and the School, as supplemented and amended by that certain First Amendment to Loan Agreement dated as of May 15, 2019 between the Issuer and the School (the "First Amendment to Loan Agreement" and, together with the Original Loan Agreement, the "Loan Agreement"). The proceeds of the Bonds were used to finance charter school facilities in Boise, Idaho; and

WHEREAS, as security for its obligations under the Indenture and Loan Agreement, the School entered into that certain Deed of Trust, Security Agreement, Fixture Filing and Assignment of Rents and Leases dated as of May 1, 2017 (the "Mortgage") made by the School, granting a first lien on the Property and other assets covered thereby (the "Mortgaged Property"); and

WHEREAS, the Deferment Period granted to School in the First Supplemental Indenture and First Amendment to Loan Agreement ended on June 29, 2020, and the School was unable to pay the full amount due on June 30, 2020. The Trustee, acting at the direction of the Bondholder Representative, entered into a Forbearance Agreement (the "Agreement") to provide the School with additional time to propose a plan for payment of its obligations under the School Documents, subject to the terms and conditions set forth in the Agreement; and

WHEREAS, subsequently, the Borrower and the Trustee executed and delivered certain Amendments to Forbearance Agreement making certain amendments to the Original Agreement, including extending the term of the Forbearance Period described therein; and

WHEREAS, the Trustee, acting at the direction of the Bondholder Representative, is willing to enter into an additional Amendment to Forbearance Agreement to provide the School with additional time to propose a plan for payment of its obligations under the School Documents, subject to the terms and conditions set forth in the Amendment;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SCHOOL that:

SECTION 1. The School hereby approves of the Amendment to Forbearance Agreement and the execution thereof by Adrian Castaneda, Board Chair or Andrea Estes, Vice Chair, or other officer of the School.

SECTION 2. The officers of the School, or any of them, are authorized and directed to take such action as they deem reasonably necessary in furtherance of the terms of the Agreement.

RESOLVED this 15<sup>th</sup> day of December, 2022.

**THE VILLAGE CHARTER SCHOOL, INC., A IDAHO NON-PROFIT CORPORATION**

By: Adrian Castaneda

Name: Adrian Castaneda

Title: Board Chair

ATTEST:

\_\_\_\_\_

### **Exhibit 3**

#### **Draft Forbearance Agreement**

This is the draft forbearance agreement between the Village Leadership Academy and Huntington National Bank. The agreement ensures the operation of the school through the end of the 2022-23 school year. The agreement also allows for options to remedy the default of the loan by June 15, 2023.

## FORBEARANCE AGREEMENT

This **FORBEARANCE AGREEMENT** (this “Agreement”), dated December 15, 2022 (the “Effective Date”), is made by and between **THE VILLAGE CHARTER SCHOOL, INC.**, an Idaho nonprofit corporation being operated as a public charter school (the “Borrower”), and **THE HUNTINGTON NATIONAL BANK**, a national banking association, in its capacity as trustee under the Indenture hereinafter described (the “Trustee”).

### RECITALS

WHEREAS, at the request of the Borrower, Idaho Housing and Finance Association, as issuer (the “Issuer”), issued its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017A, in the original aggregate principal amount of \$4,875,000, its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017B, in the original aggregate principal amount of \$85,000, and its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017C, in the original aggregate principal amount of \$210,000 (collectively, the “Bonds”) pursuant to that certain Trust Indenture dated as of May 1, 2017 (the “Original Indenture”) between the Issuer and the Trustee, as supplemented and amended by that certain First Supplemental Trust Indenture dated as of May 15, 2019 between the Issuer and the Trustee (the “First Supplemental Indenture”), and that certain Second Supplemental Trust Indenture dated as of June 27, 2019 between the Issuer and the Trustee (the “Second Supplemental Indenture”) and, together with the Original Indenture and the First Supplemental Indenture, the “Indenture”); and

WHEREAS, the proceeds of the Bonds were loaned by the Issuer to the Borrower pursuant to that certain Loan Agreement dated as of May 1, 2017 (the “Original Loan Agreement”) between the Issuer and the Borrower, as supplemented and amended by that certain First Amendment to Loan Agreement dated as of May 15, 2019 between the Issuer and the Borrower (the “First Amendment to Loan Agreement”), and as supplemented and amended by that certain Second Amendment to Loan Agreement dated as of June 27, 2019 between the Issuer and the Borrower (the “Second Amendment to Loan Agreement”) and, together with the Original Loan Agreement and the First Amendment to Loan Agreement, the “Loan Agreement”). The Borrower’s obligations under the Loan Agreement are evidenced by the Promissory Notes (as such term is defined in the Indenture); and

WHEREAS, The proceeds of the Bonds were used to finance charter school facilities in Boise, Idaho; and

WHEREAS, as security for its obligations under the Indenture and Loan Agreement, the Borrower entered into that certain Deed of Trust, Security Agreement, Fixture Filing and Assignment of Rents and Leases dated as of May 1, 2017 (the “Original Deed of Trust”), as supplemented and amended by that certain First Amendment to Deed of Trust, Security Agreement, Fixture Filing and Assignment of Rents and Leases dated as of June 27, 2019 (the “First Amendment”, and together with the Original Deed of Trust, the “Deed of Trust”) made by

the Borrower, granting a first lien on the Property and other assets covered thereby (the “Mortgaged Property”); and

WHEREAS, capitalized terms used without definition herein shall have the meanings ascribed in the Indenture, Loan Agreement or other the Borrower Documents (as such term is defined in the Indenture); and

WHEREAS, to provide the Borrower with additional liquidity, on June 27, 2019 certain of the Bondholders made a term loan to the Borrower in the original principal amount of \$800,000 as evidenced by that certain Promissory Note (Term Loan) dated June 27, 2019 (the “2019 Taxable Note”), the Second Supplemental Trust Indenture, the Second Amendment to Loan Agreement and the First Amendment to Deed of Trust; and

WHEREAS, the entire principal amount of the 2019 Taxable Note remains outstanding;

WHEREAS, the Series 2017A Bonds, Series 2017C Bonds and the 2019 Taxable Note matured on December 15, 2021, and the Series 2017B Bonds matured on February 15, 2020. All Bonds and the 2019 Taxable Note remain unpaid, and the Borrower has acknowledged it is unable to fully pay all amounts owing under the Loan Agreement; and

WHEREAS, the unpaid principal amount due on the Bonds, the Promissory Notes and the 2019 Taxable Note continues to accrue interest until paid;

WHEREAS, the Trustee, acting at the direction of the Bondholder Representative, is willing to enter into this Agreement to allow the Borrower to continue operations during the current school year, subject to the terms and conditions set forth in this Agreement, *provided* that the Borrower strictly complies with each and every provision of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

**Section 1. Borrower Acknowledgments.** The Borrower acknowledges and agrees as follows:

(a) Recitals. The Recitals set forth in this Agreement are true and correct in all material respects. The agreements contained herein shall inure to the Borrower’s direct and substantial benefit.

(b) Borrower Documents. The Borrower Documents are legal, valid, binding and enforceable against the Borrower, in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency and similar laws affecting creditors’ rights generally and to general principles of equity. The terms of the Borrower Documents remain unchanged, except as compliance therewith may be temporarily modified by this Agreement.

(c) Amount Outstanding. In each case, as of September 15, 2022, the amount outstanding on the Series 2017A Bonds was \$ 5,289,937.50; the amount outstanding on the Series 2017B Bonds was \$ 61,875.00; the amount outstanding on the Series 2017C Bonds was \$ 221,223.33; and the amount outstanding on the 2019 Taxable Note was \$ 1,057,333.33. Interest at the applicable interest rate continues to accrue on all unpaid amounts until paid.

(d) Covered Default. The Borrower has failed to pay the Loan Payments, the Promissory Notes and the 2019 Taxable Note in full, which is an Event of Default under *Section 10.01(a)* of the Loan Agreement (the “Covered Default”). The Covered Default is also an Event of Default under *Section 8.01(e)* of the Indenture and *Sections 20(a)(1)* and *20(a)(4)* of the Deed of Trust. The Issuer’s failure to pay the Bonds is an Event of Default under *Section 8.01(a)* of the Indenture.

(e) Right to Exercise Remedies. Given the Covered Default and other existing defaults under the Indenture and the Loan Agreement, the Trustee has the right to exercise any remedy provided for in the Indenture and the Borrower Documents.

(f) No Setoff or Defenses. None of the Borrower’s obligations under the Indenture or the Borrower Documents are subject to any setoff, deduction, claim, counterclaim or defense of any kind or character whatsoever.

(g) Trust Estate under the Deed of Trust. The Trustee has a valid, enforceable, first-priority lien on the Mortgaged Property (as such term is defined in the Deed of Trust) which constitutes real property or fixtures and has a valid, enforceable, perfected, first-priority security interest in the Mortgaged Property which constitutes personal property or other assets, whether tangible or intangible.

(h) No Lending Obligation. Neither the Trustee nor the Bondholders have any obligation to make loans or otherwise advance additional funds or extend credit to the Borrower under the Borrower Documents or otherwise, and will not do so, unless the Trustee determines, in its sole and absolute discretion and upon receipt of indemnity to its satisfaction, that the taking of such action is in the best interests of the Bondholders.

(i) No Waiver of Defaults. Neither this Agreement, nor any actions taken in accordance with this Agreement, shall be construed as a waiver of or consent to the Covered Default or any other existing or future defaults under the Indenture or the Borrower Documents, as to which the Trustee’s rights shall remain reserved.

(j) Trustee, Bondholders’ and Bondholder Representative Conduct. The Trustee, the Bondholders and the Bondholder Representative have fully and timely performed all of their duties in full and complete compliance with the Indenture and the Borrower Documents, in full and complete compliance with applicable law, and have acted reasonably, in good faith and appropriately under the circumstances.

(k) Actions of Trustee. The Borrower acknowledges and agrees that any action being taken or permitted to be taken hereunder is and shall be taken at the written direction of the Bondholder Representative or Bondholders, in accordance with the Indenture.

(l) Extension of Forbearance Period. The Trustee shall not grant additional forbearance to the Borrower except in its sole and absolute discretion.

**Section 2. Agreements of the Trustee.** Subject to strict compliance by the Borrower with the terms and conditions of this Agreement, the Trustee agrees to forbear from exercising its rights under the Borrower Documents, other than its right to appointment of a receiver under the conditions set forth in **Section 3(c)** of this Agreement, during the period commencing on the date of this Agreement (the “Effective Date”) and ending on the earlier of (i) June 15, 2023, or (ii) the date that any Forbearance Default (as defined in **Section 7** of this Agreement) occurs (the “Forbearance Period”). The forbearance granted by this Agreement does not extend to the exercise of any other remedies provided for under this Agreement, the Indenture or the Borrower Documents during the Forbearance Period, except as specifically set forth herein, and does not extend to any other default whatsoever under the Indenture, under any Borrower Document or under any other document related to the Bonds. From the end or earlier termination of the Forbearance Period, the Trustee may, in its sole and absolute discretion, exercise any and all remedies available to it under this Agreement, under the Indenture or under any Borrower Documents by reason of the occurrence of the Covered Default.

**Section 3. Agreements of the Borrower.** In order to induce the Trustee to forbear from the exercise of its rights and remedies to the extent set forth herein, and with the understanding the Trustee would not agree to forbear from exercising remedies under the Indenture or Borrower Documents without the Borrower’s agreement to take the actions required by this **Section 3**, the Borrower hereby covenants and agrees at all times during the Forbearance Period, unless Trustee otherwise consents in writing, which consent the Trustee may withhold in its sole and absolute discretion, as follows:

(a) State Payments. The Borrower acknowledges that, pursuant to the Indenture and Borrower Documents, the Trustee is authorized to apply money in any fund or account held thereunder in accordance with the provisions of **Article VIII** of the Indenture acting upon the written direction of the Bondholder Representative. Future transfers of State Payments from the Revenue Fund will only be made by the Trustee acting upon the written direction of the Bondholder Representative.

(b) Delivery of Agreement. The Borrower agrees to cause its board of directors to approve by resolution duly adopted at a public meeting called in accordance with Idaho law and to cause the chairperson of its Board of Directors to execute and deliver this Agreement.

(c) Confirmation of Right to Receiver. Given the ongoing Events of Default under the Loan Agreement and the Indenture the Borrower hereby confirms the Trustee’s entitlement to the appointment of a receiver over the Borrower pursuant to **Section 10.02(b)(y)** of the Loan Agreement and **Section 20(c)(2)** of the Deed of Trust. Additionally, under **Section 20(c)(2)** of the Deed of Trust, the Borrower specifically irrevocably consented to the appointment of a receiver as

set forth in the Deed of Trust. In consideration for the Trustee being willing to execute and deliver this Agreement, and without limiting the provisions of ***Section 1(b)*** of this Agreement, the Borrower hereby specifically reaffirms its agreements with respect to the appointment of a receiver and waives its rights, and agrees not to, to contest any such appointment. The Borrower specially confirms that the Trustee may seek appointment of a receiver on or after March 1, 2023 if so directed and indemnified by the Bondholder Representative unless all outstanding Events of Default existing under the Indenture or any Borrower Document have been cured by the Borrower by such time.

(d) Vacation of Mortgaged Property. Notwithstanding any provision hereof to the contrary, the Borrower shall vacate the Mortgaged Property and transfer marketable title to and control thereof promptly upon the earlier of a Forbearance Default or June 15, 2023, in accordance with written instructions from the Trustee, acting at the direction and indemnification of the Bondholder Representative.

(e) Marketing of the Mortgaged Property. The Borrower understands and agrees that the Trustee or its designee, acting at the direction of the Bondholder Representative, shall have the absolute right during the Forbearance Period to market the Mortgaged Property to potential purchasers, lessees or other users, including without limitation other public, private or charter school operators, either directly by its own efforts or through one or more designee or real estate broker of its choosing. The Borrower understands and agrees that the Trustee, at the direction and indemnification of the Bondholder Representative, may engage a commercial real estate broker or firm of brokers (such broker or firm, including any successor thereto, being referred to herein as the “Broker”) during the Forbearance Period, as its real estate consultant to negotiate the sale of the Mortgaged Property, which transaction could include a sale of the Mortgaged Property to the Borrower, if the Borrower pays the best price. To that end, the Borrower agrees to promptly cooperate with all requests from the Trustee, its designees or the Broker for information about and access to the Mortgaged Property during the Forbearance Period, provided such requests do not unreasonably interfere with the Borrower’s educational activities at the Mortgaged Property. The Borrower hereby authorizes all such marketing efforts as described herein.

The parties agree that the Broker may market the Mortgaged Property in any commercially reasonable manner, as determined in the Broker’s sole and absolute discretion, including without limitation, placement of a sign on the Mortgaged Property, listing of the Mortgaged Property on any publicly available multiple listing services and other typical methods of advertising or marketing commercial real estate of the type occupied by the Borrower to potential buyers. Neither the Trustee nor the Bondholder shall be liable for any acts or omissions of Broker, as more particularly set forth in ***Section 5*** hereof.

(f) Communications from any Authorizer. The Borrower agrees to provide copies of any written communication from its Authorizer relating in any way to the Borrower’s Charter Contract within five Business Days of receipt of the same.

(g) No Additional Debt. The Borrower shall not incur any additional indebtedness without the consent of the Trustee, which consent may be granted or withheld in the Trustee’s sole and absolute discretion.

(h) Trustee Fees and Expenses. The Borrower shall pay all Trustee fees and expenses, including the fees and expenses of its counsel, and any other extraordinary fees and expenses of the Trustee, within 21 days of receipt of invoices therefor.

(i) Confirmation of Borrower Documents. Except as specifically set forth herein, the terms and conditions of the Borrower Documents remain unchanged and in full force and effect. The Borrower shall continue to perform and observe all covenants, terms and conditions and agreements contained in each of the Borrower Documents, except as expressly modified by this Agreement.

**Section 4. Representations and Warranties of the Borrower.** The Borrower represents and warrants that all representations and warranties relating to it contained in the Borrower Documents are true and correct as of the Effective Date, except to the extent that such representations and warranties expressly relate to the Covered Default. The Borrower further represents and warrants to the Trustee, Bondholder Representative and Bondholders, as an inducement to the execution and delivery of this Agreement by the Trustee, as follows:

(a) Authorization. The execution, delivery and performance of this Agreement are within its corporate power and have been duly authorized by all necessary corporate action on the part of the Board of Directors of the Borrower.

(b) Enforceability. The Borrower Documents and this Agreement each constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally and to general principles of equity.

(c) Accuracy of Information. All information provided by the Borrower, or any of its respective employees, agents, management companies, educational consultants, attorneys or other consultants to the Trustee or Bondholder is and will be true, correct, and complete in all material respects, as of the date provided and does not and will not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading. The Borrower has not and will not withhold any material information regarding the Borrower's operations from the Trustee, Bondholder Representative or Bondholders.

(d) Outstanding Amounts. The Borrower remains obligated to pay the full Outstanding principal amount of the Bonds, the Promissory Notes and the 2019 Taxable Note and the Borrower acknowledges and agrees that interest continues to accrue on the Bonds, the 2019 Taxable Note and on the Promissory Notes in accordance with the terms thereof until such amounts are fully paid. The Borrower is unable to make the required payments under the Loan Agreement, when due, to pay timely the principal of, premium, if any, or interest on the Bonds.

(e) Advice of Counsel. The Borrower has freely and voluntarily entered into this Agreement with the advice of legal counsel of its choosing.

(f) Fees and Expenses. The Borrower shall pay its costs in connection with the negotiation, execution and delivery of this Agreement or arising from the occurrence of the Covered Default, including the fees and expenses of its counsel and any advisors or consultants to the Borrower. Fees and expenses of the Trustee arising in connection with the execution and delivery of this Agreement shall be payable by the Borrower within twenty-one days of written request therefor.

**Section 5. Release of Claims and Waiver of Defenses.** In further consideration of the Trustee's execution and delivery of this Agreement, the Borrower, on its own behalf and on behalf of its successors, assigns, parents, subsidiaries, affiliates, officers, directors (whether current or former), trustees (whether current or former), employees, agents and attorneys hereby forever, fully, unconditionally and irrevocably waive and release the Trustee, the Bondholders, the Bondholder Representative and each of their predecessors, successors, assigns, parents, subsidiaries, affiliates, officers, directors, employees, attorneys, financial consultants, Brokers and agents (collectively, the "Released Parties") from any and all claims, liabilities, obligations, debts, fines, penalties, causes of action (whether at law or in equity or otherwise), defenses, counterclaims, setoffs, of any kind, whether known or unknown, whether liquidated or unliquidated, matured or unmatured, fixed or contingent, directly or indirectly arising out of, connected with, resulting from or related to any act or omission by any Released Party with respect to any acts or omissions arising in connection with the Covered Default, this Agreement, the Indenture, the Borrower Documents and any real or personal property secured by the Borrower Documents on or before the Effective Date of this Agreement (collectively, "Claims"). The Borrower further agrees it shall not commence, institute, or prosecute any lawsuit, action or other proceeding, whether judicial, administrative or otherwise, to collect or enforce any Claim.

The Borrower further represents, warrants and agrees that it has not voluntarily or involuntarily conveyed, assigned, transferred, subrogated, disposed of or otherwise purported to convey, assign, transfer, subrogate, dispose of or otherwise alienate (a "Claim Transfer") to any person any Claim or any portion thereof. The Borrower hereby agrees to indemnify and hold harmless the Released Parties against any Claim (including, without limitation, the payment of attorneys' fees of any Released Party) asserted by any person based upon or arising from any Claim Transfer made by the Borrower.

The Borrower further acknowledges and agrees that the provisions of this **Section 5** shall survive the expiration of the Forbearance Period and the termination of this Agreement, the Indenture, the Borrower Documents, the discharge of the Bonds, or any exercise of remedies under this Agreement or under the Indenture or any of the Borrower Documents.

**Section 6. Indemnification.** The Borrower hereby expressly acknowledges, agrees and reaffirms its indemnification obligations to the Issuer Indemnified Parties and the Trustee Indemnified Parties (as set forth in **Section 8.06** of the Loan Agreement) and to any other persons indemnified by the Borrower under any Bond Document. The Borrower further acknowledges, agrees and affirms that all such indemnification obligations set forth in **Section 8.06** of the Loan Agreement shall additionally apply to any Released Parties who are not already included as an Issuer Indemnified Party or a Trustee Indemnified Party, and such obligations shall survive the

expiration of the Forbearance Period and the termination of this Agreement, the Borrower Documents, the discharge of the Bonds and the Indenture, or any exercise of remedies under the Borrower Documents.

**Section 7. Forbearance Defaults.** The occurrence of one or more of the following shall constitute a “Forbearance Default” under this Agreement:

(a) The Borrower’s Charter Contract is terminated by its Authorizer, or the Borrower is directed by its Authorizer to close or to transfer its operations to another school or school district, or the Borrower relinquishes or terminates its Charter Contract; or

(b) The Borrower shall cease operations as a charter school for any reason; or

(c) The Borrower shall fail to make any payment required by this Agreement when due; or

(d) The Borrower shall fail to abide by or observe any term, condition, covenant or other provision contained in this Agreement or any document related to or executed in connection with this Agreement; or

(e) A default or Event of Default shall occur under any Borrower Document or the Indenture (other than the Covered Defaults); or

(f) Any representation or warranty of the Borrower made in this Agreement shall be false, misleading or incorrect in any material respect when made.

**Section 8. Remedies.** Immediately upon the occurrence of a Forbearance Default:

(a) The Forbearance Period shall immediately and automatically cease without notice to, or action by, any party, and the Trustee shall be authorized, but not obligated, in its sole and absolute discretion, subject to its right to be indemnified to its satisfaction to exercise any or all of its rights and remedies under the Indenture, the Borrower Documents, this Agreement, or any stipulations or other documents executed in connection with or related to this Agreement, the Indenture or any of the Borrower Documents, or applicable law,

(b) Upon application to a court of competent jurisdiction, the Trustee shall be entitled as a matter of right to the appointment of a receiver of the Borrower and of any or all of the Mortgaged Property, such receiver to have such powers as the court making such appointment may confer, including the power to marshal and sell any property of the Borrower. The Borrower hereby consents and agrees, and will, if requested by the Trustee, consent and agree at the time of application by the Trustee for appointment of a receiver and to the appointment of such receiver and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such property and the revenues, profits and proceeds therefrom, and to marshal and sell any property of the Borrower; and

(c) The Borrower shall cooperate with Trustee's repossession of the Mortgaged Property, and the Borrower shall immediately surrender the Mortgaged Property to Trustee's agent or designee upon Trustee's request, at the time and place designated by Trustee.

#### **Section 9. Bankruptcy; Automatic Stay.**

(a) Waiver. In the event the Borrower is the subject of any voluntary or involuntary proceeding under the Bankruptcy Code, the Borrower hereby unconditionally and irrevocably agrees that the Trustee is immediately entitled, without notice, demand or any other action, to relief from the automatic stay so as to allow the Trustee to foreclose on the Mortgaged Property and enforce any rights and remedies under the Indenture or any of the Borrower Documents, or at law and in equity under applicable state law. The Borrower hereby consents to the immediate lifting, without notice, demand or any other action, of any applicable stay and agrees that it shall not, in any manner, contest or otherwise delay any motion filed by or the Trustee for relief from the automatic stay. The Trustee's enforcement of the provisions of this paragraph is subject to the approval of the bankruptcy court in which the case is then pending.

(b) Acknowledgment by the Borrower. The Borrower expressly acknowledges and agrees that (i) it is currently in default under the Loan Agreement with no ability to cure such default and no defense to any of its obligations under the Loan Agreement or Deed of Trust, other than immediate payment in full; (ii) because of the uncured defaults under the Indenture and Loan Agreement, the Trustee has the absolute and immediate right to pursue foreclosure and other remedies with respect to the Mortgaged Property and to take any other action permitted under any Borrower Document; (iii) the Trustee has specifically negotiated for this stay waiver as consideration for providing the Borrower with additional time to arrange for payment of the Bonds and improvement of its operations, and forbearing from the exercise of certain remedies, including foreclosure; (iv) based on its own independent knowledge of the current and future use and the current value of the Mortgaged Property, the Borrower agrees that there is no equity in the Mortgaged Property, including the Land; (v) any bankruptcy filing or other action it takes to stay, condition, or inhibit the Trustee from exercising its remedies (except as limited hereby) is taken in an effort to delay the Trustee from exercising its right to sell the Mortgaged Property as set forth herein; and (vi) the stay waiver contained in **Section 9(a)** of this Agreement is a material inducement to the Trustee's willingness (acting at the written direction of the Bondholder Representative) to enter into this Agreement, without which the Trustee would not have agreed to forbear from exercising its rights and remedies under the Borrower Documents.

(c) Basis of Agreement. Trustee, at the written direction of the Bondholder Representative, and Borrower desire to successfully negotiate an out-of-court resolution to the default by Borrower under the Indenture and the Borrower Documents in an effort to avoid the right by Trustee to immediately exercise its foreclosure rights under the Indenture and the Borrower Documents. The parties acknowledge that the agreement they are reaching herein is the culmination of good-faith negotiations, discussions and compromises between the Bondholder Representative and the Borrower.

#### **Section 10. Miscellaneous.**

(a) Notices. Any notices with respect to this Agreement shall be given by private overnight delivery service to the addresses provided for in *Exhibit 10(a)* of this Agreement, and no notice shall be deemed given until received by such party as proven by the tracking records of the overnight delivery service. Refusal of delivery shall constitute receipt of notice.

(b) Integration; Modification of Agreement. This Agreement and the Borrower Documents embody the entire understanding between the parties hereto and supersede all prior agreements and understandings (whether written or oral) relating to the subject matter hereof and thereof. The terms of this Agreement may not be waived, modified, altered or amended except by agreement in writing signed by all the parties hereto. This Agreement shall not be construed against the drafter hereof.

(c) Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho without regard to conflict of laws principles thereof.

(e) No Waiver. No failure to exercise and no delay in exercising, on the part of the Trustee, any right, remedy, power or privilege hereunder, under the Indenture or under the Borrower Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. Further, the Trustee's acceptance of payment on account of the Bonds or other performance by the Borrower after the occurrence of an Event of Default shall not be construed as a waiver of such Event of Default or Forbearance Default, any other Event of Default or any of the Trustee's rights or remedies.

(f) Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR ANY BORROWER DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) IT HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) IT MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY, AND (D) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(g) Headings. The section headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

(h) Counterparts; Electronic Execution. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.


*[Balance of page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**THE HUNTINGTON NATIONAL BANK,**  
a national banking association, in its capacity  
as Trustee

By: \_\_\_\_\_  
Vice President

**THE VILLAGE CHARTER SCHOOL,  
INC.,** an Idaho nonprofit corporation

By:  \_\_\_\_\_  
Chairperson of its Board of Directors

*Exhibit 10(a)*

NOTICES

If to the Borrower:

The Village Charter School, Inc.  
1747 North Fairmeadow Drive  
Boise, Idaho. 83704  
Attention: Administration

*with a copy to:*

Yorgason Law Offices, PLLC  
6200 North Meeker Place  
Boise, Idaho. 83713  
Attention: Chris Yorgason

If to the Trustee:

The Huntington National Bank  
Corporate Trust  
150 Ottawa Avenue NW  
Grand Rapids, MI 49503  
Attention: Patrick J. O'Donnell

## **Exhibit 4**

### **Piper Sandler Engagement Letter**

This is an agreement between Piper Sandler and Village Leadership Academy, engaging Piper Sandler as an underwriter or placement agent for the refinancing of the existing bond. Village Leadership Academy engaged Piper Sandler to pursue options to resolve the current facility default.

Board of Directors  
The Village Charter School, Inc.  
1747 N. Fairmeadow Dr.  
Boise, ID 83704

September 24, 2021

Re: Underwriter/Placement Agent Engagement Letter  
Charter School Revenue Bonds (The Village Charter School, Inc.), Series 2021 or 2022 (the  
“Securities”)

Dear Sir or Madam:

This letter confirms the agreement (the “Agreement”) between Piper Sandler & Co. (“Piper Sandler” or “we” or “us”) and The Village Charter School, Inc. along with its heirs, employees, companies, administrators, successors, corporate parents, subsidiaries, affiliates and guarantors whether existing now or formed subsequent to the date hereof (the “Borrower” or “you”) as follows:

1. **Engagement.** The Borrower hereby engages Piper Sandler to serve as an underwriter or placement agent for the Securities. As currently contemplated, the transaction will be an underwriting or private placement of the Securities with gross proceeds of approximately \$6,300,000. Sale and delivery of the Securities by the Borrower will occur on the day of closing (“Closing Date”).
2. **Scope of Services.** We understand that the decision to either sell the Bonds in a private placement to a single or limited number of investors or conduct a public sale of the Bonds will be made by you sometime in the future. As a preliminary matter, we can assist you in determining whether to pursue a public sale or a private placement to a bank or other financial institution, based upon the facts and circumstances in evidence at that time. Depending on the capacity in which we would be acting, Piper Sandler agrees, as appropriate and directed by you, to provide the following services.

As an Underwriter:

- (a) Develop a financing plan for the Securities and assist you in determining the economic impact of the Securities;
- (b) Provide advice concerning structure, timing, terms and other similar matters concerning the Securities, including recommendations as to maturities, interest rates, structure, security, timing, and amount of proceeds needed to implement your project;
- (c) Review and make comments with respect to sale documents, as applicable, including Explanatory Statements, Authorizing Bond Resolutions, bond declarations and indentures and other underlying documents relating to the Securities;
- (d) Develop a sale schedule that incorporates all aspects of bringing Securities to market and arranging for a successful closing of the transaction;
- (e) Assist in the preparation of the preliminary and final Official Statements to be issued by you relating to the Securities for final approval by you and your agents, including bond counsel;
- (f) Assist in making presentations to rating agencies with respect to the Securities;
- (g) Evaluate and make recommendations concerning the use of bond insurance and any other available credit enhancements;

- (h) Distribute preliminary and final Official Statements and other documents to a broad list of institutions, banks, trusts, insurance companies, professional investment advisors, and other prospective investors in Securities;
- (i) For a public sale, form, if deemed appropriate by Piper Sandler and you an underwriting group for the purpose of underwriting the Securities, and inform you as to the membership of any group so formed;
- (j) Develop a marketing plan for the offering, including identification of potential investors;
- (k) Negotiate the pricing, including the interest rate, and other terms of Securities;
- (l) Obtain CUSIP number(s) for Securities and arranging for their DTC book-entry eligibility as required;
- (m) Provide a final schedule of debt service payments for Securities;
- (n) Review and make comments with respect to closing documents prepared by Bond Counsel;
- (o) Plan and arrange for the closing and settlement of the issuance and the delivery of Securities; and
- (p) Other activities that are integral to the purchase and distribution of the Securities and activities integral to fulfilling the role of a placement agent or underwriter including under the antifraud provisions of the federal securities laws and the obligations of Piper Sandler under MSRB rules.

As a Placement Agent:

- (a) consult with you in planning and implementing the placement of the Securities;
- (b) assist you in reviewing any transaction materials (the "Transaction Materials") we mutually agree are beneficial or necessary to the consummation of the transaction;
- (c) assist you in preparing for due diligence conducted by potential investors;
- (d) identify potential investors and use our reasonable commercial efforts to assist in arranging sales of the Securities to investors;
- (e) assist you in negotiating definitive documentation.

3. ***Fees and Expenses.***

- (a) ***Fees.*** For our services, you agree to pay us a selling commission or underwriting discount of \$16.25/\$1,000 (1.625%) of the gross proceeds received by you on all sales of the Securities payable by wire transfer of immediately available funds at closing. For avoidance of doubt, the fee shall not be payable in the event a closing of the Securities does not occur; and
- (b) ***Expenses.*** Upon receipt of an invoice, you agree to reimburse us for our reasonable expenses incurred in preparing to market and marketing the Securities, including, but not limited to, travel, fees and disbursements of our counsel and printing and distribution of Transaction Materials, whether or not a closing occurs but such reimbursement will not exceed \$5,000 without your approval.

4. ***Representations, Warranties and Agreements of the Borrower.***

You represent and warrant to, and agree with us, that:

- (a) the Securities will be sold by you in compliance with the requirements for exemptions from registration or qualification of, and otherwise in accordance with, all federal and state securities laws and regulations;
- (b) you will make available to us and each purchaser such documents and other information which we and each purchaser reasonably deem (the “Transaction Materials”) appropriate and will provide access to your officers, directors, employees, accountants, counsel and other representatives and will provide each purchaser and us opportunities to ask questions and receive answers from these persons; it being understood that we and each purchaser will rely solely upon such information supplied by you and your representatives without assuming any responsibility for independent investigation or verification thereof; and
- (c) you agree to be responsible for the accuracy and completeness of any Transaction Materials to the extent of federal securities laws applicable to the transaction. You agree to notify us promptly of any material adverse changes, or development that may lead to any material adverse change, in your business, properties, operations, financial condition or prospects and concerning any statement contained in any Transaction Materials, or in any other information provided to us, which is not accurate or which is incomplete or misleading in any material respect;
- (d) all financial projections that have or will be made available to Piper Sandler by you or any of your representatives in connection with the Transaction (the “Projections”) have been and will be prepared in good faith and will be based upon assumptions believed by you to be reasonable (it being understood that projections by their nature are inherently uncertain and no assurances are being given that the results reflected in the Projections will be achieved);
- (e) On the Closing Date, you will deliver or cause to be delivered to us an Opinion of Bond Counsel to you, dated the Closing Date relating to: the validity of the Bonds; exemption from registration and qualification under federal and state securities law; and if applicable the tax-exempt status of the Bonds, together with a reliance letter from such counsel, dated the Closing Date and addressed to us and in a form acceptable to us.

5. ***Other Matters Relating to Our Engagement.*** The parties agree that we are not making a final commitment to underwrite or place securities until certain events have occurred including among other things, satisfactory completion and execution of all final documentation for an offering including all terms and conditions and credit approval by Piper Sandler’s internal credit approval process. This Agreement is therefore not a final commitment by us express or implied, to underwrite, place or purchase any securities. If you elect to conduct a public offering of the Securities, you and Piper Sandler will enter into a definitive bond purchase agreement which shall supersede the provisions of this agreement in any conflicting respects, except that the parties agree that the fee provisions set forth in Section 3 will continue to apply.

You acknowledge that you have retained us solely to provide the services to you as set forth in this agreement. As underwriter or placement agent, Piper Sandler may provide advice concerning the structure, timing, terms, and other similar matters concerning the transaction. You acknowledge and agree that: (i) the primary role of Piper Sandler as an underwriter or placement agent, is to sell or place securities to investors in an arms-length commercial transaction and that Piper Sandler has financial and other interests that differ from your interests (ii) Piper Sandler is not acting as a municipal advisor, financial advisor or fiduciary to you or any other person or entity

and has not assumed any advisory or fiduciary responsibility to you with respect to the transaction contemplated herein and the discussions, undertakings and proceedings leading thereto (irrespective of whether Piper Sandler has provided other services or is currently providing other services to you on other matters) (iii) the only obligations Piper Sandler has to you with respect to the transaction contemplated hereby expressly are set forth in this agreement and (iv) you have consulted your own legal, accounting, tax, financial and other advisors, as applicable, to the extent deemed appropriate in connection with the transaction contemplated herein.

6. **Indemnification and Contribution.** Annex A is hereby incorporated into this agreement by reference and made part of this agreement.
7. **Termination.** You or we may terminate our engagement under this agreement, with or without cause, upon ten days' written notice to the other party. The fee, expense reimbursement, indemnity, your representations, warranties and agreements, and miscellaneous provisions of this agreement will survive any termination of our engagement under this agreement.
8. **Section Headings.** Section headings contained herein are for convenience of reference only and are not part of this agreement.
9. **Amendment.** This agreement may be amended only by a written instrument executed by each of the Parties. The terms of this agreement may be waived only by a written instrument executed by the party waiving compliance.
10. **Entire Agreement.** This agreement embodies the entire agreement and understanding between you and us and supersedes all prior agreements and understandings relating to the subject matter of this agreement.
11. **No Assignment.** This agreement has been made by the Borrower and Piper Sandler, and no other person shall acquire or have any right under or by virtue of this agreement.
12. **Governing Law.** This agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this agreement or the negotiation, execution or performance of this agreement, will be governed by and construed in accordance with the laws of New York. You and we hereby waive all right to trial by jury in any action, proceeding, or counterclaim (whether based upon contract, tort or otherwise) in connection with any dispute arising out of this agreement or any matters contemplated by this agreement.
13. **Consent to Jurisdiction; Service of Process.** The parties each hereby (a) submits to the jurisdiction of any state or federal court sitting in the County of New York, State of New York for the resolution of any claim or dispute with respect to or arising out of or relating to this agreement or the relationship between the parties (b) agrees that all claims with respect to such actions or proceedings may be heard and determined in such court, (c) waives the defense of an inconvenient forum, (d) agrees not to commence any action or proceeding relating to this agreement other than in a state or federal court sitting in the County of New York, State of New York and (e) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 17. Nothing in this agreement will affect the right of any party to this agreement to serve process in any other manner permitted by law.
14. **Effectiveness.** This agreement shall become effective upon its execution by duly authorized officials of all parties hereto and shall be valid and enforceable from and after the time of such execution.

15. **Severability.** In the event any provision of this agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. You and us will endeavor in good faith negotiations to replace the invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid or unenforceable provisions.
16. **Counterparts.** This agreement may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which shall be an original and all of which shall constitute but one and the same instrument.
17. **Notices.** Any notice required or permitted to be given under this agreement shall be given in writing and shall be effective from the date sent by registered or certified mail, by hand, facsimile or overnight courier to the addresses set forth on the first page of this agreement with a copy sent to the General Counsel of such Party.
18. THE PARTIES HEREBY IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

Please confirm that the foregoing correctly and completely sets forth our understanding by signing and returning to us the enclosed duplicate of this engagement agreement.

Sincerely,



Wes Olson, Vice President  
Piper Sandler & Co.

Acknowledgement and Approval of Engagement by  
The Village Charter School, Inc. Board of Directors



By: \_\_\_\_\_  
Adrian Castaneda

Its: \_\_\_\_\_  
Board Chairman

Date: 10/14/2021 \_\_\_\_\_

**Annex A to Engagement Letter**

You agree to (i) indemnify and hold harmless us, our affiliates (within the meaning of the Securities Act of 1933), and each of our respective partners, directors, officers, agents, consultants, employees and controlling persons (within the meaning of the Securities Act of 1933) (each of Piper Sandler and such other person or entity is hereinafter referred to as an "Indemnified Person"), from and against any losses, claims, damages, liabilities and expenses, joint or several, and all actions, inquiries, proceedings and investigations in respect thereof, to which any Indemnified Person may become subject arising out of or in connection with our engagement or any matter referred to in the agreement to which this Annex A is attached and of which this Annex A forms a part (the "Agreement"), regardless of whether any of such Indemnified Persons is a party thereto, and (ii) periodically reimburse an Indemnified Person for such person's legal and other expenses as may be incurred in connection with investigating, preparing, defending, paying, settling or compromising any such action, inquiry, proceeding or investigation, whether or not such action, inquiry, proceeding or investigation is initiated or brought by you, your creditors or stockholders, or any other person. You are not responsible under clause (i) of the foregoing sentence for any losses, claims, damages, liabilities or expenses to the extent that such loss, claim, damage, liability or expense has been finally judicially determined to have resulted primarily and directly from actions taken or omitted to be taken by such Indemnified Person due to such person's gross negligence or willful misconduct. To the extent that any prior payment you made to an Indemnified Person is determined to have been improper by reason of such Indemnified Person's gross negligence or willful misconduct, such Indemnified Person will promptly pay you such amount.

If the indemnity or reimbursement referred to above is, for any reason whatsoever, unenforceable, unavailable or otherwise insufficient to hold each Indemnified Person harmless, you agree to pay to or on behalf of each Indemnified Person contributions for losses, claims, damages, liabilities or expenses so that each Indemnified Person ultimately bears only a portion of such losses, claims, damages, liabilities or expenses as is appropriate (i) to reflect the relative benefits received by each such Indemnified Person, respectively, on the one hand and you and your stockholders on the other hand in connection with the Transaction or Sale, or (ii) if the allocation on that basis is not permitted by applicable law, to reflect not only the relative benefits referred to in clause (i) above, but also the relative fault of each such Indemnified Person, respectively, and you as well as any other relevant equitable considerations; *provided, however*, that in no event will the aggregate contribution of all Indemnified Persons to all losses, claims, expenses, damages, liabilities or expenses in connection with any Transaction or Sale exceed the amount of the fee actually received by us pursuant to the Agreement. The respective relative benefits received by us and you in connection with any Transaction or Sale will be deemed to be in the same proportion as the aggregate fee paid or proposed to be paid to Piper Sandler in connection with the Transaction or Sale bears to the aggregate consideration paid or proposed to be paid in the Transaction or Sale, whether or not consummated.

Promptly after its receipt of notice of the commencement of any action or proceeding, any Indemnified Person will, if a claim in respect thereof is to be made against you pursuant to this letter, notify you in writing of the commencement thereof; but omission so to notify you will not relieve you from any liability which you may have to any Indemnified Person, except your obligation to indemnify for losses, claims, damages, liabilities or expenses to the extent that you suffer actual prejudice as a result of such failure, but will not relieve you from your obligation to provide reimbursement of expenses and any liability which you may have to an Indemnified Person otherwise than hereunder. If you so elect, you may assume the defense of such action or proceeding in a timely manner, including the employment of counsel (reasonably satisfactory to us) and payment of expenses, *provided* you permit an Indemnified Person and counsel retained by an Indemnified Person at its expense to participate in such defense. Notwithstanding the foregoing, in the event (i) you fail promptly to assume the defense and employ counsel reasonably satisfactory to us, or (ii) the Indemnified Person has been advised by counsel that there exist actual or potential conflicting interests between you or your counsel and such Indemnified Person, an Indemnified Person may employ separate counsel (in addition to any local counsel) to represent or defend such Indemnified Person in such action or proceeding, and you agree to pay the fees and disbursements of such separate counsel as incurred; *provided however*, that you will not, in connection with any one such

action or proceeding, or separate but substantially similar actions or proceedings arising out of the same general allegations, be liable for fees and expenses of more than one separate firm of attorneys (in addition to any local counsel).

You will not, without our prior written consent, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought under the Agreement, unless such settlement, compromise or consent includes an express, complete and unconditional release of us and each other Indemnified Person from all liability and obligations arising therefrom. Without your prior written consent, which will not be unreasonably withheld, delayed or conditioned, no Indemnified Person will settle or compromise any claim for which indemnification or contribution may be sought hereunder. Notwithstanding the foregoing sentence, if at any time an Indemnified Person requests that you reimburse the Indemnified Person for fees and expenses as provided in the Agreement, you agree that you will be liable for any settlement of any proceeding effected without your prior written consent if (i) such settlement is entered into more than 30 days after receipt by you of the request for reimbursement, and (ii) you will not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement.

You also agree that no Indemnified Person will have any liability (whether in contract, tort or otherwise) to you or your affiliates, directors, officers, employees, agents, creditors or stockholders, directly or indirectly, related to or arising out of the Agreement or the services performed thereunder, except losses, claims, damages, liabilities and expenses you incur which have been finally judicially determined to have resulted primarily and directly from actions taken or omitted to be taken by such Indemnified Person due to such person's gross negligence or willful misconduct. In no event, regardless of the legal theory advanced, will any Indemnified Person be liable for any consequential, indirect, incidental, special or punitive damages of any nature. Your indemnification, reimbursement, exculpation and contribution obligations in this Annex A will be in addition to any rights that any Indemnified Person may have at common law or otherwise.

You understand that in the event that you reimburse Piper Sandler pursuant to this Annex A for the fees and expenses of its counsel, such reimbursement will be made on the basis of counsel's generally applicable rates, which may be higher than the rates that counsel charges Piper Sandler for other matters based on arrangements that it has entered into with such counsel.

Capitalized terms used, but not defined in this Annex A, have the meanings assigned to such terms in the Agreement.

## Exhibit 5

### **2021-22 i-Ready Diagnostic Results Report**

This report shows the performance of Kindergarten through 5th Grade students at Village Leadership Academy in Mathematics for the 2021-22 school year. While this report does not predict the exact performance of students on the Math ISAT assessment, it represents a close approximation of students performance in alignment with Idaho State Standards.

**School** All Schools  
**Subject** Math  
**Academic Year** 2021 - 2022  
**Diagnostic** Final Diagnostic  
**Prior Diagnostic** Fall 2021  
**Placement Definition** Standard View

Students Assessed/Total: **199/274**

## Overall Placement

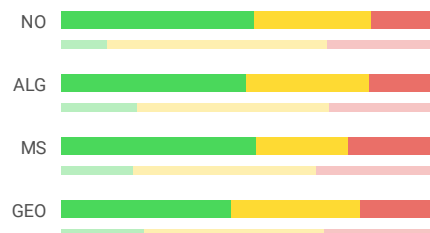


Final Diagnostic



Fall 2021

## Placement By Domain



Switch Table View

Show Results By

Placement Summary

School

Showing 1 of 1

School	Overall Grade-Level Placement			Students Assessed/Total
VILLAGE CHARTER SCH	Final Diagnostic	45%	33%	22%
	Fall 2021	12%	56%	32%

## Exhibit 6

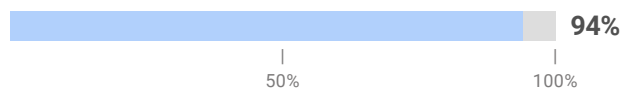
### **2021-22 i-Ready Diagnostic Growth Report**

This report demonstrates the growth of Kindergarten through 5th Grade students over the 2021-22 school year. This report demonstrates the percentage of students who made progress towards Annual Typical Growth and Stretch Growth targets.

School All Schools  
 Subject Math  
 Academic Year 2021 - 2022  
 Comparison Diagnostic Final Diagnostic

Students Assessed/Total: 213/274

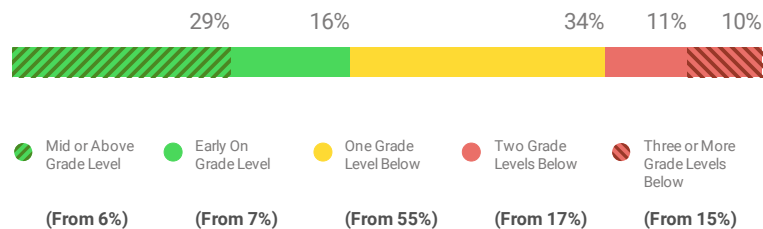
## Progress to Annual Typical Growth (Median)



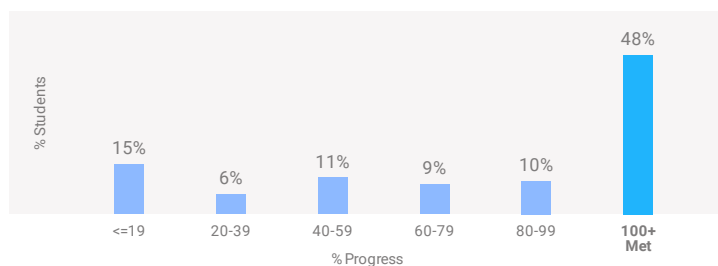
The median percent progress towards Typical Growth for this school is 94%. Typical Growth is the average annual growth for a student at their grade and baseline placement level.

[Learn More About Growth](#)

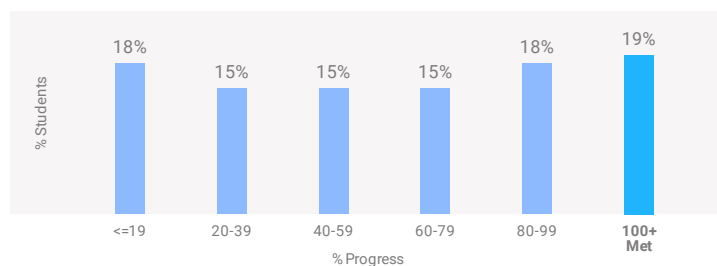
## Current Placement Distribution



## Distribution of Progress to Annual Typical Growth



## Distribution of Progress to Annual Stretch Growth®



Choose to Show Results By

School

Showing 1 of 1

School	Annual Typical Growth		Annual Stretch Growth®		% Students with Improved Placement	Students Assessed/Total
	Progress (Median)	% Met	Progress (Median)	% Met		
VILLAGE CHARTER SCH	94%	48%	63%	19%	60%	213/274



# Annual Performance Report 2022

## VILLAGE LEADERSHIP ACADEMY

## THE VILLAGE CHARTER SCHOOL

**Mission Statement:** The Village Charter School provides a challenging, hands-on curriculum to cultivate students who are critical thinkers and confident leaders in a safe, supportive, and loving environment.

School Information	Annual Report FY2021-2022	Current: FY 2022-2023
Board Chair/President	Adrian Castaneda	Adrian Castaneda
Treasurer	Randy Basterrechea	Randy Basterrechea
Secretary	Jake Hays	Rob Wright
Executive Director		
Administrator	Josh Noteboom	Josh Noteboom
Business Manager	Candi Massey	Candi Massey
School Location/Phone	1747 N. Fairmeadow Dr., Boise, ID 83704	208-336-2000

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## Introduction

### COMPLIANCE/AUTHORITY:

Charter schools in Idaho operate on 5-year terms as defined in a Performance Certificate executed between the school's board and its authorizer. In addition, [I.C. §33-5209A](#) and [I.C. §33-5209C](#) require that every certificate include a framework describing the expectations the school must meet in order to earn a next operational term. It also requires that charter school authorizer's complete performance reports for the schools they oversee each year. The annual performance report serves the following purposes:

1. To provide transparent information about charter school quality to the public;
2. To ensure charter school boards have access to clear expectations and;
3. To inform mid-term authorizing decisions.

### RENEWAL (I.C. §33-5209B)

At the end of each 5-year operating term, each school's performance certificate is considered for renewal. As this school's operating contract expires on June 30<sup>th</sup>, 2023, this report directly impacts the school's renewal recommendation. The authorizer is required to consider the following when making renewal decisions: all annual performance reports issued during the current performance certificate term, the school's current financial status, and any application materials submitted by the school. Renewal decisions must be made prior to March 15<sup>th</sup>, 2023. Please see the [Renewal Guidance](#) document for more information on the renewal process.

- **PERFORMANCE REPORT APPLICATION:**

- Each measure included in the IPCSC's framework has a meets standard benchmark. If this school meets standard on all measures of the framework as reflected in the most recent years Annual Performance Report the school is guaranteed an unconditional renewal. If the school does not meet standard on one or more measures of the school's operating contract, it may be conditionally renewed or non-renewed.

***\*\*Outcomes on this report inform high-stakes decisions, schools are encouraged to use this information to support their strategic planning efforts each year. \*\****

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### IPCSC RESOURCES

[IPCSC Performance Framework](#)

[IPCSC Renewal Guidance](#)

[IPCSC Schools](#)

### SCHOOL RESOURCES

[VLA Performance Certificate](#)

[VLA Annual Report Page](#)

Current Certificate Term: 2018-2023

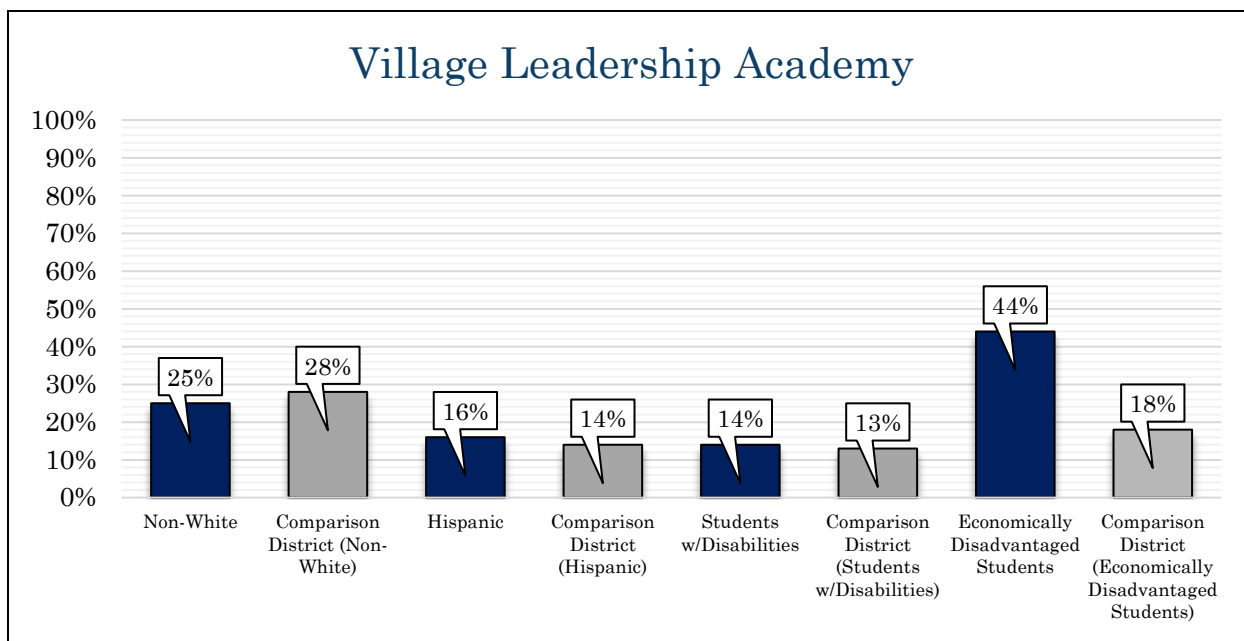
## School Overview

Model:	7 Habits & Leadership; Limitless Learning Method
Enrollment Capacity:	550
Grades Served:	K-8

### Key Design Elements:

- Achieving and maintaining Lighthouse School status;
- Teaching differentiation using the Limitless Learning Method;
- Teaching effective leadership principles using the 7 Habits of Highly Effective People;
- Teaching character development using the ACE Approach and Core Values; and
- Using teaching methods and curriculum that are challenging and engaging, research-based, hands-on, real-world applicable, and develop critical thinking skills.

### 2022 DEMOGRAPHIC SUMMARY:



## 2021-2022 ANNUAL SNAPSHOT

*Schools are encouraged to use this information for strategic planning and to ensure that any identified weaknesses are addressed in advance of renewal consideration.*

RATING LEGEND	DOES NOT MEET STANDARD	APPROACHES STANDARD	MEETS STANDARD	EXCEEDS STANDARD	NOT RATED DUE TO PANDEMIC
------------------	---------------------------	------------------------	-------------------	---------------------	------------------------------

ACADEMIC OUTCOMES:		
Math Proficiency	<i>The school did not complete Math ISATS in 2021-2022</i>	<b>Does Not Meet Standard</b>
Math Growth	Data Unavailable for 2021-2022	Not Rated for 2021-2022 school year
ELA Proficiency	44%	<b>Approaches Standard</b>
ELA Growth	Data Unavailable for 2021-2022	Not Rated for 2021-2022 school year
Literacy Proficiency	Fall IRI:52% Spring IRI:63%	<b>Meets Standard</b>

OPERATIONAL OUTCOMES: BOARD STEWARDSHIP	
Governance Structure	<b>Exceeds Standard</b>
Governance Oversight	<b>Exceeds Standard</b>
Governance Compliance	<b>Exceeds Standard</b>

OPERATIONAL OUTCOMES: MANAGEMENT	
Student Services	<b>Approaches Standard</b>
Data Security/ Transparency	<b>Exceeds Standard</b>
Facility & Services	<b>Exceeds Standard</b>
Operational Compliance	<b>Does Not Meet Standard</b>

FINANCIAL OUTCOMES: NEAR TERM MEASURES		
Current Ratio	1.41	<b>Meets Standard</b>
Unrestricted Days Cash	145	<b>Exceeds Standard</b>
Default		<b>Does Not Meet Standard</b>
Enrollment Variance	89.6%	<b>Does Not Meet Standard</b>

FINANCIAL OUTCOMES: SUSTAINABILITY MEASURES		
Total Margin 3 Yr. Agg. Margin	13.2% <b>-7.44%</b>	<b>Does Not Meet Standard</b>
Cash Flow Multi-Year Cash Flow	\$301,949 <b>-\$244,599</b>	<b>Does Not Meet Standard</b>
Debt Service Coverage Ratio	*See Comment	<b>Does Not Meet Standard</b>
Debt Asset Ratio	1.25	<b>Does Not Meet Standard</b>
Financial Compliance	See notes	<b>Does Not Meet Standard</b>

## Academic Outcomes

### MATH PROFICIENCY & MATH GROWTH

#### Why This Matters:

The IPCSC must determine whether the academic performance at the school represents a favorable return on the investment of public dollars. For context, the IPCSC considers the school's performance in relation to other educational choices available to families. A school that performs as well or better than the average of its comparison group on the statewide mathematics assessment (ISAT) meets the IPCSC standard on both the math proficiency and math growth measures.

If this standard is not yet met, the school should focus its strategic planning on improving mathematics achievement outcomes to ensure the school will earn a next operational term. If the standard is met, strategic planning may focus on whatever data points will best establish and sustain an exemplary school of the specific model for which the school is chartered.

#### Comparison Group: Boise Independent District (001)

Math ISAT data  
is unavailable  
for VLA for  
2021-2022

Math Growth  
Data & Ratings  
are unavailable  
for the 2021-2022  
School Year.

<b>RATING LEGEND</b>	<b>DOES NOT MEET STANDARD</b>	<b>APPROACHES STANDARD</b>	<b>MEETS STANDARD</b>	<b>EXCEEDS STANDARD</b>	<b>NOT RATED DUE TO PANDEMIC</b>
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\*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

MEASURE	PROFICIENCY RATING	APPLICABLE RUBRIC DESCRIPTION
<b>MATH PROFICIENCY</b>	<b>Does Not Meet Standard</b>	The school did not complete testing for Math ISAT in 2021-22 school year.

MEASURE	GROWTH RATING	APPLICABLE RUBRIC DESCRIPTION
<b>MATH GROWTH</b>	<b>Not Rated for 2021-2022</b>	<b>Data not available for the 2021-2022 school year.</b>

**\*Unofficial Academic Data-THIS PAGE ONLY**

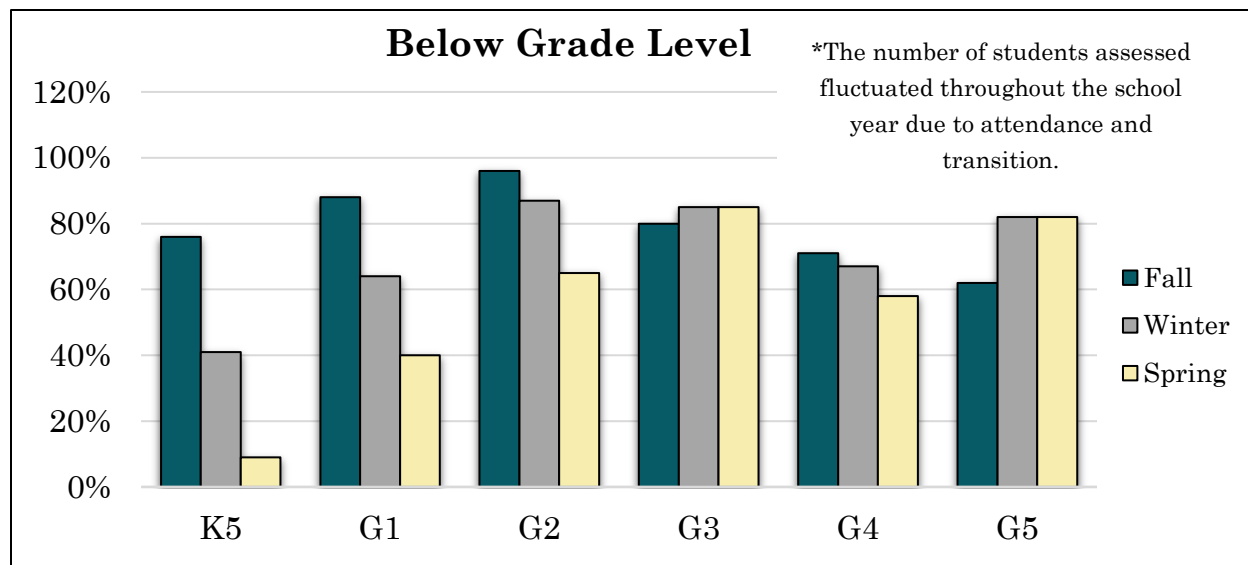
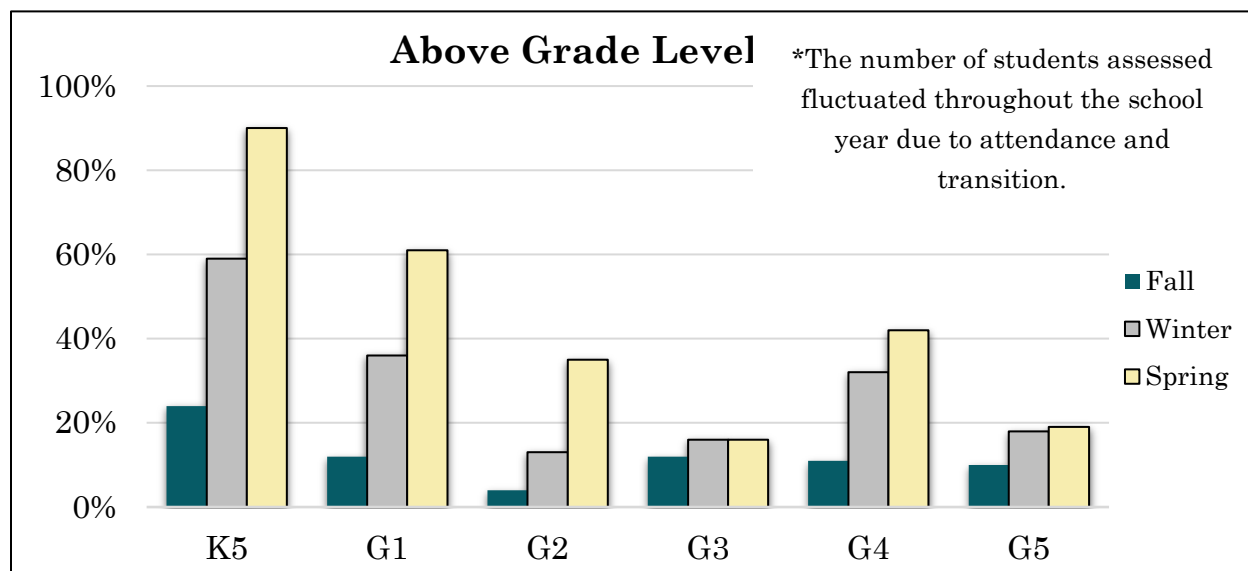
INFORMATIONAL USAGE ONLY-DATA NOT EVALUATED BY THE IPCSC

**GRADES: K5-5<sup>th</sup>**

**Context:**

\*\*In the 2021-2022 school year The Village Charter School/Village Leadership Academy did not complete MATH ISAT testing for the most recent school year. The IPCSC approved the inclusion of supplemental testing tools to provide the public with an \*unofficial sampling of the student's performance in math over the course of the 2021-2022 school year. \*This data is not evaluated or rated by the State of Idaho or by the IPCSC and should be utilized as informational data only provided by the school. The school is held accountable to the IPCSC Framework in academic measures and did not meet standard in math proficiency and math growth in 2021-2022 due to incomplete Math ISAT.

**iReady Diagnostic Results 2021-2022**



**\*Unofficial Academic Data-THIS PAGE ONLY**

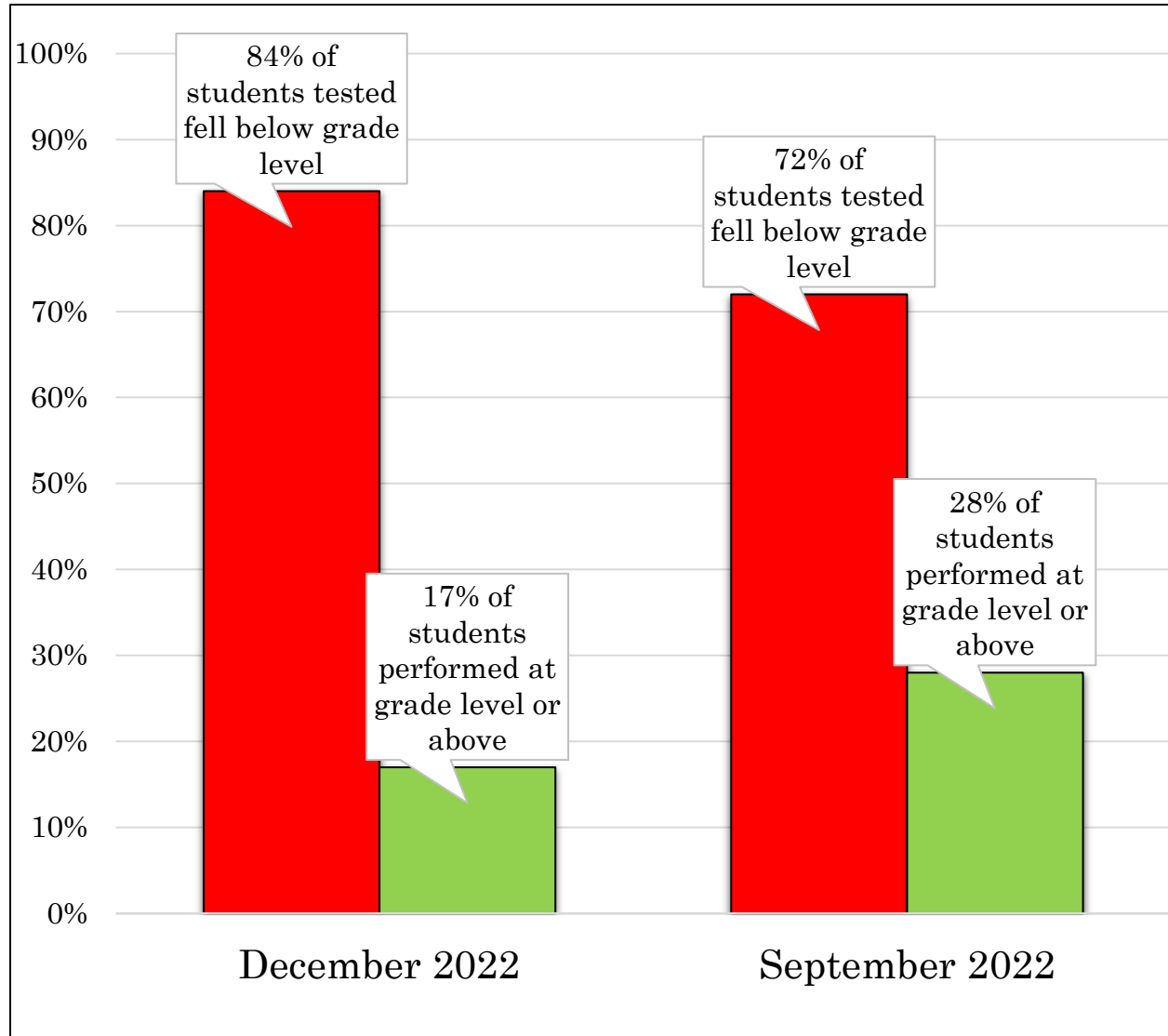
INFORMATIONAL USAGE ONLY-DATA NOT EVALUATED BY THE IPCSC

**GRADES: 6<sup>th</sup>-8<sup>th</sup>**

**Context:**

\*\*In the 2021-2022 school year The Village Charter School/Village Leadership Academy did not complete MATH ISAT testing for the most recent school year. The IPCSC approved the inclusion of supplemental testing tools to provide the public with an \*unofficial sampling of the student's performance in math over the course of the 2021-2022 school year. The number of students assessed fluctuated throughout the school year due to attendance and transition. This data is not evaluated or rated by the State of Idaho or by the IPCSC and should be utilized as informational data only provided by the school. The school's ability to meet standard in this measure according to the IPCSC framework remains: DOES NOT MEET STANDARD.

**Shortened Interim Comprehensive Assessment Mathematics**



## Academic Outcomes

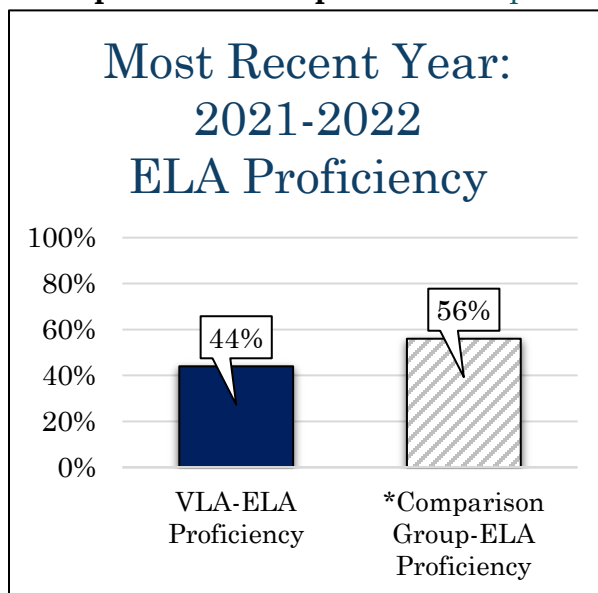
### ELA PROFICIENCY & ELA GROWTH

#### Why This Matters:

The IPCSC must determine whether the academic performance at the school represents a favorable return on the investment of public dollars. For context, the IPCSC considers the school's performance in relation to other educational choices available to families. A school that performs as well or better than the average of its comparison group on the statewide ELA assessment (ISAT) meets the IPCSC standard on both the ELA proficiency and ELA growth measures.

If this standard is not yet met, the school should focus its strategic planning on improving these outcomes to ensure the school will earn a next operational term. If the standard is met, strategic planning may focus on whatever data points will best establish and sustain an exemplary school of the specific model for which the school is chartered.

#### Comparison Group: Boise Independent District (001)



ELA Growth Data  
& Ratings are  
unavailable for  
the 2021-2022  
School Year.

<b>RATING LEGEND</b>	<b>DOES NOT MEET STANDARD</b>	<b>APPROACHES STANDARD</b>	<b>MEETS STANDARD</b>	<b>EXCEEDS STANDARD</b>	<b>NOT RATED DUE TO PANDEMIC</b>
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\*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

MEASURE	PROFICIENCY RATING	APPLICABLE RUBRIC DESCRIPTION
ELA PROFICIENCY	<b>Approaches Standard</b>	The school's proficiency rate falls between the mean and one standard deviation below the mean of the identified comparison group.

MEASURE	GROWTH RATING	APPLICABLE RUBRIC DESCRIPTION
ELA GROWTH	<b>Not Rated for 2021-2022</b>	<b>Data not available for the 2021-2022 school year.</b>

## Academic Outcomes

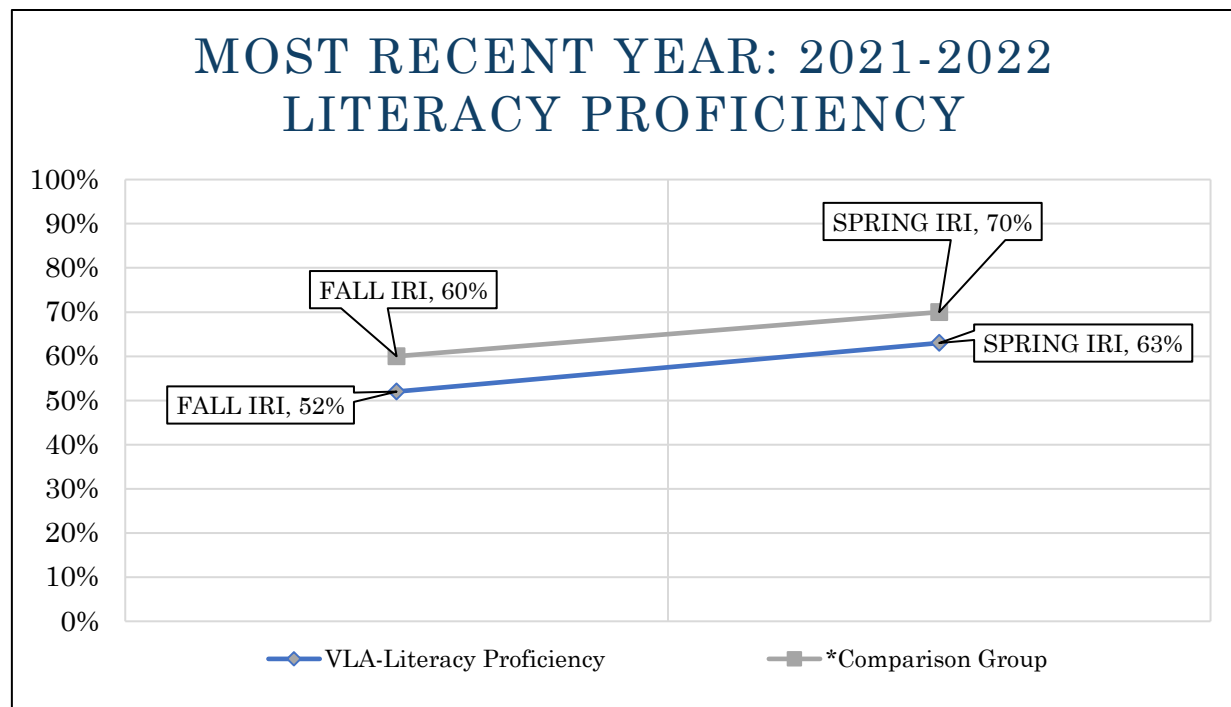
### LITERACY PROFICIENCY

#### Why This Matters:

The IPCSC must determine whether the academic performance at the school represents a favorable return on the investment of public dollars. For context, the IPCSC considers the school's performance in relation to other educational choices available to families. A school that performs as well or better than the average of its comparison group on the spring statewide literacy assessment (IRI) meets the IPCSC standard. Alternatively, a school that did not perform as well or better than its comparison group on the spring assessment, but that did improve its outcome by at least 10% from fall to spring, also meets standard.

If this standard is not yet met, the school should focus its strategic planning on improving these outcomes to ensure the school will earn a next operational term. If the standard is met, strategic planning may focus on whatever data points will best establish and sustain an exemplary school of the specific model for which the school is chartered.

#### Comparison Group: Boise Independent District (001)



RATING LEGEND	DOES NOT MEET STANDARD	APPROACHES STANDARD	MEETS STANDARD	EXCEEDS STANDARD	NOT RATED DUE TO PANDEMIC
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\*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

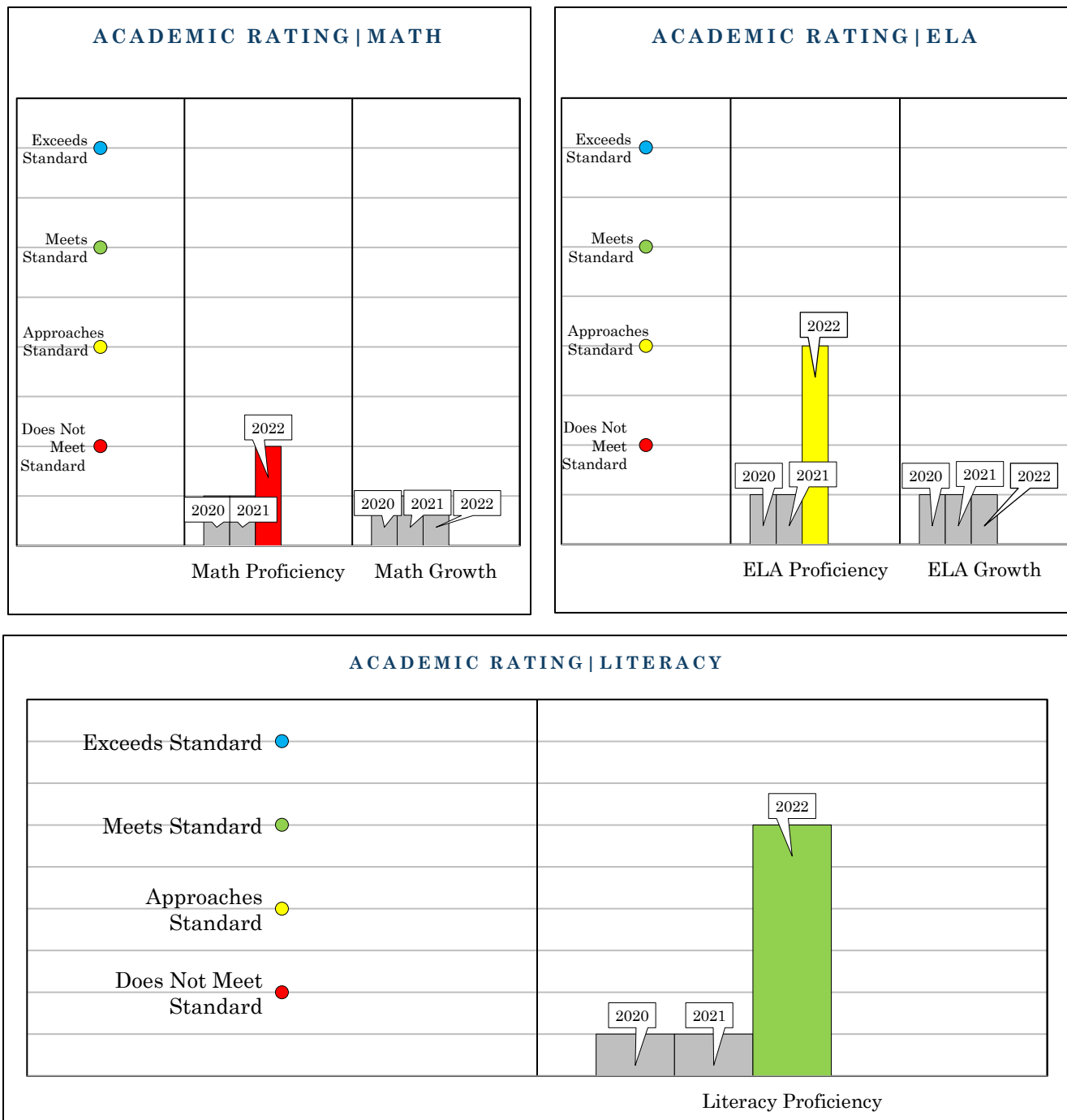
MEASURE	PROFICIENCY RATING	APPLICABLE RUBRIC DESCRIPTION
LITERACY PROFICIENCY	Meets Standard	The school's FALL to SPRING change in proficiency rate is between 10%-19%.

## Historical Performance: Academics

The charts below provide an overview of a school's performance throughout their current (5) year certificate term. Schools are encouraged to consider how this data might be used to drive strategic planning as the school approaches its next renewal decision.

*\*During the 2019-2020 & 2020-2021 school years academic ratings were waived by the IPCSC due to the pandemic's impact on academic data. In the charts below, you will find these years have a grayed-out rating bar.*

*\*Growth data and ratings are unavailable for the 2021-2022 school year and grayed out in the chart below.*



## Operational Outcomes

### BOARD STEWARDSHIP

#### Why This Matters:

At the highest level, the success of a charter school is driven by the ability of its governing board to govern effectively. The measures in this section help identify the strengths and challenges faced by the school's board. \*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

<b>RATING LEGEND</b>	<b>DOES NOT MEET STANDARD</b>	<b>APPROACHES STANDARD</b>	<b>MEETS STANDARD</b>	<b>EXCEEDS STANDARD</b>	<b>NOT RATED DUE TO PANDEMIC</b>
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Standard Rating: Exceeds Standard	
Governance Structure Measure	Data/Evidence Source
The board bylaws are compliant with ID law.	Most recently reviewed Bylaws 5/10/22. *Please provide an updated to copy to IPCSC staff if any amendments have been made since this review date.
The school's articles of incorporation are current.	Most recently updated on 7/29/21.
The board does operate in compliance with its bylaws.	*No instances of non-compliance documented
Investigations were not conducted into ethical behavior or conflict of interest regarding any board director this year.	*No instances of non-compliance documented
The board did not experience Open Meeting Law violations that needed to be cured this year.	*No instances of non-compliance documented
<b>Comments/ Context:</b>	

Standard Rating: Exceeds Standard	
Governance Oversight Measure	Data/Evidence Source
The board did review academic data in a timely and thorough manner.	*No instances of non-compliance documented
The board did review financial reports in a timely and thorough manner.	*No instances of non-compliance documented
The board did maintain compliant policies.	*No instances of non-compliance documented
The board did engage in strategic planning.	*No instances of non-compliance documented
The board did conduct a compliant evaluation of their school leader or management organization.	*No instances of non-compliance documented
<b>Comments/ Context:</b>	

Standard Rating: Exceeds Standard	
Governance Compliance Measure	Data/Evidence Source
The IPCSC did not issue courtesy letters to the school noting compliance concerns this year.	*No instances of non-compliance documented
Another investigative body was not notified of concerns at this school this year.	*No instances of non-compliance documented
<b>Comments/ Context:</b>	

## Operational Outcomes

### MANAGEMENT

**Why This Matters:**

The systems and structures that support school operations are an important part of the school's overall success. The measures in this section help identify the strengths and challenges that impact the school's day-to-day operations.

<b>RATING LEGEND</b>	<b>DOES NOT MEET STANDARD</b>	<b>APPROACHES STANDARD</b>	<b>MEETS STANDARD</b>	<b>EXCEEDS STANDARD</b>	<b>NOT RATED DUE TO PANDEMIC</b>
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<b>Standard Rating: Approaches Standard</b>	
<b>Student Services</b>	<b>Data/Evidence Source</b>
The school's English Language Learners program is in good standing.	*No instances of non-compliance documented
The school's Special Education program is not in good standing.	*No instances of non-compliance documented
The school's college and career readiness program is in good standing.	Reviewed on: 10/21/21 Continuous Improvement Plan 2021-2022
The school's Federal programs is not in good standing	
<b>Comments/ Context:</b> The school was issued a corrective action plan from SDE 1/10/22 for Federal Programs.	

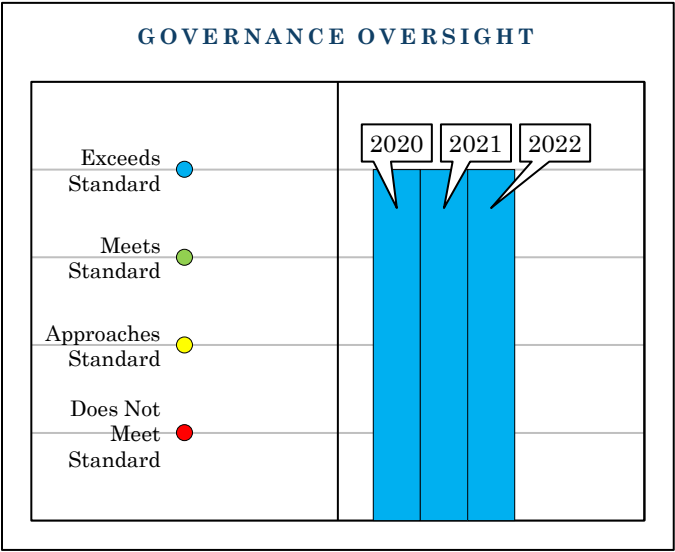
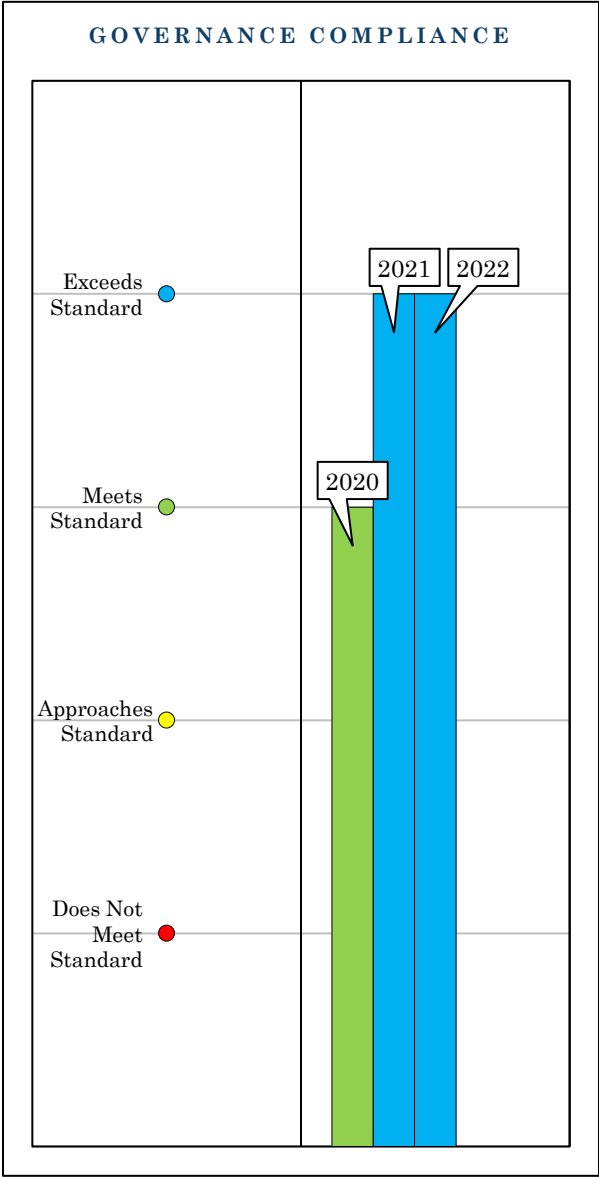
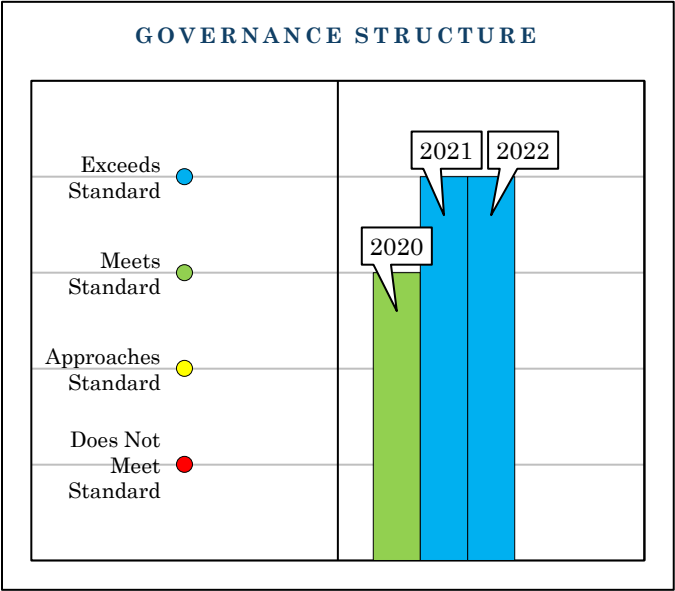
<b>Standard Rating: Exceeds Standard</b>	
<b>Data Security and Information Transparency</b>	<b>Data/Evidence Source</b>
The school's website is compliant and updated appropriately.	*No instances of non-compliance documented
The school did not experience issues involving data security this year.	*No instances of non-compliance documented
The school did not experience compliance issues with public records requests.	*No instances of non-compliance documented
<b>Comments/ Context:</b>	

<b>Standard Rating: Exceeds Standard</b>	
<b>Facility and Services</b>	<b>Data/Evidence Source</b>
The school's occupancy certificate is current.	*No instances of non-compliance documented
Safety inspections and evacuation drills are compliant.	Fire Inspection: 8/19/200 Health Inspection: Building Inspection: 8/11/2020
The school does provide daily transportation for students.	*No instances of non-compliance documented
The school does provide a National School Lunch Program.	*No instances of non-compliance documented
<b>Comments/ Context:</b>	

<b>Standard Rating: Does Not Meet Standard</b>	
<b>Operational Compliance</b>	<b>Data/Evidence Source</b>
Required reports were not submitted accurately and on time.	*See comment
The enrollment process is compliant.	*No instances of non-compliance documented
The teachers are properly credentialed.	*No instances of non-compliance documented
<b>Comments/ Context:</b> School missed testing window for Math ISAT. The school made efforts to resolve the situation; however, was unable to complete testing requirements within the authorized schedule.	

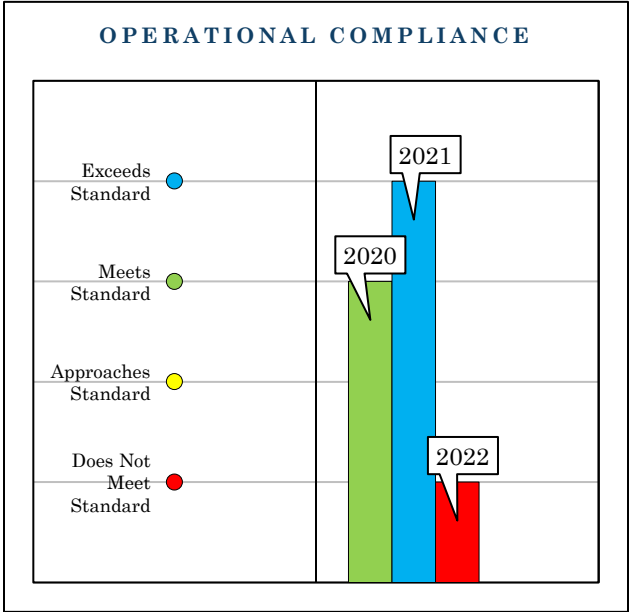
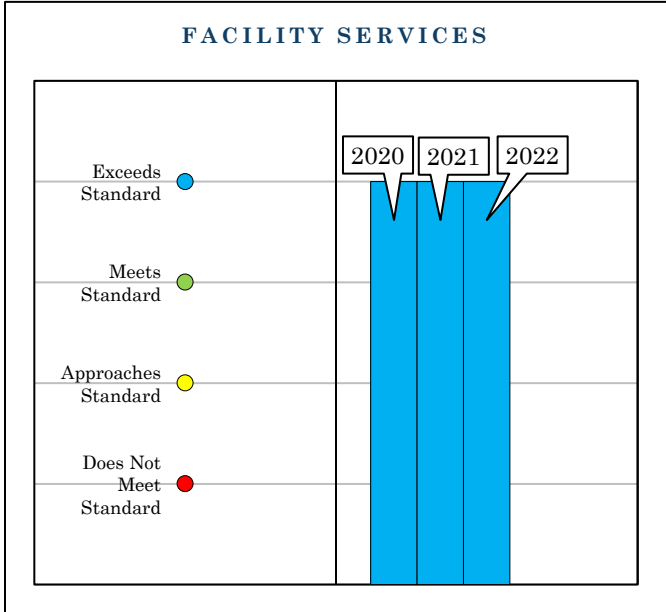
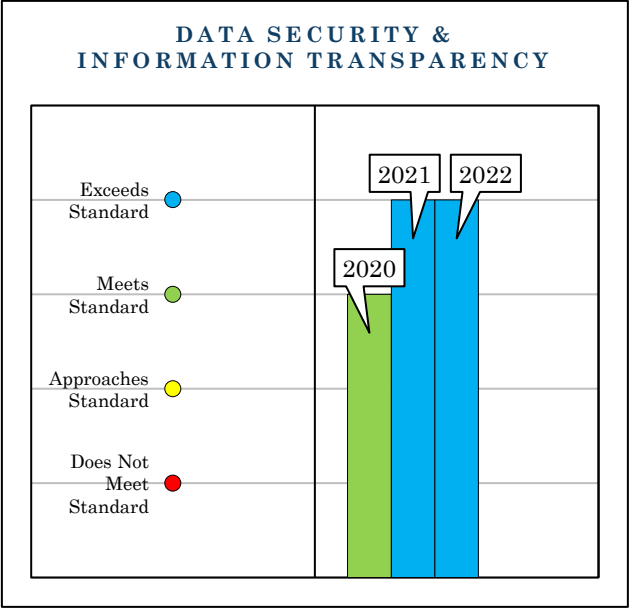
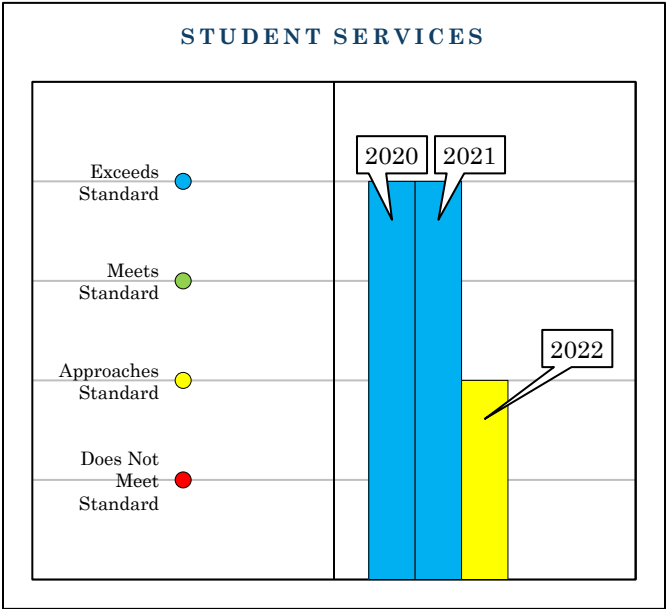
Historical Performance: Board Stewardship Measures

The charts below provide an overview of a school’s performance throughout their current (5) year certificate term. Schools are encouraged to consider how this data might be used to drive strategic planning as the school approaches its next renewal decision.



Historical Performance: Management Measures

The charts below provide an overview of a school’s performance throughout their current (5) year certificate term. Schools are encouraged to consider how this data might be used to drive strategic planning as the school approaches its next renewal decision.



## Financial Outcomes

### NEAR TERM MEASURES

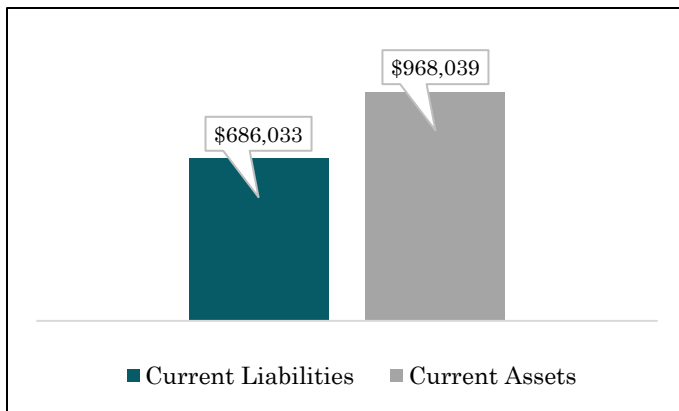
These measures evaluate whether a school is likely to meet its financial obligations in the next year.

\*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

RATING LEGEND	DOES NOT MEET STANDARD	APPROACHES STANDARD	MEETS STANDARD	EXCEEDS STANDARD	NOT RATED DUE TO PANDEMIC
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### Current Ratio

The school has a current ratio of between 1.1 and 1.5, which meets standard.	Current Ratio: 1.41	<b>Meets Standard</b>
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#### Why This Matters:

Current Ratio is a comparison of a school's financial obligations due within one year (current liabilities) to the cash and investments held by the school (current assets).

A school with more assets than liabilities (a Current Ratio greater than 1.0) would be able to meet its financial obligations for the next year without relying on future revenue.

A school with more liabilities than assets (a

Current Ratio of less than 1.0) is dependent on revenue it has not yet received to meet existing financial obligations.

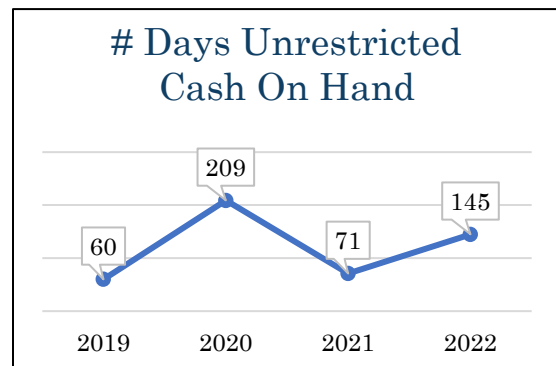
### Unrestricted Days Cash

The school has more than 60 days cash on hand.	145 Days	<b>Exceeds Standard</b>
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#### Why this Matters:

This measure estimates a school's average daily cost of operations and considers the number of days a school could operate using only its available cash and investments.

A school with at least 60 days cash on hand would be able to meet its immediate financial obligations with available cash, buying the time it might take to access other current assets. Occasionally, a planned purchase may decrease this number temporarily. In those cases, 30-60 days cash on hand with an upward trend is acceptable. A school with less than 15 days cash on hand is in financial distress and is at risk of automatic closure.



## Default

The school is currently in default of the terms of its facility loan, and while the school has negotiated a series of forbearance agreements with the bond holder over the past three years, the school did not make regular payments on this debt in fiscal year 2022. This practice has negatively impacted several of the financial measures below. Additionally, the Current Ratio, Cash on Hand, and Current Year Cash Flow measures, are artificially inflated, as they reflect cash on hand that would have been used to service this debt if the school were not in default.

**Does Not Meet Standard**

### Why this Matters:

This measure identifies whether a school has defaulted on any of its financial obligations. Default can mean many things. Examples of default include: paying bills late, failing to make payroll, or inaccurately filing reports required for funding. Default can also include a failure to meet any additional requirements of long-term debt as established by the lender (such as meeting a specific enrollment target or maintaining a greater amount of cash on hand than the PCSC requires).

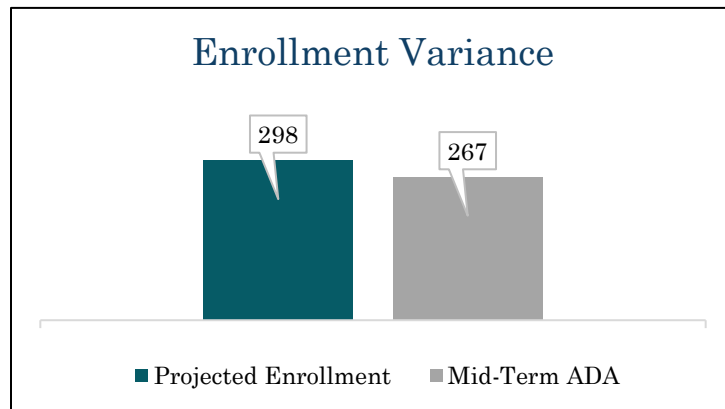
Any act of default can result in disruption of services, loans being called due, or funding that is inaccurate or withheld.

## Enrollment Variance

The school achieved and sustained less than 90% of its projected enrollment and did not provide a mid-year amended budget evidencing a break-even financial plan.

Enrollment Variance:  
89.6%

**Does Not Meet Standard**



### Why this Matters:

The Enrollment Variance measure considers what percentage of a school's projected enrollment was achieved. As the majority of a public school's funding is generated by student enrollment, this measure reflects a school's ability to execute its budget to plan.

A school that achieves at least 95% of its projected enrollment will likely experience few bumps and may make minor adjustments. A school that achieves less than 95% of projected enrollment is likely to face budget challenges requiring more significant budget amendments and may be in financial distress.

## Financial Outcomes

### SUSTAINABILITY MEASURES

These measures help determine whether a school is likely to remain financially stable into the future.

RATING LEGEND	DOES NOT MEET STANDARD	APPROACHES STANDARD	MEETS STANDARD	EXCEEDS STANDARD	NOT RATED DUE TO PANDEMIC
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### Total Margin

The school's aggregated 3-year total margin is less than or equal to -1.5%.	CY Total Margin: 13.2%  3-Year Aggregated: -7.44%	<b>Does Not Meet Standard</b>
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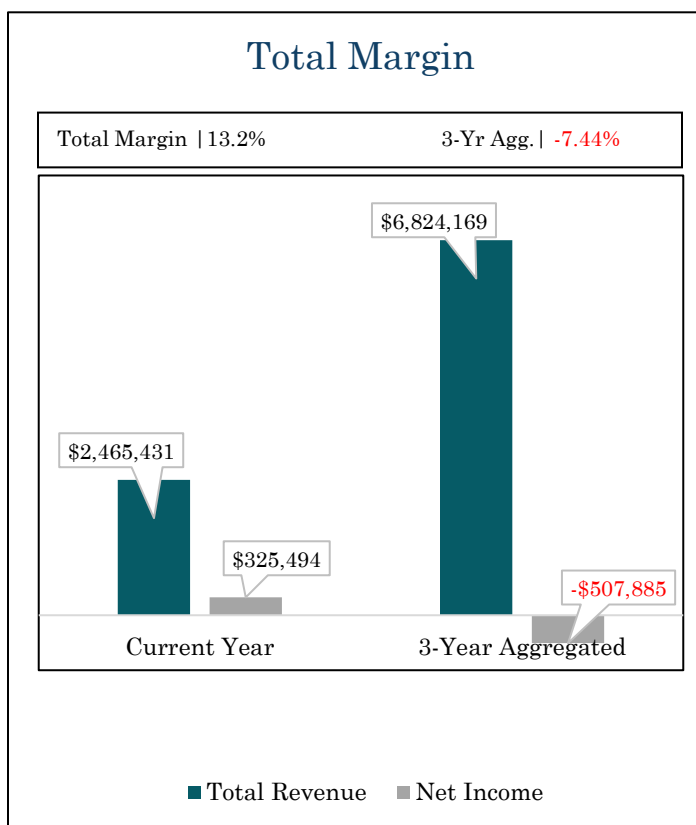
#### Why this Matters:

The Total Margin compares a school's total revenue to its net income. Specifically, this measure identifies what percentage of a school's total revenue in a given year was not expended during that year. A school with a positive total margin spent less than it brought in. That is, the school is living within its means and can plan for future purchases and investments.

An occasional negative total margin may indicate that a planned or necessary purchase has taken place. This is not necessarily a negative indicator. However, if the Total Margin is chronically negative or severe decreases appear, the school may be in financial distress.

Aggregating this margin over three years helps to identify these long-term trends.

Note: For the purposes of this calculation, pension liability is excluded from the school's net income.



## Cash Flow

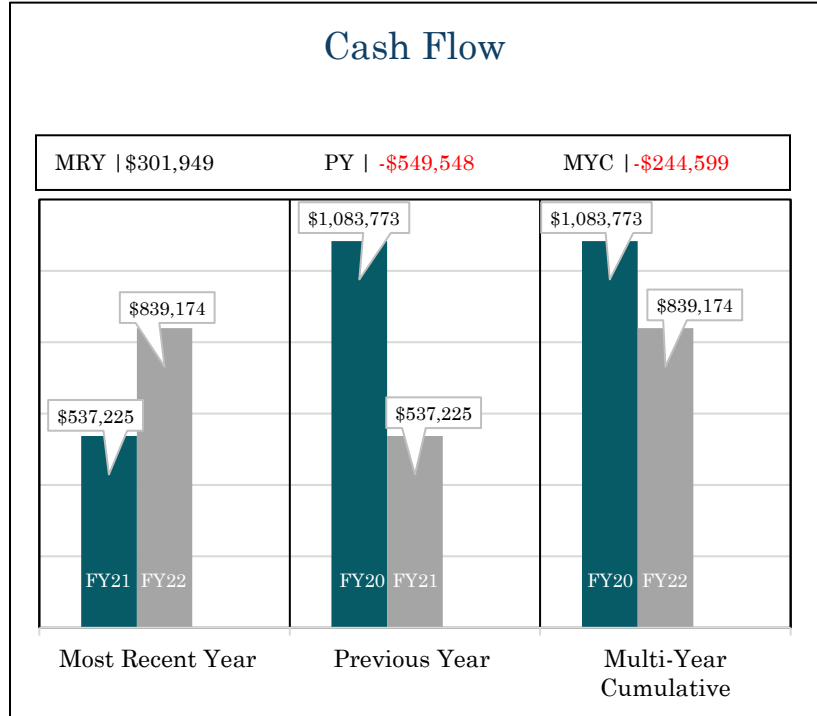
The school's multi-year cumulative cash flow is negative.	Most Recent Year: \$301,949 Previous Year: <b>-\$546,548</b> Multi-Year: <b>-\$244,599</b>	<b>Does Not Meet Standard</b>
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### Why this Matters:

The Cash Flow measure considers the change in a school's cash balance over time. A school with a positive cash flow is increasing its reserves and is likely able to fund future projects and purchases.

A school with a negative cash flow is using its existing reserves to fund general operations and is not likely to have the financial flexibility to fund future plans.

A multi-year cumulative cash flow helps to identify long-term trends.



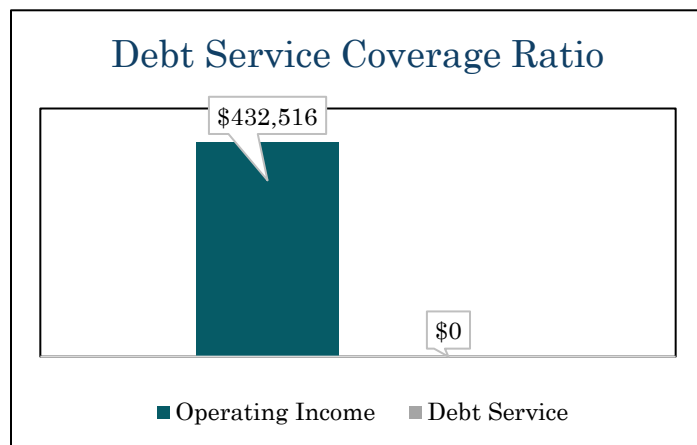
## Debt Service Coverage Ratio

This ratio cannot be calculated because no debt was serviced in fiscal year 2022. That is, no payments were made on principal or interest on an existing \$6 million loan. The school does not meet standard on this measure because it is unable to service its debt.	Debt Service Coverage Ratio: NA	<b>Does Not Meet Standard</b>
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### Why this Matters:

This measure evaluates a school's ability to make payments on debt due in a given year using only that year's income. This helps determine whether a school has more debt than it can manage.

A school with more Operating Income than Debt Service (a Debt Service Coverage Ratio greater than 1) can meet the financial obligations of their debt. A school with more Debt Service than



Operating Income (a ratio of less than 1) is reliant on either reserves or revenues anticipated in future years to meet its debt obligations.

## Debt to Asset Ratio

The school's Debt to Asset Ratio is greater than 1.0.	Debt/Asset Ratio: 1.25	<b>Does Not Meet Standard</b>
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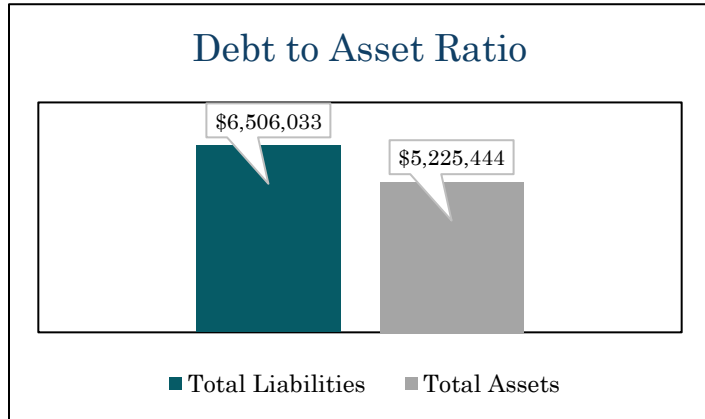
### Why This Matters:

The Debt to Asset Ratio compares a school's total liabilities to its total assets. This helps determine whether a school would be able to meet both its short and long-term financial obligations.

A school whose total liabilities are 90% or less of its Total Assets is

likely to be able to repay all short-term debts and still manage to set its long-term affairs in order in a worst-case scenario. A school with more liabilities than assets would not be able to meet all its financial obligations in a worst-case scenario.

Note: for the purposes of this measure, pension liability is excluded from the school's total liabilities.



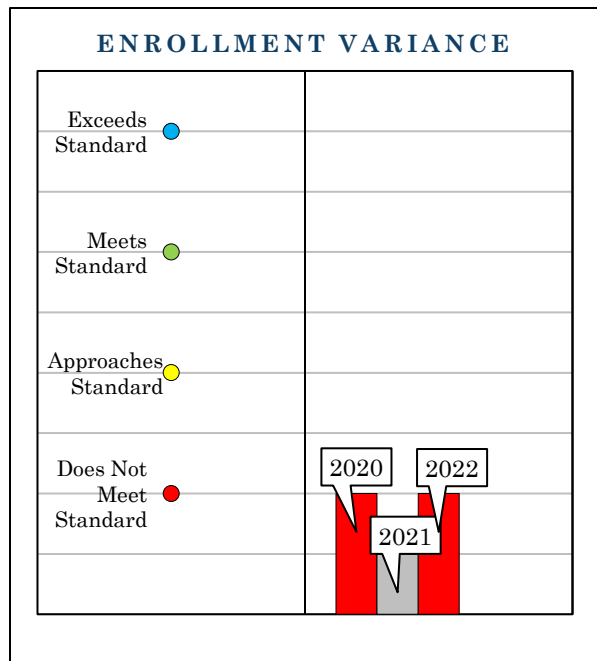
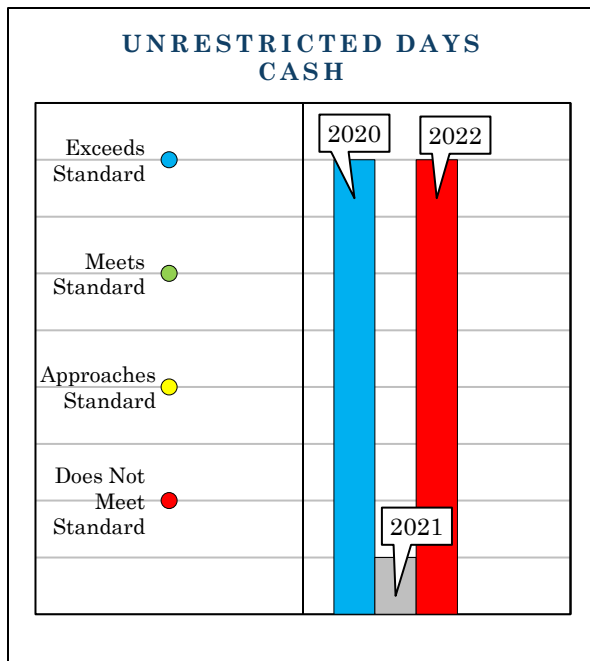
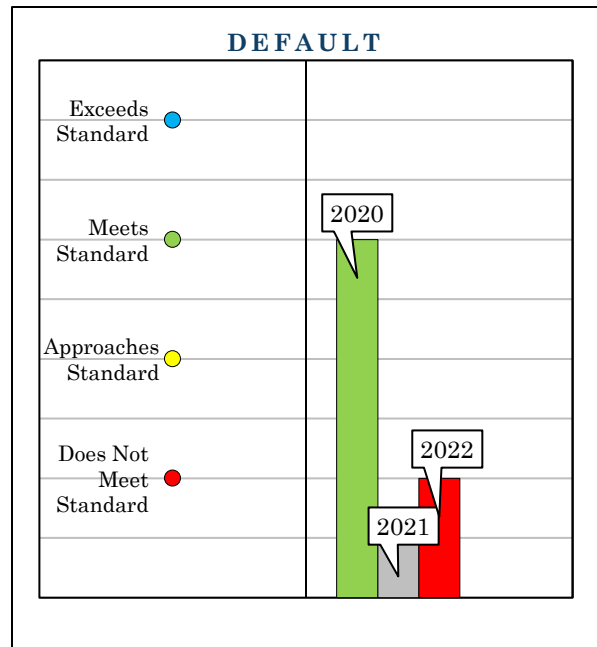
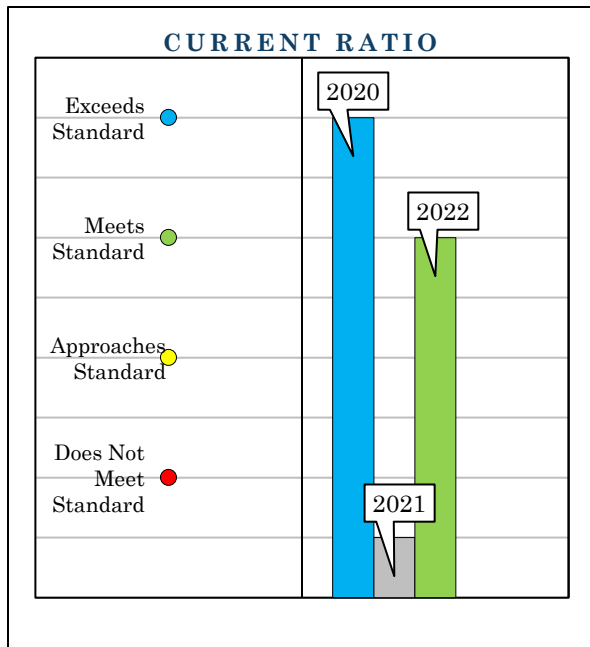
## Financial Compliance

<b>Standard Rating: Does Not Meet Standard</b>	
<b>Financial Operations</b>	<b>Data and/or Evidence Source</b>
The school's finances are managed in compliance with GAAP.	Financial Audit: 11/7/22
Expenditures and contracts are posted online appropriately.	School's Expenditure Page
The school maintains compliant internal controls.	Financial Audit: 11/7/22
The school is operating under a Notification of Fiscal Concern.	Notification of Fiscal Concern has been in place since 2019.
The school is not operating under a Notification of Possible or Imminent Closure.	
<b>Comments/Context</b>	

## Historical Performance: Near-Term Health Measures

The charts below provide an overview of a school's performance throughout their current (5) year certificate term. Schools are encouraged to consider how this data might be used to drive strategic planning as the school approaches its next renewal decision.

*\*During the 2020-2021 school year financial ratings were waived by the IPCSC due to the pandemic's impact on financial data. In the charts below, you will find these years have a grayed-out rating bar.*



## Historical Performance: Sustainability Measures

The charts below provide an overview of a school's performance throughout their current (5) year certificate term. Schools are encouraged to consider how this data might be used to drive strategic planning as the school approaches its next renewal decision.

*\*During the 2020-2021 school year financial ratings were waived by the IPCSC due to the pandemic's impact on financial data. In the charts below, you will find these years have a grayed-out rating bar.*



*The 2021-2022 Annual Report has been finalized by the  
Idaho Public Charter School Commission staff.*

If you have any questions or comments, please contact  
the IPCSC.



514 W. Jefferson, Suite 303  
Boise, ID 83720  
208-332-1561

[pcsc@osbe.idaho.gov](mailto:pcsc@osbe.idaho.gov)

# Financial Statements

The Village Charter School, Inc.  
Includes Supplemental Information  
Year Ended June 30, 2022



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**THE VILLAGE CHARTER SCHOOL, INC.**  
**TITLE PAGE**  
**1747 Fairmeadow Drive**  
**Boise, Idaho 83704**

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**Board of Trustees**

Adrian Castaneda	Chairman
Andrea Estes	Vice Chairman
Rob Wright	Trustee
Randy Basterrechea	Treasurer
Jacob Hays	Secretary

**Administrators**

Josh Noteboom	Lead Administrator
Candie Massey	Business Manager

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
The Village Charter School, Inc.  
Boise, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Village Charter School, Inc. (the Charter) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### **Basis for Qualified Opinion of the Governmental Activities**

Management has not performed the actuarial calculations for other post-employment benefits for the governmental activities and, accordingly, has not considered the Charter's other post-employment benefit liability. Accounting principles generally accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities is not reasonably determinable

### **Qualified Opinion**

In our opinion, except for effects, if any of the matter described in the "Basis for Qualified Opinion of the Governmental Activities" paragraph on the governmental activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of The Village Charter School, Inc., as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of The Village Charter School, Inc., as of June 30, 2022, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the schedules of employer's share of net pension liability and of employer contributions and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

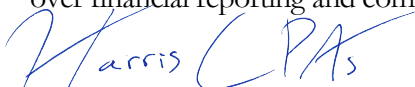
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter's financial statements as a whole. The supplemental schedules of revenues by source and expenditures by object of expenditure – budget and actual – General fund and the combining nonmajor fund financial statements are presented for additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplemental schedules of revenues by source and expenditures by object of expenditure – budget and actual – General fund have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of the Charter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control over financial reporting and compliance.

  
Meridian, Idaho  
November 10, 2022

**BASIC FINANCIAL STATEMENTS**

**THE VILLAGE CHARTER SCHOOL, INC.**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	<u><b>Governmental Activities</b></u>
Assets	
Cash and cash equivalents	\$ 839,174
Intergovernmental receivables	76,271
Surety bond	25,000
Prepaid expenses	7,097
Net pension asset	20,497
Capital assets, not subject to depreciation	807,600
Capital assets, net of accumulated depreciation and amortization	<u>3,449,805</u>
Total Assets	<u>5,225,444</u>
Deferred Outflows of Resources - Pension	<u>398,924</u>
Liabilities	
Accounts payable and other current liabilities	11,173
Salaries and benefits payable	171,116
Accrued interest	427,989
Long-term liabilities, due less than one year:	
Current portion of lease liability	14,211
Current portion of long-term debt	890,000
Long-term liabilities, due beyond one year:	
Lease liability, net of current portion	61,544
Long-term debt, net of current portion	<u>4,930,000</u>
Total Liabilities	<u>6,506,033</u>
Deferred Inflows of Resources - Pension	<u>716,519</u>
Net Position	
Net investment in capital assets	(1,562,595)
Restricted for special revenue funds	30,045
Unrestricted	<u>(65,634)</u>
Total Net Position	<u>\$ (1,598,184)</u>

See accompanying notes to basic financial statements.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental activities:					
Instruction	\$ 1,486,605	\$ 0	\$ 553,086	\$ 0	\$ (933,519)
Support services	500,456	0	28,065	0	(472,391)
Interest	<u>231,966</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(231,966)</u>
Total Governmental Activities	<u>\$ 2,219,027</u>	<u>\$ 0</u>	<u>\$ 581,151</u>	<u>\$ 0</u>	<u>\$ (1,637,876)</u>
General Revenues:					
State sources					1,853,364
Other					30,916
PPP loan forgiveness					<u>293,850</u>
Total General Revenues and Special Items					<u>2,178,130</u>
Change in Net Position					540,254
Net Position, Beginning (restated)					<u>(2,138,438)</u>
Net Position, End of Year					<u>\$ (1,598,184)</u>

See accompanying notes to basic financial statements.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2022**

	General Fund	Nonmajor Governmental Funds	Total Govt Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 709,442	\$ 129,732	\$ 839,174
Intergovernmental receivables, net	21,764	54,507	76,271
Internal balances	33,418		33,418
Prepaid expenses	7,097		7,097
Surety bond	25,000		25,000
	<u>25,000</u>	<u></u>	<u>25,000</u>
Total Assets	<u>\$ 796,721</u>	<u>\$ 184,239</u>	<u>\$ 980,960</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 7,167	\$ 4,006	\$ 11,173
Internal balances		33,418	33,418
Salaries and benefits payable	145,937	25,179	171,116
	<u>145,937</u>	<u>25,179</u>	<u>171,116</u>
Total Liabilities	153,104	62,603	215,707
<b>Fund Balances</b>			
Nonspendable	25,000		25,000
Restricted		30,045	30,045
Unassigned	618,617	91,591	710,208
	<u>618,617</u>	<u>91,591</u>	<u>710,208</u>
Total Fund Balances	<u>643,617</u>	<u>121,636</u>	<u>765,253</u>
Total Liabilities and Fund Balances	<u>\$ 796,721</u>	<u>\$ 184,239</u>	<u>\$ 980,960</u>

See accompanying notes to basic financial statements.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2022**

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Total Fund Balances – Governmental Funds	\$	765,253
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	807,600	
Cost of capital assets and right-to-use leased assets	3,970,528	
Accumulated depreciation and amortization	<u>(520,723)</u>	
		4,257,405

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Lease liability	(75,755)	
Bonds payable, Net	(5,020,000)	
Note payable	<u>(800,000)</u>	
		(5,895,755)

The Charter's proportionate share of the net pension asset that is recognized in the Government-Wide statements.

20,497

Certain current liabilities are not considered related to current resources in the fund financial statements. However, they are reported in the government-wide financial statements. Those liabilities consist of:

Accrued Interest on Long-term Debt	(427,989)
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In the government-wide statements, deferred inflows represent acquisitions of net Position that are applicable to a future reporting period and deferred outflows represent the consumption of resources that are applicable to a future reporting period. These deferrals consist of:

Deferred outflows (related to net pension liability)	398,924	
Deferred inflows (related to net pension liability)	<u>(716,519)</u>	
		<u>(317,595)</u>

Total Net Position – Governmental Activities	\$	<u><u>(1,598,184)</u></u>
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See accompanying notes to basic financial statements.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
State sources	\$ 1,796,649	\$ 56,715	\$ 1,853,364
Grants and contributions	10,450	570,701	581,151
Other	20,068	10,848	30,916
Total Revenues	1,827,167	638,264	2,465,431
Expenditures			
Instruction	1,019,033	467,572	1,486,605
Support services	560,584	70,670	631,254
Debt Service			
Principal			
Interest			
Other			
Total Expenditures	1,579,617	538,242	2,117,859
Excess (Deficiency) of Revenues Over Expenditures	247,550	100,022	347,572
Other Financing Sources (Uses)			
Transfers in (out)	2,017	(2,017)	
Net Other Financing Sources (Uses)	2,017	(2,017)	
Net Change in Fund Balances	249,567	98,005	347,572
Fund Balances, Beginning of Year (restated)	394,050	23,631	417,681
Fund Balances, End of Year	\$ 643,617	\$ 121,636	\$ 765,253

See accompanying notes to basic financial statements.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

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Total Net Change in Fund Balances – Governmental Funds	\$	347,572
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense or create a gain or loss on an asset when it is disposed.

Capital Outlay	15,695	
Depreciation and Amortization Expense	<u>(107,022)</u>	
Excess Depreciation Expense over capital outlay		(91,327)

The changes in certain employee benefit liability accounts and the related deferrals do not affect the governmental funds because they do not consume the current financial resources, but they are reported in the Statement of Activities.

Net Pension Liability and Related Deferral Changes	214,760
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Capital or municipal leases are financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities. Similarly, repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Accrued Interest on Long-term Debt Changes	(230,656)	
Lease Financing	6,055	
PPP Loan Forgiveness	<u>293,850</u>	
		<u>69,249</u>

Change in Net Position of Governmental Activities	\$	<u>540,254</u>
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See accompanying notes to basic financial statements.

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note A – Summary of Significant Accounting Policies

##### *Financial Reporting Entity*

The accompanying financial statements present the activities of The Village Charter School (the Charter). The Charter receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the Charter is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are volunteers and have decision-making authority, the power to designate management, the ability to significantly influence operation, and the primary accountability for fiscal matters. In addition, the Charter's reporting entity does not contain any component units as defined by the Governmental Accounting Standards Board.

##### *Basis of Presentation*

*Government-wide Statements:* The Statement of Net Position and the Statement of Activities display information about the financial activities of the Charter, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Charter's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses - expenses of the general government related to the administration and support of the Charter's programs, such as personnel and accounting (but not interest on long-term debt), are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues - include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Charter's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note A – Summary of Significant Accounting Policies (Continued)

The Charter reports the following major governmental funds:

- *General fund.* This is the Charter's primary operating fund. It accounts for all financial resources of the Charter, except those required to be accounted for in another fund.

The Charter reports the following fiduciary funds:

- *Custodial funds.* These funds account for assets held by the Charter as an agent for various student groups and clubs.

#### *Measurement Focus / Basis of Accounting*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Charter considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note A – Summary of Significant Accounting Policies (Continued)**

*Adoption of New Accounting Standards*

As of July 1, 2021, the Charter adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of implementing this standard, there was no effect on beginning fund balance.

*Cash Equivalents*

A “Pooled Cash” concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note B.

*Receivables*

All trade and intergovernmental receivables are shown net of an allowance for uncollectible amounts.

*Capital Assets*

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

	Capitalization <u>Policy</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
Buildings	\$ 5,000	Straight-line	20-50 years
Improvements	\$ 5,000	Straight-line	2-50 years
Equipment	\$ 5,000	Straight-line	3-10 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note A – Summary of Significant Accounting Policies (Continued)

##### *Capital Assets (Continued)*

Right to use leased assets are recognized at the lease commencement date and represent the Charter's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method.

##### *Accounts Payable*

Accounts payable represent expenditures incurred and to be paid within the next year.

##### *Lease Liabilities*

Lease liabilities represent the Charter's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate stated in the lease.

##### *Pensions*

For purposes of measuring the net pension liability and pension expense, information about fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### *Fund Balance Reporting and Governmental Funds*

- *Nonspendable.* Prepaid expenditures and inventories that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note A – Summary of Significant Accounting Policies (Continued)**

*Fund Balance Reporting and Governmental Funds (Continued)*

The remaining fund balance classifications (committed and assigned) are not applicable as no formal action was passed before year-end to commit funds and the Business Manager did not assign any funds to a specific purpose. Policies have been established for such classifications of fund balance. The Board of Trustees is the highest level of decision making authority and the Business Manager (or Administrative Designee) is authorized to assign balances to a specific purpose.

When expenditures are incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Charter's policy is to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

Under the terms of grant agreements, the Charter funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position and fund balances available to finance the program. When both restricted and unrestricted resources are available for use, it is the Charter's intent to use restricted resources first, then unrestricted resources as they are needed.

Restricted funds in the nonmajor governmental funds are restricted by state and federal grant provisions.

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note B – Cash and Investments

##### *Summary of Cash Balances*

A “Pooled Cash” concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. At year-end, cash was reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Custodial Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 837,518	\$ 1,656	\$ 839,174

##### *Deposits*

As of June 30, 2022, the carrying amount of the Charter’s deposits was \$839,174 and the respective bank balances totaled \$949,300.

##### *Custodial Credit Risk – Deposits*

This is the risk that in the event of a bank failure, the Charter’s deposits may not be returned. As of June 30, 2022, \$438,708 the Charter’s deposits were uninsured by the federal depository insurance or by collateral held by the Charter’s agent or pledging financial institution’s trust department or agent in the name of the Charter, and thus were not exposed to custodial credit risk. The Charter does not have a formal policy limiting its exposure to custodial credit risk for deposits.

##### *Custodial Credit Risk – Investments*

This is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Charter does not have a formal policy limiting its custodial risk for investments.

##### *Interest Rate Risk*

The Charter does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

## **THE VILLAGE CHARTER SCHOOL, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note B – Cash and Investments (Continued)**

##### *Investments*

The Charter follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Charter to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

#### **Note C – Intergovernmental Receivables**

Amounts due from other governments consist of amounts due from the State of Idaho in the amount of \$21,764 for state support, and \$54,507 for Medicaid and Federal funding reimbursements for a total \$76,271.

#### **Note D – Interfund Balances**

Balances due to/from other funds at June 30, 2022, consist of amounts due to the General fund from nonmajor governmental funds representing short-term loans to cover cash overdrafts.:

#### **Note E – Pension Plan**

##### *Plan Description*

The Village Charter School contributes to the Base Plan which is a cost-sharing, multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note E – Pension Plan (Continued)

##### *Pension Benefits*

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

##### *Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2022 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The Village Charter School's employer contributions were \$127,793 for the year ended June 30, 2022.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note E – Pension Plan (Continued)**

*Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2022, The Village Charter School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter's proportion of the net pension liability was based on The Charter's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, The Village Charter School proportion was 0.0259533 percent.

For the year ended June 30, 2022, The Village Charter School recognized pension revenue of \$10,594. At June 30, 2022, The Village Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 235,284	\$ 643,807
Net difference between projected and actual earnings on pension plan investments	30,200	11,914
Changes in the Charter's proportion and differences between the Charter's contributions and the Charter's proportionate contributions	5,647	60,798
Charter contributions subsequent to the measurement date	<u>127,793</u>	<u>0</u>
Total	<u>\$ 398,924</u>	<u>\$ 716,519</u>

\$127,793 reported as deferred outflows of resources related to pensions resulting from Charter contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note E – Pension Plan (Continued)**

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020, the beginning of the measurement period ended June 30, 2020, is 4.7 years and 4.6 years for the measurement period June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2022	\$ (91,797)
2023	(82,728)
2024	(72,295)
2025	(143,418)

*Actuarial Assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note E – Pension Plan (Continued)

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2017 through June 30, 2021 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2021, is based on the results of an actuarial valuation date July 1, 2021..

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and Directors to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note E – Pension Plan (Continued)

##### *Capital Market Assumptions*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	30.00%	1.80%	(0.20%)
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%
Portfolio Long-Term Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			2.30%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>			<b>6.35%</b>

##### *Discount Rate*

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note E – Pension Plan (Continued)

*Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Charter's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Charter's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease ( <u>5.35%</u> )	Current Discount Rate ( <u>6.35%</u> )	1% Increase ( <u>7.35%</u> )
Employer's proportionate share Of the net pension liability (asset)	\$ <u>712,533</u>	\$ <u>(20,497)</u>	\$ <u>(621,377)</u>

#### *Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

#### *Payables to the pension plan*

At June 30, 2022, the Charter reported no payable to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

#### Note F – Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter expects such amounts, if any, to be immaterial.

## THE VILLAGE CHARTER SCHOOL, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note G – Risk Management

The Charter is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

#### Note H – Concentrations

The School's principal source of support is state base support revenue. For the year ended June 30, 2022, this funding source accounted for approximately 75% of all revenues.

#### Note I – Debt Commitments

In 2017 the Charter partnered with American Charter Development (ACD) to provide funds for the acquisition and construction of major capital facilities. The revenue bonds are direct obligations and pledge the full faith and credit of the Charter.

In June 2019 the Charter entered into a term loan agreement in the amount of \$800,000. The note bears interest at 10% and matures in December 2021.

A summary of debt activity for the year ended June 30, 2022 is as follows:

#### Governmental Activities

	Original Maturity	Rate	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
Bonds and Notes Payable:							
2017 Series A	2025	7.00%	4,755,000			4,755,000	45,000
2017 Series B	2023	10.00%	55,000			55,000	45,000
2017 Series C	2022	4.59%	210,000			210,000	
Term Loan	2022	10.00%	800,000			800,000	800,000
			5,820,000			5,820,000	890,000
Total Debt			<u>\$ 5,820,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,820,000</u>	<u>\$ 890,000</u>

**THE VILLAGE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note I – Debt Commitments (Continued)**

Debt service requirements on long-term debt at June 30, 2022, is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 890,000	\$ 418,350	\$1,308,350
2024	125,000	410,700	535,700
2025	120,000	321,650	
2026	4,685,000	351,806	5,036,806
	<u>\$5,820,000</u>	<u>\$1,502,506</u>	<u>\$6,880,856</u>

**Note J – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	7/1/2021	Additions	Disposals	6/30/2022
Government Activities:				
Capital Assets Not Being Depreciated				
Land	<u>\$ 807,600</u>	<u>\$</u>	<u>\$</u>	<u>\$ 807,600</u>
Capital Assets Being Depreciated				
Buildings and Improvements	3,738,756	15,695		3,754,451
Equipment	<u>134,267</u>			<u>134,267</u>
Total Depreciable Assets	<u>3,873,023</u>	<u>15,695</u>		<u>3,888,718</u>
Less: Accumulated Depreciation				
Buildings and Improvements	315,665	83,648		399,313
Equipment	<u>98,036</u>	<u>16,881</u>		<u>114,917</u>
Total Accumulated Depreciation	<u>413,701</u>	<u>100,529</u>		<u>514,230</u>
Right to Use Lease Assets Being Amortized				
Equipment		<u>81,810</u>		<u>81,810</u>
Less: Accumulated Amortization				
Equipment		<u>6,493</u>		<u>6,493</u>
Governmental Activities				
Capital Assets – Net	<u>\$ 4,266,922</u>	<u>\$ (9,517)</u>	<u>\$</u>	<u>\$ 4,257,405</u>

Depreciation and amortization expense was charged to the functions of the Charter as follows:

Instruction	\$ 83,648
Support Services	<u>23,374</u>
	<u>\$ 107,022</u>

**THE VILLAGE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note K – Lease Commitments**

In January 2022, the Charter entered into a copier lease. The lease period is 63 months and payments are due monthly. The lease liability was calculated using a discount rate of 5.0%, the Charter's incremental borrowing rate. The total amount of right to use leased assets, and the related accumulated amortization on right to use leased assets was \$81,810 and \$6,493 as of June 30, 2022, respectively.

Changes in lease liabilities during the year ended June 30, 2022 are as follows:

	<u>Balance</u> <u>7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2022</u>	<u>Due Within</u> <u>One Year</u>
Lease	\$ 0	\$ 80,337	\$ 4,582	\$ 75,755	\$ 14,211

Remaining principal and interest payments on the lease are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 14,211	\$ 3,465	\$ 17,676
2024	14,938	2,738	17,676
2025	15,702	1,974	17,676
2026	16,506	1,170	17,676
2027	<u>14,398</u>	<u>332</u>	<u>14,730</u>
	<u>\$ 75,755</u>	<u>\$ 9,679</u>	<u>\$ 85,434</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE VILLAGE CHARTER SCHOOL, INC.**  
**BUDGETARY (GAAP BASIS) COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State Sources	\$ 1,735,008	\$ 1,769,179	\$ 1,796,649	\$ 27,470
Grants and Contributions	8,000	29,365	10,450	(18,915)
Other	<u>17,410</u>	<u>16,178</u>	<u>20,068</u>	<u>3,890</u>
Total Revenue	<u>1,760,418</u>	<u>1,814,722</u>	<u>1,827,167</u>	<u>12,445</u>
Expenditures				
Current:				
Instruction	992,123	1,029,448	1,019,033	(10,415)
Support services	563,365	599,844	560,584	(39,260)
Debt Service:				
Principal				
Interest	262,500	262,500	0	(262,500)
Contingency Reserve	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>1,817,988</u>	<u>1,891,792</u>	<u>1,579,617</u>	<u>(312,175)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(57,570)</u>	<u>(77,070)</u>	<u>247,550</u>	<u>324,620</u>
Other Financing Sources (Uses)				
Transfers In (Out)	820	820	2,017	1,197
Debt Proceeds	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources (Uses)	<u>820</u>	<u>820</u>	<u>2,017</u>	<u>1,197</u>
Net Change in Fund Balances	(56,750)	(76,250)	249,567	325,817
Fund Balances – Beginning	<u>394,050</u>	<u>394,050</u>	<u>394,050</u>	<u>0</u>
Fund Balances – Ending	<u>\$ 337,300</u>	<u>\$ 317,800</u>	<u>\$ 643,617</u>	<u>\$ 325,817</u>

**THE VILLAGE CHARTER SCHOOL, INC.**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND**  
**EMPLOYER CONTRIBUTIONS**  
**For the Year Ended June 30, 2022**

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**Schedule of Employer's Share of Net Pension Liability**

**PERSI - Base Plan**

**Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Employer's portion of net the pension liability	0.0246793%	0.02683%	0.0292220%	0.0340802%	0.0381629%	0.0403709%	0.0334008%	0.0259533%
Employer's proportionate share of the net pension liability	\$ 181,678	\$ 353,293	\$ 592,375	\$ 535,682	\$ 562,909	\$ 460,823	\$ 775,611	\$ (20,497)
Employer's covered-employee payroll	\$ 751,469	\$ 881,905	\$ 1,058,510	\$ 1,333,148	\$ 1,371,160	\$ 1,189,787	\$ 968,548	\$ 1,070,293
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	24.18%	40.06%	55.96%	40.18%	41.05%	38.73%	80.08%	-1.92%
Plan fiduciary net position as a percentage of total pension liability	94.95%	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%	88.22%

\* GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Charter will present information for those use for which information is available.

Data reported is measured as of June 30, 2020 (measurement date)

**Schedule of Employer Contributions**

**PERSI - Base Plan**

**Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Statutorily required contribution	\$ 85,066	\$ 99,832	\$ 119,823	\$ 150,912	\$ 155,215	\$ 142,010	\$ 115,645	\$ 127,793
Contributions in relation to statutorily required contribution	\$ 85,066	\$ 99,832	\$ 119,823	\$ 150,912	\$ 155,215	\$ 142,010	\$ 115,645	\$ 127,793
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 751,469	\$ 881,905	\$ 1,058,510	\$ 1,333,148	\$ 1,371,160	\$ 1,189,787	\$ 968,548	\$ 1,070,293
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%	11.32%	11.32%	11.94%	11.94%	11.94%

\* GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Charter will present information for those use for which information is available.

Data Reported is measured as of June 30, 2021.

**THE VILLAGE CHARTER SCHOOL, INC.**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2022**

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**NOTE A - BUDGETS AND BUDGETARY ACCOUNTING**

The charter follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 1, the Business Manager and Board of Trustees prepare a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to July 1, the budget is legally enacted through passage at a board meeting.
- D. Formal budgetary integration is employed as a management control device during the year for all the funds.
- E. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- F. Budgeted amounts are as originally adopted, or amended by the Board of Trustees.

**SUPPLEMENTARY INFORMATION**

**THE VILLAGE CHARTER SCHOOL, INC.**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

	Student Activities	Technology	ESSER II Fund	ESSER III Fund	Substance Abuse	IDEA Part B	School Based Medicaid	Learning Loss
Assets								
Cash	\$ 3,434	\$ 21,694	\$	\$	\$ 2,319	\$	\$ 95,829	\$
Intergovernmental Receivables, net				30,844		13,757		
Total Assets	<u>\$ 3,434</u>	<u>\$ 21,694</u>	<u>\$</u>	<u>\$ 30,844</u>	<u>\$ 2,319</u>	<u>\$ 13,757</u>	<u>\$ 95,829</u>	<u>\$</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$	\$	\$	\$ (4,000)	\$	\$	\$	\$
Internal balances				20,961		9,808		
Salaries and benefits payable				13,883		3,543	4,238	
Total Liabilities				30,844		13,351	4,238	
Fund Balances								
Nonspendable								
Restricted	3,434	21,694			2,319	406		
Unassigned							91,591	
Total Fund Balances	<u>3,434</u>	<u>21,694</u>			<u>2,319</u>	<u>406</u>	<u>91,591</u>	
Total Liabilities and Fund Balances	<u>\$ 3,434</u>	<u>\$ 21,694</u>	<u>\$</u>	<u>\$ 30,844</u>	<u>\$ 2,319</u>	<u>\$ 13,757</u>	<u>\$ 95,829</u>	<u>\$</u>

**THE VILLAGE CHARTER SCHOOL, INC.**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**June 30, 2022**

	Title IV-A	Title I	Teacher Improvement	Blended Learning	ARPA IDEA	ARPA	Custodial Funds	Total
Assets								
Cash	\$	\$	\$	\$	\$ 4,800	\$	\$ 1,656	\$ 129,732
Intergovernmental Receivables, net	265	9,641						54,507
Total Assets	<u>\$ 265</u>	<u>\$ 9,641</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,800</u>	<u>\$</u>	<u>\$ 1,656</u>	<u>\$ 184,239</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 28	\$ 4,499	\$	\$	\$ 4,800	\$	\$ (1,321)	\$ 4,006
Internal balances	237	996					1,416	33,418
Salaries and benefits payable		3,515						25,179
Total Liabilities	265	9,010			4,800		95	62,603
Fund Balances								
Nonspendable								
Restricted		631					1,561	30,045
Unassigned								91,591
Total Fund Balances		631					1,561	121,636
Total Liabilities and Fund Balances	<u>\$ 265</u>	<u>\$ 9,641</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,800</u>	<u>\$</u>	<u>\$ 1,656</u>	<u>\$ 184,239</u>

**THE VILLAGE CHARTER SCHOOL, INC.**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

	Student Activities	Technology	ESSER II Fund	ESSER III Fund	Substance Abuse	IDEA Part B	School Based Medicaid	Learning Loss
Revenues								
State sources	\$	\$ 51,916	\$	\$	\$ 4,799	\$	\$	\$
Grants and contributions			168,887	58,605		42,439	158,467	27,374
Other	<u>10,848</u>							
Total Revenues	<u>10,848</u>	<u>51,916</u>	<u>168,887</u>	<u>58,605</u>	<u>4,799</u>	<u>42,439</u>	<u>158,467</u>	<u>27,374</u>
Expenditures								
Instruction	7,414		168,887	51,985	1,326	42,022	79,681	27,374
Support services		38,039		6,620	1,887			
Capital outlay								
Total Expenditures	<u>7,414</u>	<u>38,039</u>	<u>168,887</u>	<u>58,605</u>	<u>3,213</u>	<u>42,022</u>	<u>79,681</u>	<u>27,374</u>
Excess (Deficiency) of Revenues Over Expenditures	3,434	13,877			1,586	417	78,786	
Other Financing Sources (Uses)								
Transfers in (out)								
Net Other Financing Sources (Uses)								
Net Change in Fund Balances	3,434	13,877			1,586	417	78,786	
Fund Balances, Beginning of Year		7,817			733	(11)	12,805	
Fund Balances, End of Year	<u>\$ 3,434</u>	<u>\$ 21,694</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,319</u>	<u>\$ 406</u>	<u>\$ 91,591</u>	<u>\$</u>

**THE VILLAGE CHARTER SCHOOL, INC.**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**For the Year Ended June 30, 2022**

	Title IV-A	Title I	Teacher Improvement	Blended Learning	ARPA IDEA	ARPA	Custodial Funds	Total
Revenues								
State sources	\$	\$	\$	\$	\$	\$	\$	\$ 56,715
Grants and contributions	6,346	52,067	7,588	11,340	9,245	28,343		570,701
Other								10,848
Total Revenues	6,346	52,067	7,588	11,340	9,245	28,343		638,264
Expenditures								
Instruction		48,108		8,340	9,245	23,095	95	467,572
Support services	6,346	1,942	7,588	3,000		5,248		70,670
Capital outlay								0
Total Expenditures	6,346	50,050	7,588	11,340	9,245	28,343	95	538,242
Excess (Deficiency) of Revenues Over Expenditures		2,017					(95)	100,022
Other Financing Sources (Uses)								
Transfers in (out)		(2,017)						(2,017)
Net Other Financing Sources (Uses)		(2,017)						(2,017)
Net Change in Fund Balances							(95)	98,005
Fund Balances, Beginning of Year		631					1,656	23,631
Fund Balances, End of Year	\$	\$ 631	\$	\$	\$	\$	\$ 1,561	\$ 121,636

**FEDERAL REPORT**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
The Village Charter School, Inc.  
Boise, Idaho

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Village Charter School, Inc. as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2022. A qualified opinion was issued for the year ended June 30, 2022 over the governmental activities as discussed in the "Basis for Qualified Opinions" paragraph. Management did not obtain an actuarial valuation and did not record the School's other post-employment benefit liability (OPEB) in order to conform with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Village Charter School, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Idaho The Village Charter School, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Meridian, Idaho  
November 10, 2022

## CHARTER SCHOOL PERFORMANCE CERTIFICATE

This performance certificate is executed on this 14<sup>th</sup> day of June 2018, by and between the Idaho Public Charter School Commission (the “Authorizer”), and The Village Charter School, Inc. (the “School”), an independent public school organized as an Idaho nonprofit corporation and established under the Public Charter Schools Law, Idaho Code Section 33-5201 *et seq.*, as amended (the “Charter Schools Law.”)

### RECITALS

WHEREAS, on April 29, 2010, the Authorizer approved a charter petition for the establishment of the School; and

WHEREAS, the School began operations in the year 2011; and

WHEREAS, the School’s charter was renewed on March 1, 2018, for a five-year term of operations,

NOW THEREFORE in consideration of the foregoing recitals and mutual understandings, the Authorizer and the School agree as follows:

### SECTION 1: AUTHORIZATION OF CHARTER SCHOOL

- A. Continued Operation of School.** Pursuant to the Charter Schools Law, the Authorizer hereby approves the continued operation of the School on the terms and conditions set forth in this Charter School Performance Certificate (the “Certificate”). The approved Charter is attached to this Certificate as Appendix C.
- B. Term of Agreement.** This Certificate is effective as of July 1, 2018, and shall continue through June 30, 2023, unless earlier terminated as provided herein.

### SECTION 2: SCHOOL GOVERNANCE

- A. Governing Board.** The School shall be governed by a board (the “Charter Board”) in a manner that is consistent with the terms of this Certificate so long as such provisions are in accordance with state, federal, and local law. The Charter Board shall have final authority and responsibility for the academic, financial, and organizational performance of the School. The Charter Board shall also have authority for and be responsible for policy and operational decisions of the School, although nothing herein shall prevent the Charter Board from delegating decision-making authority for policy and operational decisions to officers, employees and agents of the School, as well as third party management providers.

- B. Articles of Incorporation and Bylaws.** The articles of incorporation and bylaws of the entity holding the charter shall provide for governance of the operation of the School as a nonprofit corporation and public charter school and shall at all times be consistent with all applicable law and this Certificate. The School shall notify the Authorizer of any modification to the Articles or Bylaws within five (5) business days of approval by the Charter Board.
- C. Charter Board Composition.** The composition of the Charter Board shall at all times be determined by and consistent with the Articles and Bylaws and all applicable law and policy. The Charter Board shall notify the Authorizer of any changes to its composition and provide an amended School Leadership Roster within five (5) business days of their taking effect.

### SECTION 3: EDUCATIONAL PROGRAM

- A. School Mission.** The mission of the School is as follows: The Village Charter School provides a challenging, hands-on curriculum to cultivate students who are critical thinkers and confident leaders in a safe, supportive and loving environment.
- B. Grades Served.** The School may serve students in K-8.
- C. Design Elements.** The School shall implement and maintain the following essential design elements of its educational program:
- Achieving and maintaining Lighthouse School status;
  - Teaching differentiation using the Limitless Learning Method;
  - Teaching effective leadership principles using the 7 Habits of Highly Effective People;
  - Teaching character development using the ACE Approach and Core Values; and
  - Using teaching methods and curriculum that are challenging and engaging, research-based, hands-on, real-world applicable, and develop critical thinking skills.
- D. Standardized Testing.** Students of the School shall be tested with the same standardized tests as other Idaho public school students.
- E. Accreditation.** The School shall be accredited as provided by rule of the state board of education.

### SECTION 4: AUTHORIZER ROLE AND RESPONSIBILITIES

- A. Oversight Allowing Autonomy.** The Authorizer shall comply with the provisions of Charter School Law and the terms of this Certificate in a manner that does not unduly inhibit the autonomy of the School. The Authorizer's Role will be to evaluate the School's outcomes according to this Certificate and the Performance Framework rather than to establish the process by which the School achieves the outcomes sought.
- B. Charter School Performance Framework.** The Charter School Performance

Framework (“Performance Framework”) is attached and incorporated into this agreement as Appendix B. The Performance Framework shall be used to evaluate the School’s academic, financial and operational performance, and shall supersede and replace any and all assessment measures, educational goals and objectives, financial operations metrics, and operational performance metrics set forth in the Charter and not explicitly incorporated into the Performance Framework. The specific terms, form and requirements of the Performance Framework, including any required indicators, measures, metrics, and targets, are determined by the Authorizer and will be binding on the School.

- C. Identified Comparison Group.** For purposes of evaluating the School against the metrics and measures established in the Performance Framework, the School’s comparison group shall be identified as described below and shall be established for the length of the Certificate term:
  - a. The School’s comparison group shall include all schools in the following school district: Boise Independent School District (001).
- D. Authorizer to Monitor School Performance.** The Authorizer shall monitor and report on the School’s progress in relation to the indicators, measures, metrics and targets set out in the Performance Framework. The School shall be subject to a formal review of its academic, mission-specific, operational, and financial performance at least annually.
- E. School Performance.** The School shall achieve an accountability designation of *Good Standing* or *Honor* on each of the three sections of the Performance Framework. In the event the School is a party to a third party management contract which includes a deficit protection clause, the School shall be exempt from some or all measures within the financial portion of the Performance Framework. In accordance with Charter School Law, the Authorizer shall renew any charter in which the public charter school met all of the terms of its performance certificate at the time of renewal.
- F. Performance Framework As Basis For Renewal of Charter.** The School’s performance in relation to the indicators, measures, metrics and targets set forth in the Academic and Mission-Specific, Operational and Financial sections of the Performance Framework shall provide the basis upon which the Authorizer will decide whether to renew the School’s Charter at the end of the Certificate term. As part of the Performance Framework, the Authorizer agrees to consider mission-specific, rigorous, valid, and reliable indicators of the School’s performance. These negotiated indicators will be included in the Mission-Specific portion of the Academic and Mission Specific section of the Performance Framework.
- G. Authorizer’s Right to Review.** The School will be subject to review of its academics, operations and finances by the Authorizer, including related policies, documents and records, when the Authorizer deems such review necessary. The Authorizer shall conduct its reviews in a manner that does not unduly inhibit the autonomy granted to the School.
- H. Site Visits.** The Authorizer may conduct site visits in accordance with the Authorizer’s policy. Reports from any site visit shall be made available to the School and shall be

included in the School's annual Performance Report.

- I. Required Reports.** The School shall prepare and submit reports regarding its governance, operations, and/or finances according to the established policies of and upon the request of the Authorizer. However, to the extent possible, the Authorizer shall not request reports from the School that are otherwise available through student information systems or other data sources reasonably available to the Authorizer.

## SECTION 5: SCHOOL OPERATIONS

- A. In General.** The School and the Charter Board shall operate at all times in accordance with all federal and state laws, local ordinances, regulations and Authorizer policies applicable to charter schools.
- B. Maximum Enrollment.** The maximum number of students who may be enrolled in the school shall be 550.
- A. Enrollment Policy.** The School shall make student recruitment, admissions, enrollment and retention decisions in a nondiscriminatory manner and without regard to race, color, creed, national origin, sex, marital status, religion, ancestry, disability or need for special education services. In no event may the School limit admission based on race, ethnicity, national origin, disability, gender, income level, athletic ability, or proficiency in the English language. If there are more applications to enroll in the charter school than there are spaces available, the charter school shall select students to attend using a random selection process that shall be publicly noticed and open to the public.
- B. School Facilities.** 1747 N Fairmeadow Drive, Boise, ID 83704. The School shall provide reasonable notification to the Authorizer of any change in the location of its facilities.
- C. Attendance Area.** The School's primary attendance area is as follows: The primary attendance area is as described in Appendix C, the School's Charter.
- D. Staff.** Instructional staff shall be certified teachers as provided by rule of the state board of education. All full-time staff members of the School will be covered by the public employee retirement system, federal social security, unemployment insurance, worker's compensation insurance, and health insurance.
- E. Alignment with All Applicable Law.** The School shall comply with all applicable federal and state laws, rules, and regulations. In the event any such laws, rules, or regulations are amended, the School shall be bound by any such amendment upon the effective date of said amendment.

## SECTION 6: SCHOOL FINANCE

- A. General.** The School shall comply with all applicable financial and budget statutes, rules, regulations, and financial reporting requirements, as well as the requirements contained in the Performance Framework incorporated into this agreement as Appendix B.
- B. Financial Controls.** At all times, the Charter School shall maintain appropriate

governance and managerial procedures and financial controls which procedures and controls shall include, but not be limited to: (1) commonly accepted accounting practices and the capacity to implement them (2) a checking account; (3) adequate payroll procedures; (4) procedures for the creation and review of monthly and quarterly financial reports, which procedures shall specifically identify the individual who will be responsible for preparing such financial reports in the following fiscal year; (5) internal control procedures for cash receipts, cash disbursements and purchases; and (6) maintenance of asset registers and financial procedures for grants in accordance with applicable state and federal law.

- C. Financial Audit.** The School shall submit audited financial statements from an independent auditor to the Authorizer no later than November 1 of each year.
- D. Annual Budgets.** The School shall adopt a budget for each fiscal year, prior to the beginning of the fiscal year. The budget shall be in the Idaho Financial Accounting Reporting Management Systems (IFARMS) format and any other format as may be reasonably requested by the Authorizer.

## **SECTION 7: TERMINATION, NON-RENEWAL AND REVOCATION**

- A. Termination by the School.** Should the School choose to terminate its Charter before the expiration of the Certificate, it may do so upon written notice to the Authorizer. Any school terminating its charter shall work with the Authorizer to ensure a smooth and orderly closure and transition for students and parents, as guided by the public charter school closure protocol established by the Authorizer attached as Appendix D.
- B. Nonrenewal.** The Authorizer may non-renew the Charter at the expiration of the Certificate if the School failed to meet one (1) or more of the terms of its Certificate. Any school which is not renewed shall work with the Authorizer to ensure a smooth and orderly closure and transition for students and parents, as guided by the public charter school closure protocol established by the Authorizer attached as Appendix D.
- C. Revocation.** The School's Charter may be revoked by the Authorizer if the School has failed to meet any of the specific, written renewal conditions attached, if applicable, as Appendix A for necessary improvements established pursuant to Idaho Code§ 33-5209B(1) by the dates specified. Revocation may not occur until the public charter school has been afforded a public hearing, unless the Authorizer determines that continued operation of the public charter school presents an imminent public safety issue. If the School's Charter is revoked, the School shall work with the Authorizer ensure a smooth and orderly closure and transition for students and parents, as guided by the public charter school closure protocol established by the Authorizer attached as Appendix D.
- D. Dissolution.** Upon termination of the Charter for any reason by the Charter Board, or upon nonrenewal or revocation, the Charter Board will supervise and have authority to conduct the winding up of the business and other affairs of the School; provided, however, that in doing so the Authorizer will not be responsible for and will not assume any

liability incurred by the School. The Charter Board and School personnel shall cooperate fully with the winding up of the affairs of the School.

- E. Disposition of School's Assets upon Termination or Dissolution.** Upon termination of the Charter for any reason, any assets owned by the School shall be distributed in accordance with Charter Schools Law.

## **SECTION 8: MISCELLANEOUS**

- A. No Employee or Agency Relationship.** None of the provisions of this Certificate will be construed to create a relationship of agency, representation, joint venture, ownership, or employment between the Authorizer and the School.
- B. Additional Services.** Except as may be expressly provided in this Certificate, as set forth in any subsequent written agreement between the School and the Authorizer, or as may be required by law, neither the School nor the Authorizer shall be entitled to the use of or access to the services, supplies, or facilities of the other.
- C. No Third-Party Beneficiary.** This Certificate shall not create any rights in any third parties, nor shall any third party be entitled to enforce any rights or obligations that may be possessed by either party to this Certificate.
- D. Amendment.** This Certificate may be amended by agreement between the School and the Authorizer in accordance with Authorizer policy. All amendments must be in writing and signed by the School and the Authorizer.

IN WITNESS WHEREOF, the Authorizer and the School have executed this Performance Certificate to be effective July 1, 2018.

Alan Reed

Chairperson, Idaho Public Charter School Commission

 6/26/18

Chairperson, The Village Charter School Board

IN WITNESS WHEREOF, the Authorizer and The Village Charter School have executed this amendment to the Performance Certificate, effective 12/1/2020:

1. To incorporate the PCSC Performance Framework (revised on 10/8/20) as Appendix B of this Performance Certificate.
2. To include the following language as Section 4C of this Performance Certificate:

**Identified Comparison Group.** For purposes of evaluating the School against the metrics and measures established in the Performance Framework, the School's comparison group shall be identified as described below and shall be established for the length of the Certificate term:

- a. The School's comparison group shall include all schools in the following school district: Boise Independent School District (001).
3. To remove the following language from section 5B of this Performance Certificate:  
  
The maximum number of students who may be enrolled per class/grade level shall be as follows: 25 students per class in kindergarten and grade 1; 30 students per class in grades 2 and 3; 33 students per class in grades 4 – 8; TVCS may offer up to two kindergarten and two first grade classrooms in its first year of operation. The school may expand by one classroom per grade, per school year, up to two classrooms per grade in K-8. If enrollment is inadequate in two (2) adjacent grades, classes may be combined as needed.
4. To update the language in Section 4H – Site Visits, to align with PCSC policy revisions. The revised language is noted below:
  - a. The Authorizer may conduct site visits in accordance with the Authorizer's policy. Reports from any site visit shall be made available to the School and shall be included in the School's annual Performance Report.

*Alan Reed*

Alan Reed (Nov 23, 2020 15:02 MST)

**Chairman, Idaho Public Charter School Commission**

*Robin Castelneta*

**Chairman, The Village Charter School Board**



# Annual Performance Report 2021

## THE VILLAGE CHARTER SCHOOL

### DBA VILLAGE LEADERSHIP ACADEMY

**Mission Statement:** The Village Charter School provides a challenging, hands-on curriculum to cultivate students who are critical thinkers and confident leaders in a safe, supportive, and loving environment.

<b>Chair/President</b>	Adrian Castaneda
<b>Treasurer</b>	Randy Basterrechea
<b>Secretary</b>	Jake Hays
<b>Administrator</b>	Josh Noteboom
<b>Business Manager</b>	Candie Massey
<b>School Location</b>	1747 N. Fairmeadow Dr., Boise, ID 83704
<b>School Phone</b>	208-336-2000

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## Introduction

Charter schools in Idaho operate on 5-year terms as defined in a Performance Certificate executed between the school's board and its authorizer. In addition, Idaho law requires that every certificate includes a framework describing the expectations the school must meet in order to earn a next operational term. It also requires that charter school authorizer's complete performance reports for the schools they oversee each year. The annual performance report serves the following purposes:

1. To provide transparent information about charter school quality to the public;
2. To ensure charter school boards have access to clear expectations and;
3. To inform mid-term authorizing decisions.

This report reflects how the school's outcomes during the most recently completed school year measure up against the expectations established in the framework. At the end of each 5-year term, the authorizer reviews the school's annual reports and financial data to inform its decision to renew, conditionally renew, or non-renew, the school for a subsequent term.

Each measure included in the IPCSC's framework has a meets standard benchmark. A school that meets standard on all measures at the end of its current operational term is guaranteed an unconditional renewal. A school that does not meet standard on at least one measure at the end of its current operational term may be conditionally renewed or non-renewed. Because the outcomes on this report inform high-stakes decisions, schools are encouraged to use this information to support their strategic planning efforts each year.

**COVID-19 NOTE:** Please note that due to the COVID-19 pandemic, the IPCSC has suspended ratings (exceeds, meets, etc.) on academic and financial measures for the FY21 report. All outcomes are included in this report; however, outcomes are not rated.

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The Village Charter School Performance Certificate: [TVCS Performance Certificate](#)

Performance Framework: [IPCSC Performance Framework](#)

Current Term: 2018-2023

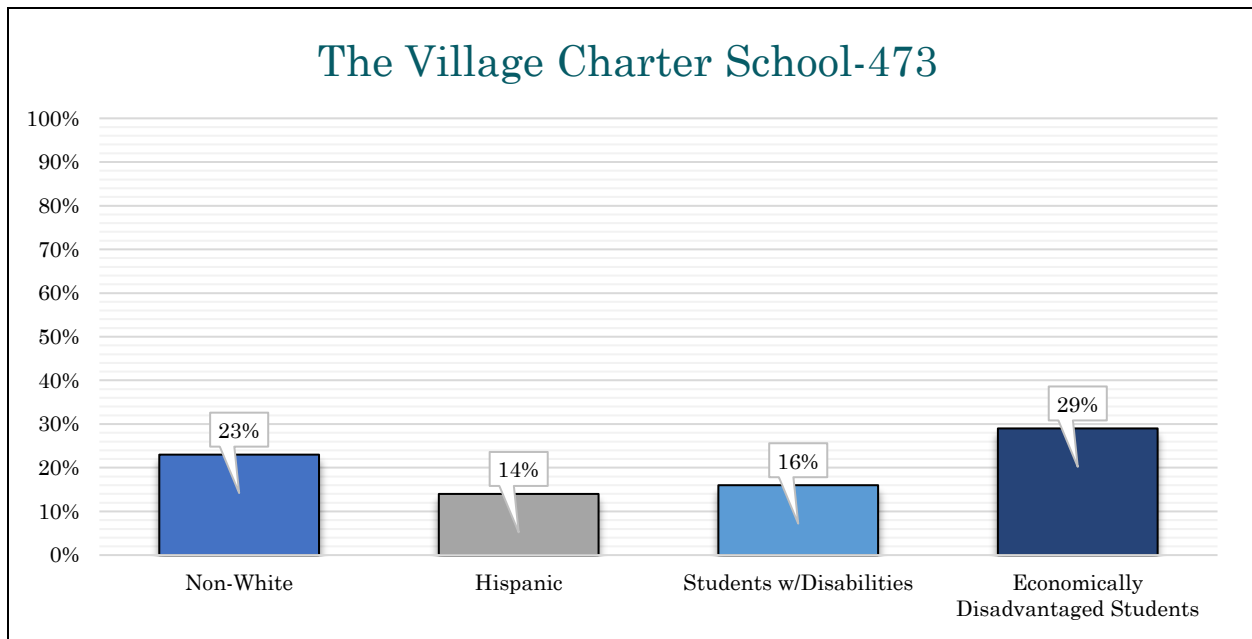
## School Overview

Model:	7 Habits & Leadership; Limitless Learning Method
Enrollment Capacity:	550
Grades Served:	K-8
Enrollment Projected FY22:	298

### Key Design Elements:

- Achieving and maintaining Lighthouse School status;
- Teaching differentiation using the Limitless Learning Method;
- Teaching effective leadership principles using the 7 Habits of Highly Effective People;
- Teaching character development using the ACE Approach and Core Values; and
- Using teaching methods and curriculum that are challenging and engaging, research-based, hands-on, real-world applicable, and develop critical thinking skills.

### 2021 THE VILLAGE CHARTER SCHOOL DEMOGRAPHIC SUMMARY:



## 2020-2021 Annual Snapshot

*Schools are encouraged to use this information for strategic planning and to ensure that any identified weaknesses are addressed in advance of renewal consideration.*

RATING LEGEND	DOES NOT MEET STANDARD	APPROACHES STANDARD	MEETS STANDARD	EXCEEDS STANDARD	NOT RATED DUE TO PANDEMIC
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<b>ACADEMIC OUTCOMES:</b>	
Math Proficiency	32%
Math Growth	<i>Data Not Available for 2020-2021</i>
ELA Proficiency	51%
ELA Growth	<i>Data Not Available for 2020-2021</i>
Literacy Proficiency	FALL IRI: 63% SPRING IRI: 67%

<b>FINANCIAL OUTCOMES: NEAR TERM MEASURES</b>	
Current Ratio	1.30
Unrestricted Days Cash	71
Default	None
Enrollment Variance	79.67%

<b>OPERATIONAL OUTCOMES: BOARD STEWARDSHIP</b>	
Governance Structure	EXCEEDS STANDARD
Governance Oversight	EXCEEDS STANDARD
Governance Compliance	EXCEEDS STANDARD

<b>FINANCIAL OUTCOMES: SUSTAINABILITY MEASURES</b>	
Total Margin 3 Yr. Aggregate Margin	TM: -33.52% 3YR: -22.77%
Cash Flow Multi-Year Cash Flow	CF: \$-546,548 MY: \$45,470
Debt Service Coverage Ratio	.39
Debt Asset Ratio	1.33
Financial Compliance	Notice of Fiscal Concern

<b>OPERATIONAL OUTCOMES: MANAGEMENT</b>	
Student Services	EXCEEDS STANDARD
Data Security/Transparency	EXCEEDS STANDARD
Facility & Services	EXCEEDS STANDARD
Operational Compliance	EXCEEDS STANDARD

*Note: Due to the impact of the pandemic, Academic outcomes were not available for the 2019-2020 school year. Academic outcomes are available but will not be rated for the 2020-2021 school year.*

## Academic Outcomes

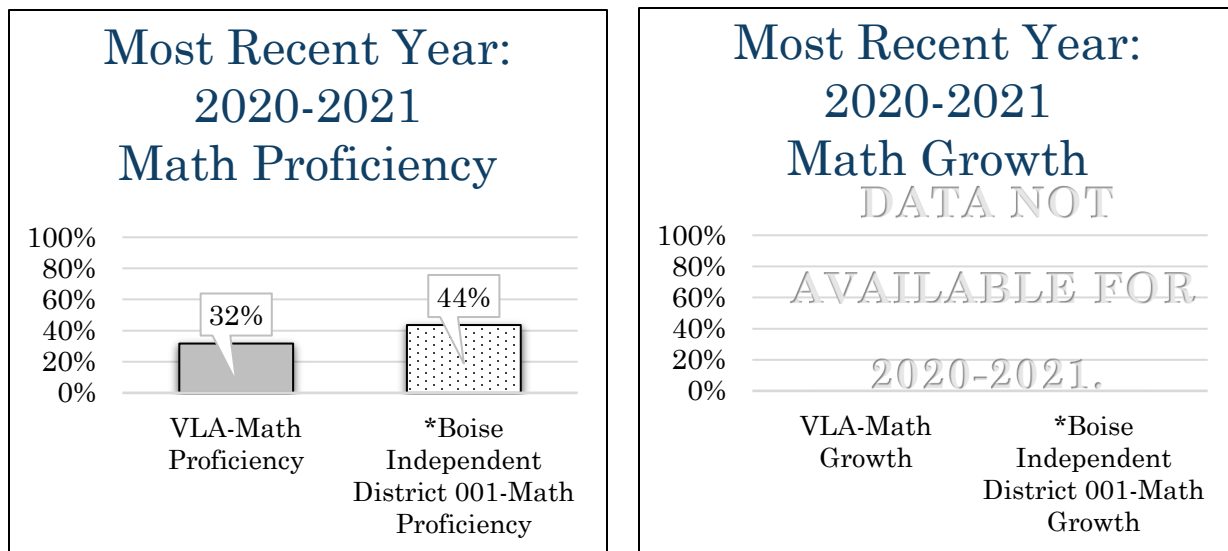
### MATH PROFICIENCY & MATH GROWTH

#### Why This Matters:

The IPCSC must determine whether the academic performance at the school represents a favorable return on the investment of public dollars. For context, the IPCSC considers the school's performance in relation to other educational choices available to families. A school that performs as well or better than the average of its comparison group on the statewide mathematics assessment (ISAT) meets the IPCSC standard on both the math proficiency and math growth measures.

If this standard is not yet met, the school should focus its strategic planning on improving mathematics achievement outcomes to ensure the school will earn a next operational term. If the standard is met, strategic planning may focus on whatever data points will best establish and sustain an exemplary school of the specific model for which the school is chartered.

#### Comparison Group: Boise Independent District (001)



RATING LEGEND	DOES NOT MEET STANDARD	APPROACHES STANDARD	MEETS STANDARD	EXCEEDS STANDARD	NOT RATED DUE TO PANDEMIC
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\*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

MEASURE	PROFICIENCY RATING	APPLICABLE RUBRIC DESCRIPTION
MATH PROFICIENCY	Rating Not Applicable for 2020-2021	Not Applicable for 2020-2021 School Year

MEASURE	GROWTH RATING	APPLICABLE RUBRIC DESCRIPTION
MATH GROWTH	Rating Not Applicable for 2020-2021	Not Applicable for 2020-2021 School Year

## Academic Outcomes

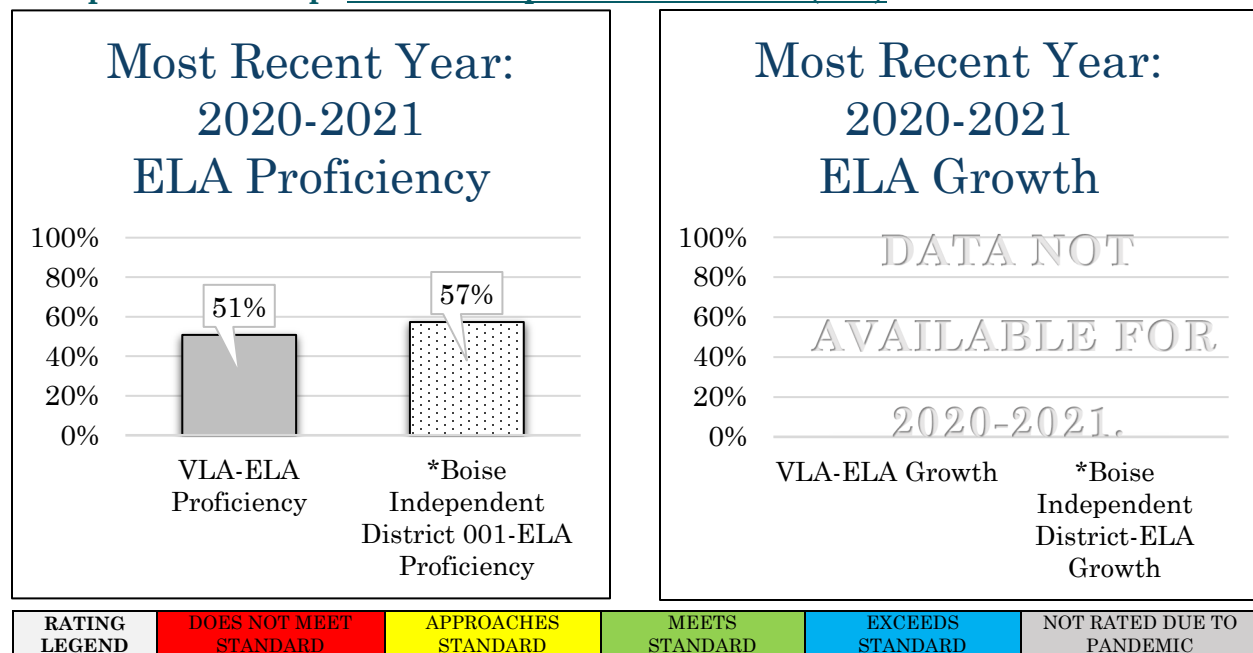
### ELA PROFICIENCY & ELA GROWTH

#### Why This Matters:

The IPCSC must determine whether the academic performance at the school represents a favorable return on the investment of public dollars. For context, the IPCSC considers the school's performance in relation to other educational choices available to families. A school that performs as well or better than the average of its comparison group on the statewide ELA assessment (ISAT) meets the IPCSC standard on both the ELA proficiency and ELA growth measures.

If this standard is not yet met, the school should focus its strategic planning on improving these outcomes to ensure the school will earn a next operational term. If the standard is met, strategic planning may focus on whatever data points will best establish and sustain an exemplary school of the specific model for which the school is chartered.

#### Comparison Group: Boise Independent District (001)



\*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

MEASURE	PROFICIENCY RATING	APPLICABLE RUBRIC DESCRIPTION
ELA PROFICIENCY	Rating Not Applicable for 2020-2021	Not Applicable for 2020-2021 School Year

MEASURE	GROWTH RATING	APPLICABLE RUBRIC DESCRIPTION
ELA GROWTH	Rating Not Applicable for 2020-2021	Not Applicable for 2020-2021 School Year

## Academic Outcomes

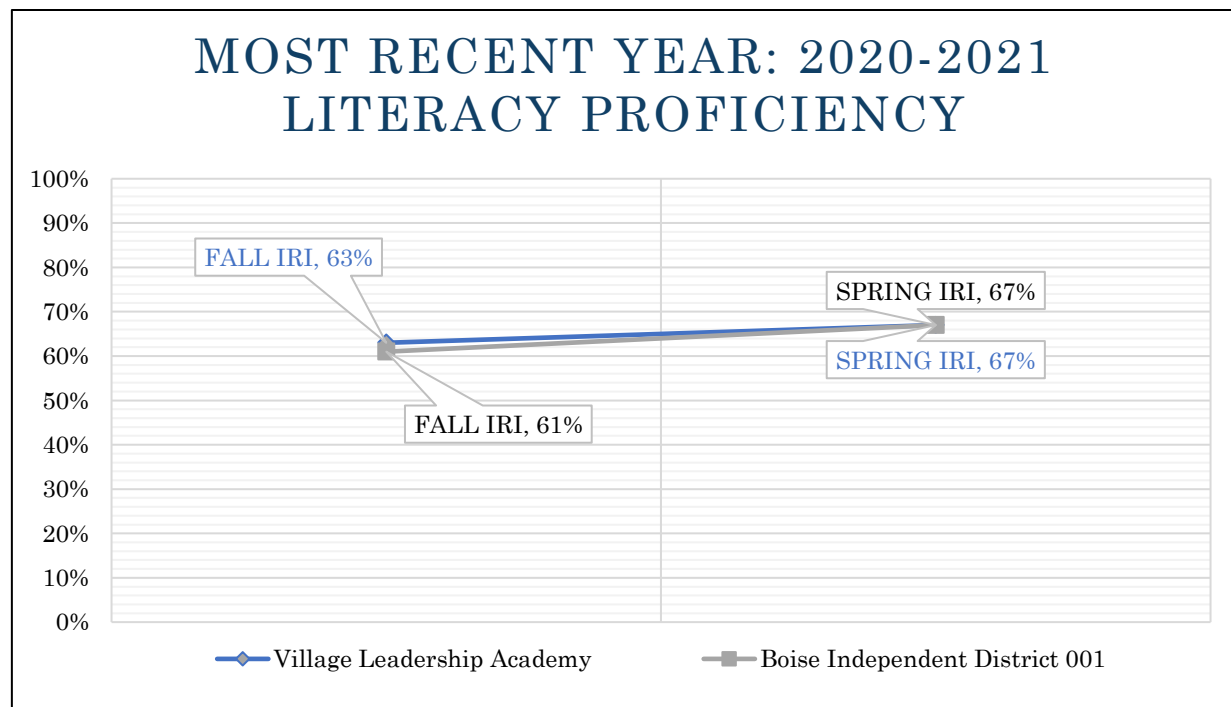
### LITERACY PROFICIENCY

#### Why This Matters:

The IPCSC must determine whether the academic performance at the school represents a favorable return on the investment of public dollars. For context, the IPCSC considers the school's performance in relation to other educational choices available to families. A school that performs as well or better than the average of its comparison group on the spring statewide literacy assessment (IRI) meets the IPCSC standard. Alternatively, a school that did not perform as well or better than its comparison group on the spring assessment, but that did improve its outcome by at least 10% from fall to spring, also meets standard.

If this standard is not yet met, the school should focus its strategic planning on improving these outcomes to ensure the school will earn a next operational term. If the standard is met, strategic planning may focus on whatever data points will best establish and sustain an exemplary school of the specific model for which the school is chartered.

#### Comparison Group: Boise Independent District (001)



RATING LEGEND	DOES NOT MEET STANDARD	APPROACHES STANDARD	MEETS STANDARD	EXCEEDS STANDARD	NOT RATED DUE TO PANDEMIC
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\*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

MEASURE	PROFICIENCY RATING	APPLICABLE RUBRIC DESCRIPTION
LITERACY PROFICIENCY	Rating Not Applicable for 2020-2021	Not Applicable for 2020-2021 School Year

## Longitudinal Academic Ratings | 2018-2023

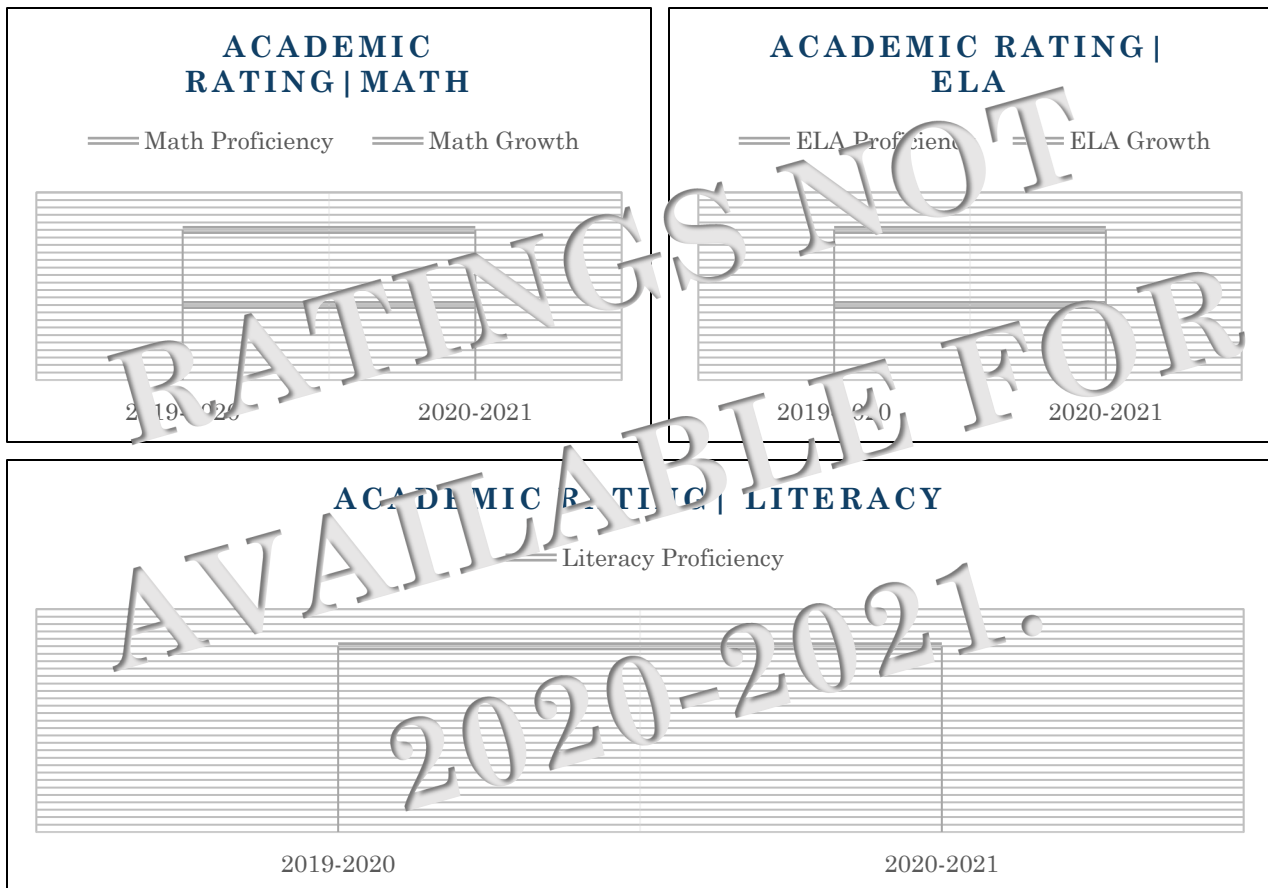
Longitudinal data provides a snapshot of a school's ratings over the school's current performance certificate (5 years). This data helps to identify performance trends and changes over time. Schools are encouraged to consider how this data might be used to drive strategic planning as the school approach its next renewal decision.

### Academic Ratings | Historical Framework

SCHOOL YEAR	ACADEMIC GEN ED OUTCOMES
2018-2019	REMEDIATION

### Academic Ratings | Revised Framework

*Due to COVID-19 pandemic, no academic data was available for the 2019-2020 school year. Additionally, as ratings are used to inform charter renewal decisions, the IPCSC chose to suspend ratings for the 2020-21 school year due to the anticipated impact of the pandemic.*



RATING LEGEND	DOES NOT MEET STANDARD	APPROACHES STANDARD	MEETS STANDARD	EXCEEDS STANDARD	NOT RATED DUE TO PANDEMIC
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## Operational Outcomes

### BOARD STEWARDSHIP

#### Why This Matters:

At the highest level, the success of a charter school is driven by the ability of its governing board to govern effectively. The measures in this section help identify the strengths and challenges faced by the school's board. As success on these measures was not unduly influenced by the pandemic, ratings are applied for the 2020-2021 school year. \*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

STANDARD RATING: EXCEEDS STANDARD	
Governance Structure Measure	Data/Evidence Source
The board bylaws are compliant with ID law.	Bylaws 06/14/2021 If the school has amended its bylaws since this date, please provide an updated copy to the IPCSC.
The school's articles of incorporation are current.	Articles of Incorporation initially filed on 08/21/2009. Most recently updated on 07/16/2020
The board does operate in compliance with its bylaws.	*No instances of non-compliance documented.
Investigations were not conducted into ethical behavior or conflict of interest regarding any board director this year.	*No instances of non-compliance documented.
The board did not experience Open Meeting Law violations that needed to be cured this year.	*No instances of non-compliance documented.
<b>Comments/ Context:</b>	

STANDARD RATING: EXCEEDS STANDARD	
Governance Oversight Measure	Data/Evidence Source
The IPCSC did not evaluate the boards review of academic data in a timely and thorough manner due to pandemic for 2020-2021.	*No instances of non-compliance documented.
The board did review financial reports in a timely and thorough manner.	*No instances of non-compliance documented.
The board did maintain compliant policies.	*No instances of non-compliance documented.
The board did engage in strategic planning.	*No instances of non-compliance documented.
The board did conduct a compliant evaluation of their school leader or management organization.	*No instances of non-compliance documented.
<b>Comments/ Context:</b>	

STANDARD RATING: EXCEEDS STANDARD	
Governance Compliance Measure	Data/Evidence Source
The IPCSC did issue courtesy letters to the school noting compliance concerns this year.	*No instances of non-compliance documented.
Another investigative body was not notified of concerns at this school this year.	*No instances of non-compliance documented.
<b>Comments/ Context:</b>	

## Operational Outcomes

### MANAGEMENT

**Why This Matters:**

The systems and structures that support school operations are an important part of the school's overall success. The measures in this section help identify the strengths and challenges that impact the school's day-to-day operations. As success on these measures was not unduly influenced by the pandemic, ratings are applied for the 2020-2021 school year.

STANDARD RATING: EXCEEDS STANDARD	
Student Services	Data/Evidence Source
The school's English Language Learners program is in good standing.	*No instances of non-compliance documented.
The school's Special Education program is in good standing.	*No instances of non-compliance documented.
The school's college and career readiness program is in good standing.	Reviewed on 04/30/2021 Continuous Improvement Plan 2020-2021
Comments/ Context:	

STANDARD RATING: EXCEEDS STANDARD	
Data Security and Information Transparency	Data/Evidence Source
The school's website is compliant and updated appropriately.	*No instances of non-compliance documented.
The school did not experience issues involving data security this year.	*No instances of non-compliance documented.
The school did not experience compliance issues with public records requests.	*No instances of non-compliance documented.
Comments/ Context:	

STANDARD RATING: EXCEEDS STANDARD	
Facility and Services	Data/Evidence Source
The school's occupancy certificate is current.	*No instances of non-compliance documented.
Safety inspections and evacuation drills are compliant.	Building Inspection: 08/11/2020 Fire Marshal: 08/19/2020 No instances of non-compliance documented.
<i>The IPCSC did not evaluate school transportation for students due to measure being waived for 2020-2021.</i>	*No instances of non-compliance documented.
<i>The IPCSC did not evaluate school nutrition for students due to measure being waived for 2020-2021</i>	*No instances of non-compliance documented.
Comments/ Context:	

STANDARD RATING: EXCEEDS STANDARD	
Operational Compliance	Data/Evidence Source
Required reports were submitted accurately and on time.	*See Comments.
The enrollment process is compliant.	*No instances of non-compliance documented.
The teachers are properly credentialed.	*No instances of non-compliance documented.
Corrective action plans were not issued by the SDE this year.	*No instances of non-compliance documented.
Comments/ Context:	

## Longitudinal Operational Ratings | 2018-2023

### Board Stewardship

Longitudinal data provides a snapshot of a school's ratings over the school's current performance certificate (5 years). This data helps to identify performance trends and changes over time. Schools are encouraged to consider how this data might be used to drive your strategic planning as your school approach its next renewal decision.

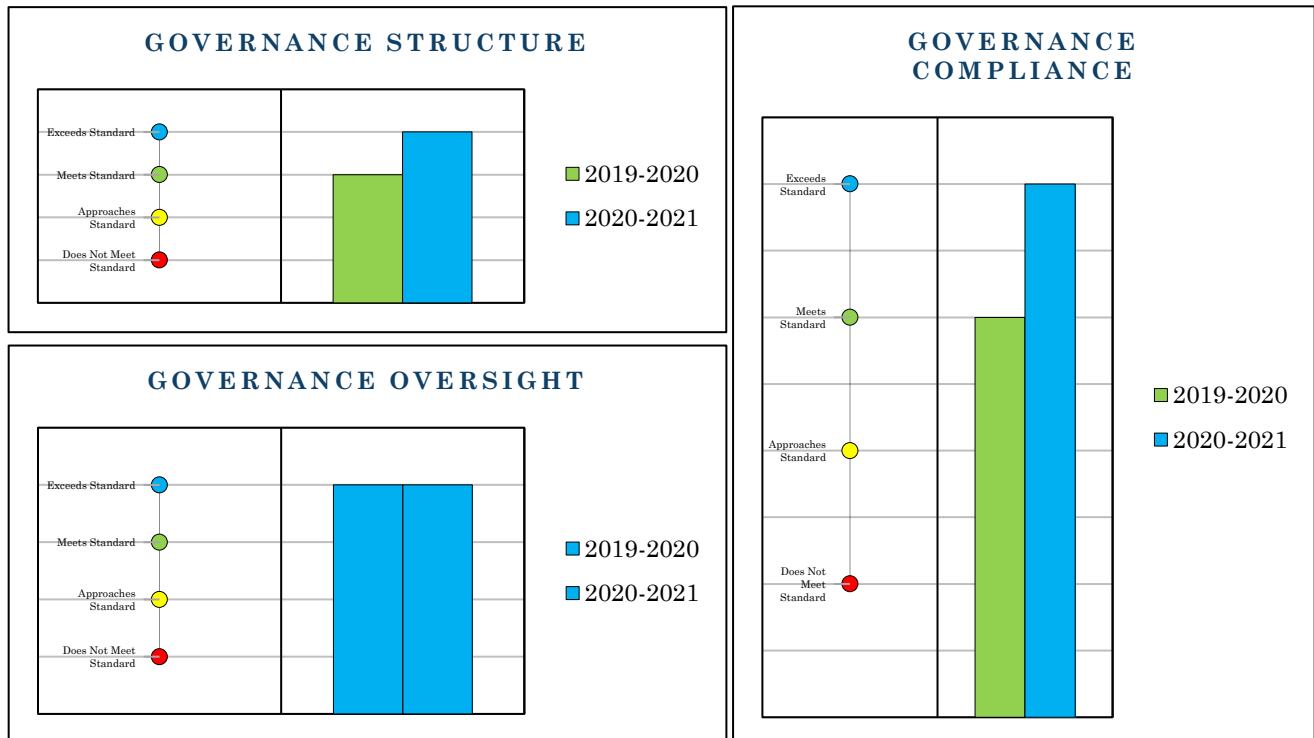
Ratings on the historical and revised framework are not comparable in the operational section. The two sets of data have been included. The school's operational ratings on the historical framework are provided for reference.

### Operational Ratings | Historical Framework

School Year	Rating
2018-2019	REMEDIATION

Note: In 2020, the IPCSC reorganized these measures for clarity. Operational outcomes are now divided into two sections (board stewardship and management) based on the primary party responsible for the school's success on each measure.

### Operational Ratings: Board Stewardship | Revised Framework



## Longitudinal Operational Ratings | 2018-2023

### Management

Longitudinal data provides a snapshot of a school's ratings over the school's current performance certificate (5 years). This data helps to identify performance trends and changes over time. Schools are encouraged to consider how this data might be used to drive your strategic planning as your school approach its next renewal decision.

Ratings on the historical and revised framework are not comparable in the operational section. The two sets of data have been included. The school's operational ratings on the historical framework are provided for reference.

### Operational Ratings | Historical Framework

School Year	Rating
2018-2019	REMEDIATION

Note: In 2020, the IPCSC reorganized these measures for clarity. Operational outcomes are now divided into two sections (board stewardship and management) based on the primary party responsible for the school's success on each measure.

### Operational Ratings: Management | Revised Framework



## Financial Outcomes

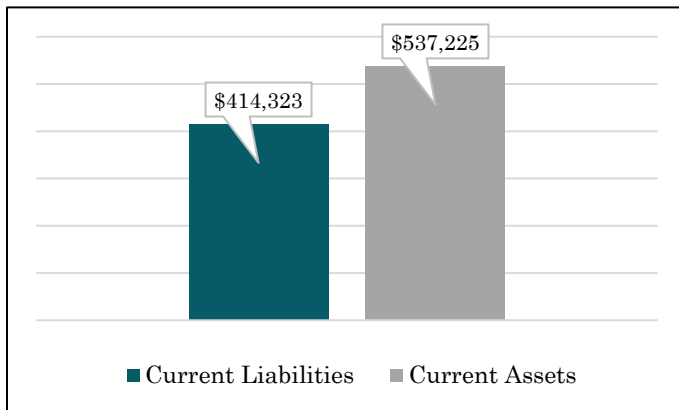
### NEAR TERM MEASURES

These measures evaluate whether a school is likely to meet its financial obligations in the next year.

\*Please see the [Performance Framework Rubrics](#) for details regarding how each measure is rated.

### Current Ratio

The school has a current ratio of between 1.1 and 1.5.	Current Ratio 1.30	Ratings Not Applicable for 2020-2021
--	--------------------	--------------------------------------



#### Why This Matters:

Current Ratio is a comparison of a school's financial obligations due within one year (current liabilities) to the cash and investments held by the school (current assets).

A school with more assets than liabilities (a Current Ratio greater than 1.0) would be able to meet its financial obligations for the

next year without relying on future revenue.

A school with more liabilities than assets (a Current Ratio of less than 1.0) is dependent on revenue it has not yet received to meet existing financial obligations.

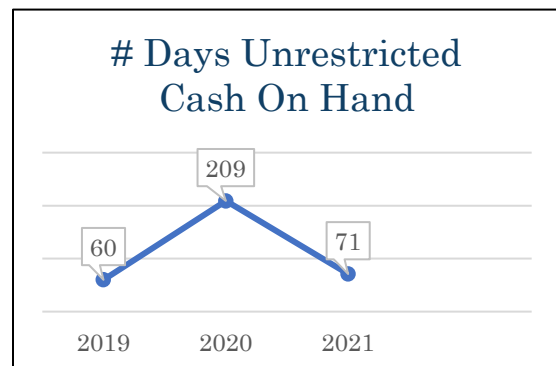
### Unrestricted Days Cash

The school has more than 60 days cash on hand	71 Days	Ratings Not Applicable for 2020-2021
---	---------	--------------------------------------

#### Why this Matters:

This measure estimates a school's average daily cost of operations and considers the number of days a school could operate using only its available cash and investments.

A school with at least 60 days cash on hand would be able to meet its immediate financial obligations with available cash, buying the time it might take to access other current assets. Occasionally, a planned purchase may decrease this number temporarily. In those cases, 30-60 days cash on hand with an upward trend is acceptable. A school with less than 15 days cash on hand is in financial distress and is at risk of automatic closure.



## Default

School is currently in default of financial obligations.	Ratings Not Applicable for 2020-2021
--	--------------------------------------

### Why this Matters:

This measure identifies whether a school has defaulted on any of its financial obligations. Default can mean many things. Examples of default include: paying bills late, failing to make payroll, or inaccurately filing reports required for funding. Default can also include a failure to meet any additional requirements of long-term debt as established by the lender (such as meeting a specific enrollment target or maintaining a greater amount of cash on hand than the PCSC requires).

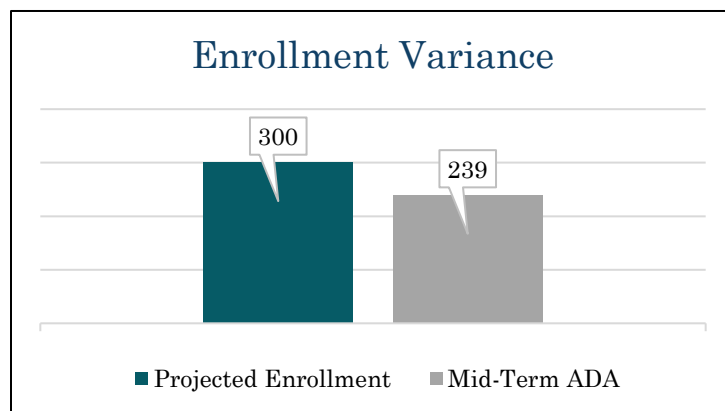
Any act of default can result in disruption of services, loans being called due, or funding that is inaccurate or withheld.

### Comments/Context:

TVCS continues to work toward restructuring their current facility lease. The school secured forbearance on current lease payments for FY21. The school is currently making interest only payments.

## Enrollment Variance

The school achieved and sustained less than 90% of its projected enrollment and did not provide a mid-year amended budget evidencing a break-even financial plan.	Enrollment Variance 79.67%	Ratings Not Applicable for 2020-2021
---	-------------------------------	--------------------------------------



### Why this Matters:

The Enrollment Variance measure considers what percentage of a school's projected enrollment was achieved. As the majority of a public school's funding is generated by student enrollment, this measure reflects a school's ability to execute its budget to plan.

A school that achieves at least 95% of its projected enrollment will likely experience few bumps and may make minor adjustments. A school that achieves less than 95% of projected enrollment is likely to face budget challenges requiring more significant budget amendments and may be in financial distress.

## Financial Outcomes

### SUSTAINABILITY MEASURES

These measures help determine whether a school is likely to remain financially stable into the future.

### Total Margin

The school's most recent year total margin is less than -10%.	CY Total Margin <b>-33.52%</b>  3-Year Aggregated <b>-22.77%</b>	Ratings Not Applicable for 2020-2021
---	--	--------------------------------------

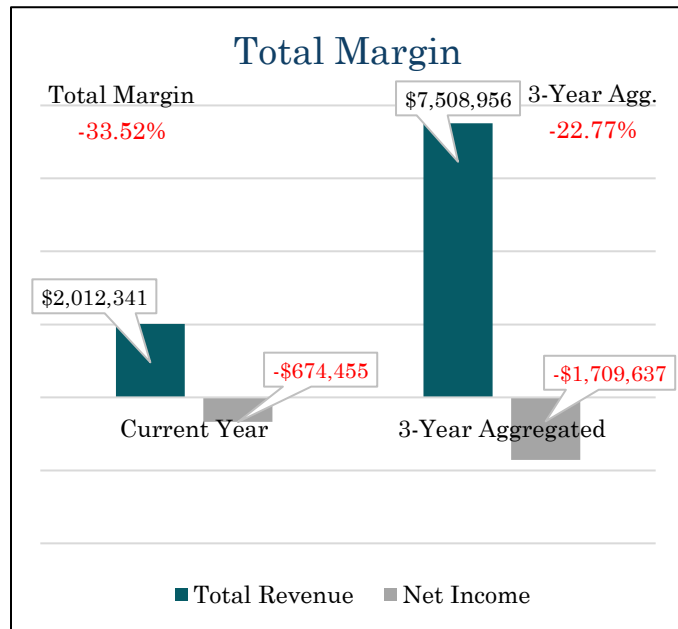
#### Why this Matters:

The Total Margin compares a school's total revenue to its net income. Specifically, this measure identifies what percentage of a school's total revenue in a given year was not expended during that year. A school with a positive total margin spent less than it brought in. That is, the school is living within its means and can plan for future purchases and investments.

An occasional negative total margin may indicate that a planned or necessary purchase has taken place. This is not necessarily a negative indicator.

However, if the Total Margin is chronically negative or severe decreases appear, the school may be in financial distress. Aggregating this margin over three years helps to identify these long-term trends.

Note: for the purposes of this calculation, pension liability is excluded from the school's net income.



## Cash Flow

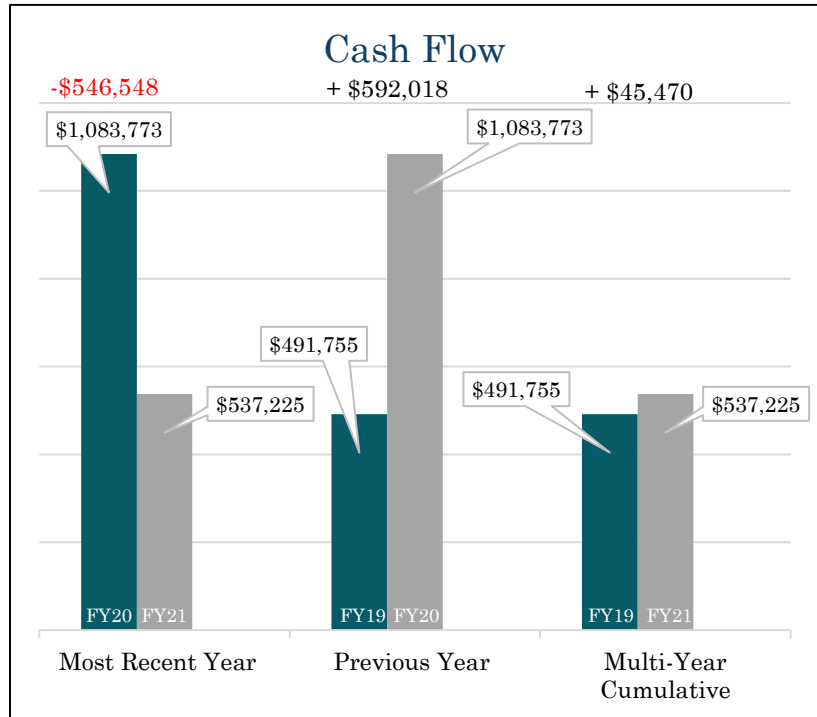
The school's multi-year cumulative cash flow is positive, but the most recent year's cash flow is negative.	Most Recent Year <b>-\$546,548</b> Previous Year \$592,018 Multi-Year \$45,470	Ratings Not Applicable for 2020-2021
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### Why this Matters:

The Cash Flow measure considers the change in a school's cash balance over time. A school with a positive cash flow is increasing its reserves and is likely able to fund future projects and purchases.

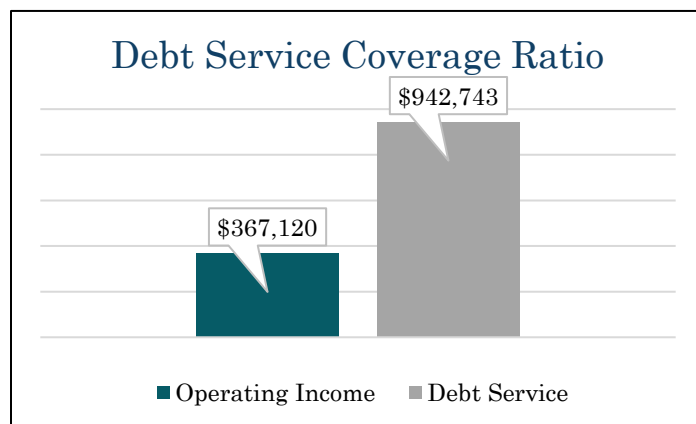
A school with a negative cash flow is using its existing reserves to fund general operations and is not likely to have the financial flexibility to fund future plans.

A multi-year cumulative cash flow helps to identify long-term trends.



## Debt Service Coverage Ratio

The school's debt service coverage ratio is less than .9	Debt Service Coverage Ratio .39	Ratings Not Applicable for 2020-2021
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### Why this Matters:

This measure evaluates a school's ability to make payments on debt due in a given year using only that year's income. This helps determine whether a school has more debt than it can manage.

A school with more Operating Income than Debt Service (a Debt Service Coverage Ratio greater than 1) can meet the financial obligations of their debt. A

school with more Debt Service than Operating Income (a ratio of less than 1) is reliant on either reserves or revenues anticipated in future years to meet its debt obligations.

## Debt to Asset Ratio

The school's Debt to Asset Ratio is greater than 1.0.	Debt/Asset Ratio 1.33	Ratings Not Applicable for 2020-2021
---	--------------------------	---

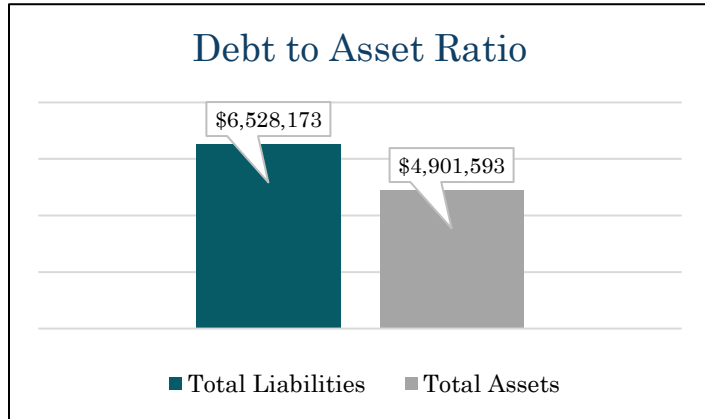
### Why This Matters:

The Debt to Asset Ratio compares a school's total liabilities to its total assets. This helps determine whether a school would be able to meet both its short and long-term financial obligations.

A school whose total liabilities are 90% or less of its Total Assets is

likely to be able to repay all short-term debts and still manage to set its long-term affairs in order in a worst-case scenario. A school with more liabilities than assets would not be able to meet all its financial obligations in a worst-case scenario.

Note: for the purposes of this measure, pension liability is excluded from the school's total liabilities.



## Financial Compliance

STANDARD RATING: NOT RATED FOR 2020-2021	
Financial Operations	Data and/or Evidence Source
The school's finances are managed in compliance with GAAP.	Financial Audit 10/22/2021
Expenditures and contracts are posted online appropriately.	School's Expenditure Page 7/30/2021
The school maintains compliant internal controls.	*No instances of non-compliance documented.
The school is operating under a Notification of Fiscal Concern.	NA or Notification of Fiscal Concern Issued 6/9/2020
The school is not operating under a Notification of Possible or Imminent Closure.	*No instances of non-compliance documented.
Comments/Context	

## Longitudinal Financial Ratings | 2018-2024

Longitudinal data provides a snapshot of a school's ratings over the school's current performance certificate (5 years). This data helps to identify performance trends and changes over time. Schools are encouraged to consider how this data might be used to drive your strategic planning as your school approach its next renewal decision.

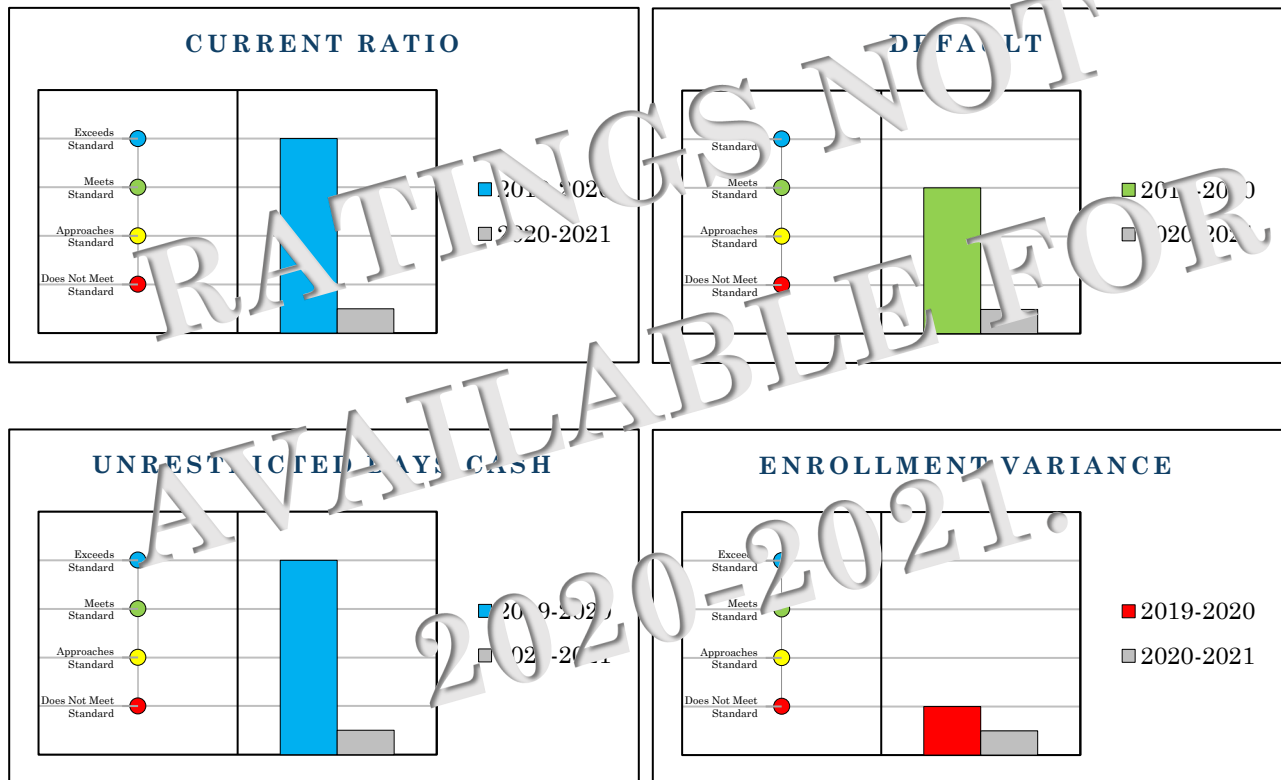
Notes: The 2020 framework revision removed the "cash ratio" measure and moved the existing enrollment variance measure to the financial section.

Due to the impact of the pandemic, financial outcomes are not rated for 2020-21. Additionally, the enrollment variance measure was calculated based on projected enrollment and actual enrollment (not ADA).

## Financial Near Term Health Ratings | Historical Framework

School Year	Near Term Health Rating
2018-2019	REMEDATION

## Financial Near Term Health Ratings | Revised Framework



## Longitudinal Financial Ratings | 2018-2024

Longitudinal data provides a snapshot of a school's ratings over the school's current performance certificate (5 years). This data helps to identify performance trends and changes over time. Schools are encouraged to consider how this data might be used to drive your strategic planning as your school approach its next renewal decision.

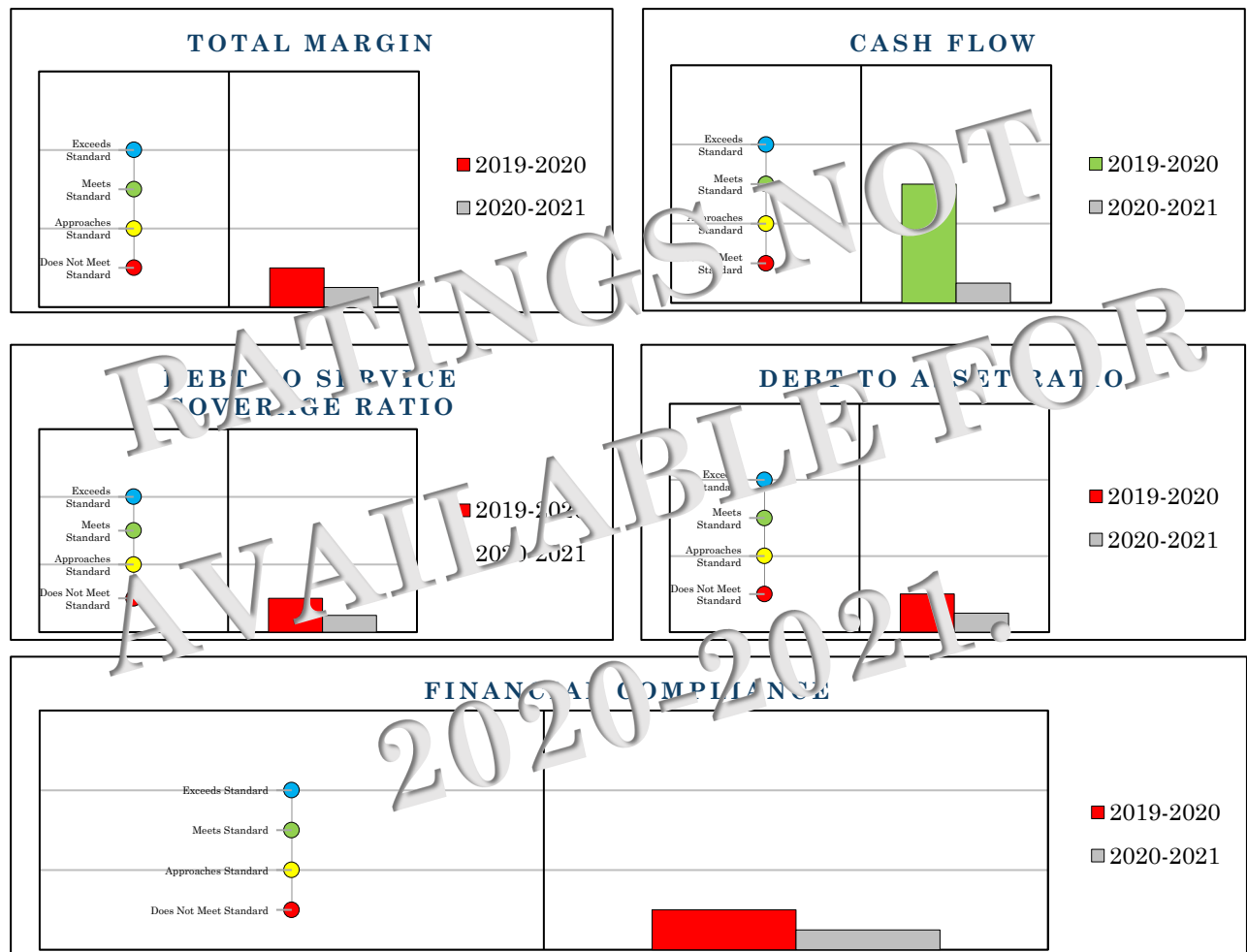
Notes: The 2020 framework revision removed the "cash ratio" measure and moved the existing enrollment variance measure to the financial section.

Due to the impact of the pandemic, financial outcomes are not rated for 2020-21. Additionally, the enrollment variance measure was calculated based on projected enrollment and actual enrollment (not ADA).

## Financial Sustainability Ratings | Historical Framework

School Year	Near Term Health Rating
2018-2019	REMEDATION

## Financial Sustainability Ratings | Revised Framework



## Conditions Overview

### Conditional Certificate Status Update

The Village Charter School's Performance Certificate was renewed in 2018 subject to the conditions listed below. The school's status with regard to each condition is also provided.

#### Condition 1: Condition Waived

By June 30, 2021, at least fifty-nine percent (59%) of TVCS's students in grades K-8 will make adequate academic growth to achieve math proficiency on the ISAT within 3 years or by 10<sup>th</sup> grade, whichever comes first.

This condition is based upon a rate of increase sufficient to promote the school's ability to achieve a "meets standard" rating on Academic Measure 3a (Criterion-Referenced Growth in Math) in the performance framework adopted by the PCSC in May 2017, by the end of the next performance certificate term (June 30, 2023).

The outcome shall be calculated using Academic Measure 3a (Criterion-Referenced Growth in Math). References to the ISAT shall apply to any other statewide assessment selected to replace the ISAT by SBAC in the event of state-level requirement changes.

**Status:** This condition was waived due to the likely impact of pandemic conditions on assessment data. Revocation will not be considered based on the school's failure to meet this condition at this time.

#### Condition 2: Condition Waived

While TVCS improves its criterion-referenced growth in math, TVCS shall maintain an ISAT ELA proficiency rate comparable to, or better than, the state average.

Proficiency rates will be based upon the appealed data set. References to the ISAT shall apply to any other statewide assessment selected to replace the ISAT by SBAC in the event of state-level requirement changes.

**Status:** This condition was waived due to the likely impact of pandemic conditions on assessment data. Revocation will not be considered based on the school's failure to meet this condition at this time.

*The 2020-2021 Annual Report has been finalized by the  
Idaho Public Charter School Commission staff.*

If you have any questions or comments, please contact  
the IPCSC.



**IDAHO PUBLIC CHARTER SCHOOL COMMISSION**

304 N. 8<sup>th</sup> St. Ste.242

Boise, ID 83720

208-332-1561

[pcsc@osbe.idaho.gov](mailto:pcsc@osbe.idaho.gov)

# Idaho Public Charter School Commission

## Annual Performance Report 2020

### PCSC School: The Village Charter School

**Mission Statement:** *The Village Charter School provides a challenging, hands-on curriculum to cultivate students who are critical thinkers and confident leaders in a safe, supportive and loving environment.*

<b>School Location:</b>	1747 W Fairmeadow Dr., Boise, ID 83704
<b>School Phone:</b>	208-336-2000
<b>Comparison Group:</b>	Boise School District #001
<b>Opening Year:</b>	2011
<b>Current Term:</b>	July 1, 2018 to June 30, 2023
<b>Model:</b>	Limitless Learning Model
<b>Grades Served:</b>	K-8
<b>Enrollment Approved:</b>	550
<b>Enrollment (Projected):</b>	495
<b>Mid Term ADA (Actual):</b>	321
<b>FY20 Full-Term ADA:</b>	288

### School Leadership

Chair	Adrian Castaneda
Vice-Chair	Andrea Estes
Treasurer	Jake Hayes
Trustee	Randy Basterrechea
Trustee	Rob Wright
Business Manager	Adam Holcomb
Business Manager	Candi Massey
Lead Administrator	Josh Noteboom

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PREPARED BY

Idaho Public Charter School Commission

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## Introduction

Charter schools in Idaho operate on 5-year terms as defined in a [Performance Certificate](#) executed between the school's board and its authorizer. In addition, Idaho law requires that every certificate include a framework describing the expectations the school must meet in order to earn a next operational term. It also requires that charter school authorizers complete performance reports for the schools they oversee each year. The annual performance report serves the following purposes:

1. To provide transparent, data-driven information about charter school quality to the public;
2. To ensure charter school boards have access to clear expectations and are provided maximum opportunity to correct any deficiencies prior to the school's renewal year; and
3. To inform mid-term authorizing decisions (such as consideration of amendments).

This report, based on the performance framework adopted by the PCSC on October 8, 2020, reflects how the school's outcomes during the most recently completed school year measure up against the expectations established in the framework. At the end of each 5-year term, the authorizer reviews the school's annual reports and financial data to inform its decision to renew, conditionally renew, or non-renew, the school for a subsequent term of operation.

Each measure included in the PCSC's framework has a meets standard benchmark. A school that meets standard on all measures at the end of its current operational term is guaranteed an unconditional renewal. A school that does not meet standard on at least one measure at the end of its current operational term may be conditionally renewed or non-renewed. Because the outcomes on this report inform high-stakes decisions, schools are encouraged to use this information to support their strategic planning efforts each year.

**COVID-19 NOTE:** Please note that due to the COVID-19 pandemic, statewide assessments were canceled in the spring of 2020. No academic evaluation has been made in this report due to absent and incomplete data. The academic outcomes overview page only includes graduation rate (if applicable), though the measure is not rated.

The [performance framework](#) rubrics provide detail on calculations and data sources.

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*Each authorized chartering entity shall annually publish and make available to the public a performance report for each public charter school it oversees, in accordance with the performance framework set forth in the performance certificate and section 33-5209(C)(2), Idaho Code.*

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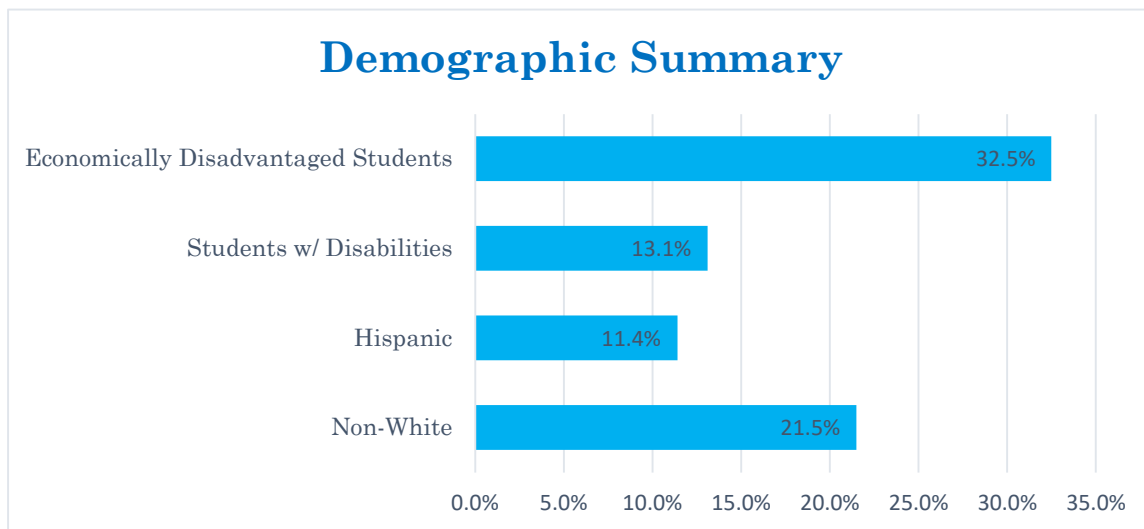
## School Overview

### Key Design Elements

- Achieving and maintaining Lighthouse School status;
- Teaching differentiation using the Limitless Learning Method;
- Teaching effective leadership principles using the 7 Habits of Highly Effective People;
- Teaching character development using the ACE Approach and Core Values; and
- Using teaching methods and curriculum that are challenging and engaging, research-based, hands-on, real-world applicable, and develop critical thinking skills.

---

### Demographic Summary



## Annual Snapshot



*Schools are encouraged to use this information for strategic planning and to ensure that any identified weaknesses are addressed in advance of renewal consideration.*

ACADEMIC	
Math Proficiency	<i>Not Applicable (2020)</i>
ELA Proficiency	<i>Not Applicable (2020)</i>
Literacy Proficiency	<i>Not Applicable (2020)</i>
Math Growth	<i>Not Applicable (2020)</i>
ELA Growth	<i>Not Applicable (2020)</i>

FINANCIAL HEALTH (NEAR TERM MEASURES)	
Current Ratio	<i>Exceeds Standard</i>
Unrestricted Days Cash	<i>Exceeds Standard</i>
Default	<i>Meets Standard</i>
Enrollment Variance	<i>Does Not Meet Standard</i>

BOARD STEWARDSHIP	
Governance Structure	<i>Meets Standard</i>
Governance Oversight	<i>Exceeds Standard</i>
Governance Compliance	<i>Meets Standard</i>

FINANCIAL HEALTH (SUSTAINABILITY MEASURES)	
Total Margin	<i>Does Not Meet Standard</i>
Cash Flow	<i>Meets Standard</i>
Debt Service Coverage Ratio	<i>Does Not Meet Standard</i>
Debt Asset Ratio	<i>Does Not Meet Standard</i>
Financial Compliance	<i>Does Not Meet Standard</i>

MANAGEMENT	
Student Services	<i>Exceeds Standard</i>
Data Security/Transparency	<i>Meets Standard</i>
Facility & Services	<i>Exceeds Standard</i>
Operational Compliance	<i>Meets Standard</i>

## Academic Outcomes

### Proficiency

(Data Source: NA FY20)

Math Proficiency	Standard Rating
Math proficiency data is not available for FY20.	N/A
ELA Proficiency	Standard Rating
ELA proficiency data is not available for FY20.	N/A
IRI Spring Proficiency	Standard Rating
IRI spring proficiency data is not available for FY20	N/A
<b>Comments/ Context:</b> <i>Academic ratings are not applicable for 2020 outcomes.</i>	

### Growth

(Data Source: NA FY20)

Math Growth	Standard Rating
Math growth data is not available for FY20.	N/A
ELA Growth	Standard Rating
ELA growth data is not available for FY20.	N/A
<b>Comments/ Context:</b> <i>Academic ratings are not applicable for 2020 outcomes.</i> TVCS provided evidence of practices implemented at the end of FY20 into FY21 to improve standing with their Math & ELA condition for renewal. TVCS partnered with Regional Math Center (Boise State University) for coaching/training; implemented Professional Learning Community, Piloted Curriculum Associate Ready Classroom and iReady; implemented ISAT Interim Assessment for grades 3-8; and implemented Response Through Intervention System to target struggling learners.	

Operational Outcomes: Board Stewardship**STANDARD RATING: MEETS STANDARD**

<b>Governance Structure</b>	<b>Data/Evidence Source</b>
The board bylaws are compliant with ID law.	Bylaws 9/17/13 *Please provide an updated copy if any amendments have been made.
The school's articles of incorporation are current.	Articles of Incorporation initially filed on 9/17/13. Most recently updated on 7/16/2020.
The board does operate in compliance with its bylaws.	*No instances of non-compliance documented.
Investigations were not conducted into either ethical behavior or conflict of interest regarding any board director this year.	*No instances of non-compliance documented.
The board did not experience Open Meeting Law violations that needed to be cured this year.	*No instances of non-compliance documented.
<b>Comments/ Context:</b>	

**STANDARD RATING: EXCEEDS STANDARD**

<b>Governance Oversight</b>	<b>Data/Evidence Source</b>
The board did review academic data in a timely and thorough manner.	*No instances of non-compliance documented.
The board did review financial reports in a timely and thorough manner.	*No instances of non-compliance documented.
The board did maintain compliant policies.	*No instances of non-compliance documented.
The board did engage in strategic planning.	*No instances of non-compliance documented.
The board did conduct a compliant evaluation of their school leader or management organization.	*No instances of non-compliance documented.
<b>Comments/ Context:</b> The school has met this standard for 3 or more consecutive years.	

**STANDARD RATING: MEETS STANDARD**

<b>Governance Compliance</b>	<b>Data/Evidence Source</b>
The PCSC did not issue courtesy letters to the school noting compliance concerns this year.	*No instances of non-compliance documented.
Another investigative body was not notified of concerns at this school this year.	*No instances of non-compliance documented.
<b>Comments/ Context:</b>	

Operational Outcomes: Management

STANDARD RATING: MEETS STANDARD	
Student Services	Data/Evidence Source
The school's English Language Learners program is in good standing.	*No instances of non-compliance documented.
The school's Special Education program is in good standing.	*No instances of non-compliance documented.
The school's college and career readiness program is in good standing.	Continuous Improvement Plan 2019-2020
<b>Comments/ Context:</b>	

STANDARD RATING: EXCEEDS STANDARD	
Data Security and Information Transparency	Data/Evidence Source
The school's website is compliant and updated appropriately.	*No instances of non-compliance documented.
The school did not experience issues involving data security this year.	*No instances of non-compliance documented.
The school did not experience compliance issues with public records requests.	*No instances of non-compliance documented.
<b>Comments/ Context:</b> The school has met this standard for 3 or more consecutive years.	

STANDARD RATING: MEETS STANDARD	
Facility and Services	Data/Evidence Source
The school's occupancy certificate is current.	*No instances of non-compliance documented. <i>Please provide an updated copy for the 2020-2021 school year to PCSC staff.</i>
Safety inspections and evacuation drills are compliant.	*No instances of non-compliance documented. <i>Please provide an updated copy for the 2020-2021 school year to PCSC staff.</i>
The school does not provide daily transportation for students.	*No instances of non-compliance documented.
The school does provide a National School Lunch Program.	*No instances of non-compliance documented.
<b>Comments/ Context:</b>	

STANDARD RATING: EXCEEDS STANDARD	
Operational Compliance	Data/Evidence Source
Required reports were submitted accurately and on time.	*No instances of non-compliance documented.
The enrollment process is compliant.	*No instances of non-compliance documented.
The teachers are properly credentialed.	*No instances of non-compliance documented.
Corrective action plans were not issued by the SDE this year.	*No instances of non-compliance documented.
<b>Comments/ Context:</b>	

## Financial Outcomes

*(Primary Data Source: FY20 Financial Audit.)*

Near Term Measures		STANDARD RATING
The school has a current ratio of more than 1.5.	Current Ratio 1.58	Exceeds Standard
The school has more than 60 days cash on hand.	209 Days	Exceeds Standard
The school is currently in default of financial obligations related to its facility loan. The school negotiated a forbearance of principal payments on its facility for FY20.	Default	Does Not Meet Standard
Enrollment variance was less than 90% and the school did not provide evidence of mid-year budget amendments or operational changes evidencing at least a break-even budget based on mid-term enrollment and any resulting revenue adjustments.	Enrollment Variance 64.91%	Does Not Meet Standard
Comments/Context		

Sustainability Measures		STANDARD RATING
Aggregated 3-Year Total Margin is less than or equal to -1.5 percent OR the most recent year Total Margin is less than -10 percent.	CY Total Margin -6.77% 3-Year Aggregated -9.25%	Does Not Meet Standard
Multi-Year Cumulative Cash Flow is positive, and Cash Flow is positive in the most recent year.	Most Recent Year \$592,018.00 Previous Year \$479,477.00 3-Year \$1,071,495.00	Meets Standard
Debt Service Coverage Ratio is less than .9	Debt Service Coverage Ratio -1.12	Does Not Meet Standard
The school's Debt to Asset Ratio is greater than 1.0.	Debt/Asset Ratio 1.33	Does Not Meet Standard
Comment/Context		

**STANDARD RATING: DOES NOT MEET STANDARD**

Financial Operations	Data and/or Evidence Source
The school's finances are managed in compliance with GAAP.	Financial Audit 11/10/2020
Expenditures and contracts are posted online appropriately.	School's Expenditure Page 10/15/2020
The school maintains compliant internal controls.	*No instances of non-compliance documented
The school is operating under a Notification of Fiscal Concern.	TVCS was issued a notification of fiscal concern in 2016. The PCSC chose to maintain that concern through the 2020-21 school year. The decision will be reviewed again in June of 2021.
The school is not operating under a Notification of Possible or Imminent Closure.	NA
Comments/Context	

School Name: The Village Charter School

PCSC Annual Report 2020

TVCS does operate under a Fiscal Concern in FY21. TVCS provided documentation for the FY21 school year, pertaining to the restructure of the current bond agreement. "In 2020-21, with new leadership, improved financial controls, and proactive strategic planning, the financial stability of the school will continue to improve."-TVCS Board
---

## Longitudinal Snapshot

### Operational Outcomes: Board Stewardship

2020 2021 2022 2023

Governance Structure	MEETS STANDARD	DATA NOT AVAILABLE	DATA NOT AVAILABLE	DATA NOT AVAILABLE
Governance Oversight	EXCEEDS STANDARD	DATA NOT AVAILABLE	DATA NOT AVAILABLE	DATA NOT AVAILABLE
Governance Compliance	MEETS STANDARD	DATA NOT AVAILABLE	DATA NOT AVAILABLE	DATA NOT AVAILABLE

*“Success is the sum of small efforts repeated day in and day out.”*  
-Anonymous

### Operational Outcomes: Management

2020 2021 2022 2023

Student Services	EXCEEDS STANDARD	DATA NOT AVAILABLE	DATA NOT AVAILABLE	DATA NOT AVAILABLE
Data Security & Transparency	MEETS STANDARD	DATA NOT AVAILABLE	DATA NOT AVAILABLE	DATA NOT AVAILABLE
Facility & Services	EXCEEDS STANDARD	DATA NOT AVAILABLE	DATA NOT AVAILABLE	DATA NOT AVAILABLE
Operational Compliance	MEETS STANDARD	DATA NOT AVAILABLE	DATA NOT AVAILABLE	DATA NOT AVAILABLE

*“Education is the MOST powerful weapon which you can use to change the world.”*  
-Nelson Mandela

## Conditional Certificate Status Update

The Village Charter School's Performance Certificate was renewed in 2018 subject to the conditions listed below. The school's status with regard to each condition is also provided.

### **Condition 1: Currently Approaches Standard**

### **Future Assessments Apply**

By June 30, 2021, at least fifty-nine percent (59%) of TVCS's students in grades K-8 will make adequate academic growth to achieve math proficiency on the ISAT within 3 years or by 10<sup>th</sup> grade, whichever comes first.

This condition is based upon a rate of increase sufficient to promote the school's ability to achieve a "meets standard" rating on Academic Measure 3a (Criterion-Referenced Growth in Math) in the performance framework adopted by the PCSC in May 2017, by the end of the next performance certificate term (June 30, 2023).

The outcome shall be calculated using Academic Measure 3a (Criterion-Referenced Growth in Math). References to the ISAT shall apply to any other statewide assessment selected to replace the ISAT by SBAC in the event of state-level requirement changes.

### **Status as of 2019-20 Annual Report Issuance:**

As no ISAT data is available for the 2019-2020 school year, progress cannot be assessed at this time. However, in 2019, 49% of TVCS students in grades K-8 made adequate academic growth in math (as compared to 54% at the district). To meet standard on the revised framework, the school's score must meet or exceed that of the district.

This condition comes due at the end of the current school year and will be finally assessed on June 30, 2021. If the school's math growth scores meet standard at that time, this condition will be considered met, and no further action will be taken. If the school's math growth scores do not meet standard at that time, the PCSC will hold a hearing in August of 2021 to determine whether further action is necessary. If a hearing is necessary, the PCSC will take into consideration the school's past performance, the context of the pandemic, and recent revisions to the framework.

### **Condition 2: Currently Meets Standard**

### **Future Assessments Apply**

While TVCS improves its criterion-referenced growth in math, TVCS shall maintain an ISAT ELA proficiency rate comparable to, or better than, the state average.

Proficiency rates will be based upon the appealed data set. References to the ISAT shall apply to any other statewide assessment selected to replace the ISAT by SBAC in the event of state-level requirement changes.

### **Status as of 2019-20 Annual Report Issuance:**

As no ISAT data is available for the 2019-2020 school year, progress cannot be assessed at this time. However, in 2019, TVCS's ELA proficiency rate was 57%, 1% higher than the state and 1%

below the district. To meet standard on the revised framework, the school's score must meet or exceed that of the district.

This condition comes due at the end of the current school year and will be finally assessed on June 30, 2021. If the school's math growth scores meet standard at that time, this condition will be considered met, and no further action will be taken. If the school's math growth scores do not meet standard at that time, the PCSC will hold a hearing in August of 2021 to determine whether further action is necessary. If a hearing is necessary, the PCSC will take into consideration the school's past performance, the context of the pandemic, and the recent revisions to the framework.

## THE VILLAGE CHARTER SCHOOL 2019 ANNUAL PERFORMANCE REPORT

### INTRODUCTION

Each year, Idaho's Public Charter School Commission (PCSC) issues a performance report to every school in its portfolio. The annual report serves several purposes:

1. To provide transparent, data-driven information about charter school quality;
2. To ensure charter school boards have access to clear expectations and are provided maximum opportunity to correct any deficiencies prior to their renewal year; and
3. To inform mid-term authorizing decisions, such as the evaluation of charter amendment proposals.

This report contains an overview of the school, including its mission, leadership, and demographics. The overview is followed by the school's performance framework, including outcomes for the most recently completed school year.

The performance framework clearly sets forth the academic and operational performance indicators, measures, and metrics that will guide the PCSC's evaluations of the school. It contains indicators, measures, and metrics for student academic proficiency, student academic growth, post-secondary readiness (for high schools), and board performance and stewardship.

In accordance with Idaho law, the performance framework requires, at a minimum, that each school meet applicable federal, state, and authorizer goals for student achievement. It is designed to fulfill this requirement while respecting the diverse missions and student populations represented in PCSC portfolio schools. This performance framework was adopted by the Idaho Public Charter School Commission on May 4th, 2017.

To facilitate a clear context for the academic results contained in this report, the demographic, enrollment, and school leadership information provided is from the school year during which the data was gathered. Updated enrollment and school leadership information is available upon request from the school or PCSC office.

The data provided in this report was gathered primarily through the State Board of Education and State Department of Education. An independent financial audit and any applicable mission-specific data were submitted directly by the school. The school had a opportunity to correct or clarify its framework outcomes prior to the publication of this report.

Public charter school operations are inherently complex. For this reason, readers are encouraged to consider the scores on individual measures within the framework as a starting point for gaining a full, contextualized understanding of the school's performance.

**PERFORMANCE FRAMEWORK STRUCTURE**

The academic section comprises the primary indicators on which most renewal or non-renewal decisions are based. The mission-specific, operational, and financial sections contribute additional indicators that are, except in cases of egregious failure to meet standards, considered secondary.

<b>Academic</b>	The academic section focuses on quantitative academic outcomes. It reflects the PCSC's commitments to considering schools' performance in the context of their communities and student populations. Although some results may not be made publicly available in certain cases, in order to protect individually identifiable student information, the PCSC may still use this information for purposes of making authorizing decisions.
<b>Mission-Specific</b>	The mission-specific section provides an opportunity for meaningful acknowledgement of schools' achievements that are not reflected elsewhere in the framework. These measures may be academic or non-academic in nature, but must be objective and data-driven. Mission-specific measures are generally optional; however, inclusion of certain mission-specific measures may be required as a condition of the performance certificate.
<b>Operational</b>	The operational section considers whether schools are operating in compliance with federal and state law, authorizer requirements, and the provisions of their performance certificates.
<b>Financial</b>	The financial section evaluates the near-term and long-term financial status of the school. Schools with management contracts containing deficit protection clauses may be exempted from these indicators.

**ACCOUNTABILITY DESIGNATIONS**

Calculation of the percentage of eligible points earned for each school determines that school's accountability designation in each section. The accountability designations, in turn, guide authorizing decisions. The PCSC will consider contextual factors affecting a school's accountability designations when making authorizing decisions.

<b>Honor</b>	Schools achieving at this level in all sections are guaranteed renewal. Replication and expansion proposals are likely to succeed.
<b>Good Standing</b>	Schools achieving at this level in the academic section will be recommended for renewal; however, conditional renewal may be recommended if outcomes in other sections are poor. Replication and expansion proposals will be considered.
<b>Remediation</b>	Schools achieving at this level in the academic section may be recommended for non-renewal or conditional renewal, particularly if outcomes in other sections are poor. Replication and expansion proposals are unlikely to succeed.
<b>Critical</b>	Schools achieving at this level in the academic section face a strong likelihood of non-renewal, particularly if outcomes in other sections are also poor. Replication and expansion proposals will not be considered.

**SCHOOL OVERVIEW**

<b>Mission Statement</b>	The Village Charter School provides a challenging, hands-on curriculum to cultivate students who are critical thinkers and confident leaders in a safe, supportive and loving environment.		
<b>Key Design Elements</b>	<ul style="list-style-type: none"> <li>• Achieving and maintaining Lighthouse School status;</li> <li>• Teaching differentiation using the Limitless Learning Method;</li> <li>• Teaching effective leadership principles using the 7 Habits of Highly Effective People;</li> <li>• Teaching character development using the ACE Approach and Core Values; and</li> <li>• Using teaching methods and curriculum that are challenging and engaging, research-based, hands-on, real-world applicable, and develop critical thinking skills.</li> </ul>		
<b>School Location</b>	219 N Roosevelt Boise, ID 83706	<b>School Phone</b>	208-336-2000
<b>Surrounding District</b>	Boise School District		
<b>Opening Year</b>	2011		
<b>Current Term</b>	July 1, 2018 to June 30, 2023		
<b>Grades Served</b>	K-8		
<b>Enrollment (Approved)</b>	550	<b>Enrollment (Actual)</b>	487

**SCHOOL LEADERSHIP**

Ben Greenwood	Chair
Rachael Smith	Vice Chair
Jake Hays	Secretary
Andrea Estes	Trustee
Adrian Castaneda	Trustee
Brad Wright	Trustee

**STUDENT DEMOGRAPHICS**

	School	State	Surrounding District	Neighboring District
<b>Non-White</b>	23.61%	24.85%	25.51%	N/A
<b>Limited English Proficiency</b>	3.49%	6.44%	9.70%	N/A
<b>Special Needs</b>	13.14%	10.73%	13.18%	N/A
<b>Free and Reduced Lunch</b>	Masked	44.74%	49.39%	N/A

**ISAT PROFICIENCY RATES**

Percentage of students meeting or exceeding proficiency in Math	38.64%
Percentage of students meeting or exceeding proficiency in English Language Arts	57.09%
Percentage of students meeting or exceeding proficiency in Science	60.53%

<b>GO-ON RATE (Post-secondary enrollment within 12 months of graduation)</b>	N/A
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ACADEMIC	Measure	Points Possible K-8	Points Earned K-8	Points Possible 9-12	Points Earned 9-12	Points Possible K-12	Points Earned K-12	Points Possible Alternative	Points Earned Alternative
State Proficiency Comparison	1a	50	22	50	0	50	0		
	1b	50	32	50	0	50	0		
District Proficiency Comparison	2a	50	22	50	0	50	0	50	0
	2b	50	29	50	0	50	0	50	0
Criterion-Referenced Growth	3a	100	24			50	0		
	3b	100	50			50	0		
Norm-Referenced Growth	4a			100	0	50	0	50	0
	4b			100	0	50	0	50	0
Post-Secondary Readiness	5a			125	0	125	0	100	0
Total Academic Points		400	179	525	0	525	0	300	0
% of Academic Points			45%		0%		0%		0%

MISSION-SPECIFIC	Measure	Points Possible	Points Earned
	1		
	2		
	3		
	4		
	5		
	6		
Total Mission-Specific Points			
% of Mission-Specific Points			

TVCS has chosen not to include mission-specific measures.

OPERATIONAL	Measure	Points Possible	Points Earned	FINANCIAL	Measure	Points Possible	Points Earned
Educational Program	1a	25	25	Near-Term	1a	50	50
	1b	25	25		1b	50	50
	1c	25	25		1c	50	50
	1d	25	25		1d	50	0
Financial Management & Oversight	2a	25	15	Sustainability	2a	50	0
	2b	25	25		2b	50	0
	2c	25	0		2c	50	50
Governance & Reporting	3a	25	0		2d	50	0
	3b	25	0	Total Financial Points		400	200
	3c	25	0	% of Financial Points			50%
	3d	25	15				
	3e	25	25				
	3f	25	25				
School Environment	4a	25	25	The financial measures above are based on industry standards. They are not intended to reflect nuances of the school's financial status. Please see the financial section of this framework for relevant contextual information that may alleviate concern.			
	4b	25	25				
Additional Obligations	5a	25	25				
Total Operational Points		400	280				
% of Operational Points			70%				

ACCOUNTABILITY DESIGNATION	Range (% of Points Possible)	Academic Gen Ed Outcome	Academic Alt Outcome	Range	Mission Specific Outcome	Range	Operational Outcome	Range	Financial Outcome
Honor	75% - 100%			75% - 100%		90% - 100%		85% - 100%	
Good Standing	55% - 74%	45%	0%	55% - 74%	NA	80% - 89%	70%	65% - 84%	50%
Remediation	31% - 54%			31% - 54%		61% - 79%		46% - 64%	
Critical	0% - 30%			0% - 30%		0% - 60%		0% - 45%	

School outcomes will be evaluated in light of contextual information, including student demographics, school mission, and state/federal requirements.

All proficiency and growth measures will be scored using the ISAT by SBAC, or any state-required standardized test as may replace it. Subject area (math and ELA) may be replaced by similar subject areas if necessary due to statewide changes. On all applicable measures, standard rounding to the nearest whole number will be used for scoring purposes. Measures based on ISAT outcomes exclude alternate ISAT data; as a result, the outcomes shown may differ slightly from those published on the State Department of Education's website.

INDICATOR 1: STATE PROFICIENCY COMPARISON			
<b>Measure 1a</b>	<b>Do math proficiency rates meet or exceed the state average?</b>	<b>Result</b>	<b>Points Possible      Points Earned</b>
<b>Math Proficiency Rate Comparison to State</b>	<b>Exceeds Standard:</b> The school's proficiency rate in math exceeds the state average by 16 percentage points or more. <b>Meets Standard:</b> The school's proficiency rate in math is equal to the state average, or exceeds it by 1 - 15 percentage points. <b>Does Not Meet Standard:</b> The school's proficiency rate in math is 1 - 15 percentage points lower than the state average. <b>Falls Far Below Standard:</b> The school's proficiency rate in math is 16 or more percentage points lower than the state average.	X	50 30 - 45 15 - 29 0 - 14 <hr/> 22
<b>Notes</b>	The state average will be determined using the same grade set as is served by the public charter school.		
<b>Measure 1b</b>	<b>Do English Language Arts proficiency rates meet or exceed the state average?</b>		<b>Points Possible      Points Earned</b>
<b>ELA Proficiency Rate Comparison to State</b>	<b>Exceeds Standard:</b> The school's proficiency rate in ELA exceeds the state average by 16 percentage points or more. <b>Meets Standard:</b> The school's proficiency rate in ELA is equal to the state average, or exceeds it by 1 - 15 percentage points. <b>Does Not Meet Standard:</b> The school's proficiency rate in ELA is 1 - 15 percentage points lower than the state average. <b>Falls Far Below Standard:</b> The school's proficiency rate in ELA is 16 or more percentage points lower than the state average.	X	50 30 - 45 15 - 29 0 - 14 <hr/> 32
<b>Notes</b>	The state average will be determined using the same grade set as is served by the public charter school.		

INDICATOR 2: DISTRICT PROFICIENCY COMPARISON		
Measure 2a	Do math proficiency rates meet or exceed the district average?	Points Possible      Points Earned
Math Proficiency Rate		
Comparison to District	<b>Exceeds Standard:</b> The school's proficiency rate in math either exceeds the district average by 16 percentage points or more, or is at least 80%. <b>Meets Standard:</b> The school's proficiency rate in math is equal to the district average, or exceeds it by 1 - 15 percentage points. <b>Does Not Meet Standard:</b> The school's proficiency rate in math is 1 - 15 percentage points lower than the district average. <b>Falls Far Below Standard:</b> The school's proficiency rate in math is 16 or more percentage points lower than the district average.	50      0 30 - 45      0 X      15 - 29      22 0 - 14      0 22
Notes	The district average will be determined using the same grade set as is served by the public charter school. Boise School District will be used for comparison purposes.	
Measure 2b	Do ELA proficiency rates meet or exceed the district average?	Points Possible      Points Earned
ELA Proficiency Rate		
Comparison to District	<b>Exceeds Standard:</b> The school's proficiency rate in ELA either exceeds the district average by 16 percentage points or more, or is at least 80%. <b>Meets Standard:</b> The school's proficiency rate in ELA is equal to the district average, or exceeds it by 1 - 15 percentage points. <b>Does Not Meet Standard:</b> The school's proficiency rate in ELA is 1 - 15 percentage points lower than the district average. <b>Falls Far Below Standard:</b> The school's proficiency rate in ELA is 16 or more percentage points lower than the district average.	50      0 30 - 45      0 X      15 - 29      29 0 - 14      0 29
Notes	The district average will be determined using the same grade set as is served by the public charter school. Boise School District will be used for comparison purposes.	

INDICATOR 3: CRITERION-REFERENCED STUDENT GROWTH (GRADES K-8)		
Measure 3a	Are students making adequate academic growth to achieve math proficiency within 3 years or by 10th grade?	Points Possible Points Earned
Criterion-Referenced Growth		
Math	<b>Exceeds Standard:</b> At least 85% of students are making adequate academic growth in math. <b>Meets Standard:</b> Between 70% and 84% of students are making adequate academic growth in math. <b>Does Not Meet Standard:</b> Between 50% and 69% of students are making adequate academic growth in math. <b>Falls Far Below Standard:</b> Fewer than 50% of students are making adequate academic growth in math.	76-100 0 51-75 0 26-50 0 47 0-25 24 24
Notes		
Measure 3b	Are students making adequate academic growth to achieve English Language Arts proficiency within 3 years or by 10th grade?	Points Possible Points Earned
Criterion-Referenced Growth		
ELA	<b>Exceeds Standard:</b> At least 85% of students are making adequate academic growth in ELA. <b>Meets Standard:</b> Between 70% and 84% of students are making adequate academic growth in ELA. <b>Does Not Meet Standard:</b> Between 50% and 69% of students are making adequate academic growth in ELA. <b>Falls Far Below Standard:</b> Fewer than 50% of students are making adequate academic growth in ELA.	76-100 0 51-75 0 69 26-50 50 0-25 0 50
Notes	The school's growth score is notably just below meets standard at 69.26%.	

INDICATOR 1: EDUCATIONAL PROGRAM				
Measure 1a	Is the school implementing the material terms of the educational program as defined in the charter and performance certificate?	Result	Points Possible	Points Earned
Implementation of Educational Program	<b>Meets Standard:</b> The school implements the material terms of the mission, vision, and educational program in all material respects, and the implementation of the educational program reflects the essential elements outlined in the charter and performance certificate. A cohesive professional development program is utilized.	No instances of non-compliance documented	25	25
	<b>Partially Meets Standard:</b> The school partially implements the material terms of the mission, vision, and educational program. However, implementation is incomplete, not cohesive, inconsistent, unclear, and/or unsupported by adequate resources and professional development.		15	
	<b>Does Not Meet Standard:</b> The school has deviated from the material terms of the mission, vision, and/or essential elements of the educational program as described in the performance certificate, without an approved amendment, such that the program provided differs substantially from the program described in the charter and performance certificate.		0	
				25
Notes				
Measure 1b	Is the school complying with applicable educational requirements?	Result	Points Possible	Points Earned
Educational Requirements	<b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations , and provisions of the performance certificate relating to educational requirements, including but not limited to: Instructional time requirements, graduation, and promotional requirements, content standards including the Common Core State Standards, the Idaho State Standards, state assessments, and implementation of mandated programming related to state or federal funding.	No instances of non-compliance documented	25	25
	<b>Partially Meets Standard:</b> The school has exhibited non-compliance with applicable laws, rules, regulations, or provisions of the performance certificate relating to educational requirements; however, matters of non-compliance are minor and quickly remedied, with documentation, by the governing board.		15	
	<b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant non-compliance with applicable laws, rules, regulations, and provisions of the performance certificate relating to educational requirements; and/or matters of non compliance are not quickly remedied, with documentation, by the governing board.		0	
				25
Notes				

Measure 1c	Is the school protecting the rights of students with disabilities?	Result	Points Possible	Points Earned
Students with Disabilities	<p><b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and provisions of the performance certificate relating to the treatment of students with identified disabilities and those suspected of having a disability, including but not limited to: Equitable access and opportunity to enroll; identification and referral, appropriate development and implementation of IEPs and Section 504 plans; operational compliance, including provisions of services in the LRE and appropriate inclusion in the school's academic program, assessments, and extracurricular activities; discipline, including due process protections, manifestation determinations, and behavioral intervention plans; access to school's facility and programs; appropriate use of all available applicable funding.</p> <p><b>Partially Meets Standard:</b> The school largely exhibits compliance with applicable laws, rules, regulations, or provisions of the performance certificate relating to the treatment of students with identifiable disabilities and those suspected of having a disability. Instances of non-compliance are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant non-compliance with applicable laws, rules, regulations, or provisions of the performance certificate relating to the treatment of students with identifiable disabilities and those suspected of having a disability; and/or matters of non compliance are not quickly remedied, with documentation, by the governing board.</p>	No instances of non-compliance documented	25	25
			15	
			0	
				25
Notes				
Measure 1d	Is the school protecting the rights of English Language Learner (ELL) students?	Result	Points Possible	Points Earned
English Language Learners	<p><b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations , and provisions of the performance certificate relating to requirements regarding ELLs, including but not limited to: Equitable access and opportunity to enroll; required policies related to the service of ELL students; compliance with native language communication requirements; proper steps for identification of students in need of ELL services; appropriate and equitable delivery of services to identified students; appropriate accommodations on assessments; exiting students from ELL services; and ongoing monitoring of exited students.</p> <p><b>Partially Meets Standard:</b> The school has exhibited non-compliance with applicable laws, rules, regulations, or provisions of the performance certificate relating to the treatment of ELL students; however, matters of non-compliance are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant non-compliance with applicable laws, rules, regulations, or provisions of the performance certificate relating to requirements regarding ELLs; and/or matters of non compliance are not quickly remedied, with documentation, by the governing board.</p>	No instances of non-compliance documented	25	25
			15	
			0	
				25
Notes				

INDICATOR 2: FINANCIAL MANAGEMENT AND OVERSIGHT				
Measure 2a	Is the school meeting financial reporting and compliance requirements?	Result	Points Possible	Points Earned
Financial Reporting and Compliance	<b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations , and provisions of the performance certificate relating to financial reporting requirements, including but not limited to: Complete and on-time submission of financial reports including annual budget, revised budgets (if applicable) periodic financial reports as required by PCSC, and any reporting requirements if the board contracts with an Education Service Provider; on-time completion and submission of the annual independent audit and corrective action plans (if applicable); and all reporting requirements related to the use of public funds.		25	
	<b>Partially Meets Standard:</b> The school largely exhibits compliance with applicable laws, rules, regulations, and provisions of the performance certificate relating to financial reporting requirements. Instances of non-compliance are minor and quickly remedied, with documentation, by the governing board.	See note	15	15
	<b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant non-compliance with applicable laws, rules, regulations, or provisions of the performance certificate relating to financial reporting requirements; and/or matters of non compliance are not quickly remedied, with documentation, by the governing board.		0	
				15
Notes	During FY19, inaccurate reporting was submitted to the SDE resulting in overpayment which was subsequently withheld from spring distributions. Additionally, the PCSC as part of an investigation, issued 6 formal letters identifying financial concerns and made multiple requests for updated budget documentation which was not provided in a timely manner. Recovery and looking forward: The school's board severed its relationship with an Education Services Provider that was not providing the scope or quality of services expected by the board. In addition, the board adjusted financial policies, internal control practices, and more clearly defined job duties around financial reporting and compliance during the latter part of FY19.			
Measure 2b	Is the school following General Accepted Accounting Principles (GAAP)	Result	Points Possible	Points Earned
GAAP	<b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations , and provisions of the performance certificate relating to financial management and oversight expectations as evidenced by an annual independent audit, including but not limited to: An unqualified audit option, an audit devoid of significant findings and conditions, material weakness, or significant internal control weaknesses; and an audit that does not include a going concern disclosure in the notes or an explanatory paragraph within the audit report.	No instances of non-compliance documented	25	25
	<b>Partially Meets Standard:</b> The school largely exhibits compliance with applicable laws, rules, regulations, and provisions of the performance certificate relating to financial management and oversight expectations as evidenced by an annual independent audit. Any matters of non-compliance are minor and quickly remedied, with documentation, by the governing board.		15	
	<b>Does Not Meet Standard:</b> The school exhibits failure to comply with applicable laws, rules, regulations, or provisions of the performance certificate relating to financial management and oversight expectations as evidenced by an annual independent audit; and/or matters of non compliance are not quickly remedied, with documentation, by the governing board.		0	
				25
Notes				

Measure 2c	Is the school successfully enrolling the projected number of students?	Result	Points Possible	Points Earned
Enrollment Variance	<p><b>Meets Standard:</b> Enrollment variance equaled or exceeded 95 percent in the most recent fiscal year.</p> <p><b>Partially Meets Standard:</b> Enrollment variance was between 90 and 95 percent in the most recent fiscal year.</p> <p><b>Does Not Meet Standard:</b> Enrollment variance was less than 90 percent in the most recent fiscal year.</p>	85.93%	25 15 0	0
Notes	<p>Enrollment variance is calculated by dividing mid-term ADA by the enrollment projection reported to the PCSC at the beginning of the fiscal year. TVCS reported an enrollment projection of 548 students (report submitted from TVCS to the PCSC on 8/1/18). The SDE reported the midterm ADA for FY19 at 470.88. 470.88 (actual enrollment) divided by 548 (projected enrollment)=85.93% (enrollment variance).</p>			

INDICATOR 3: GOVERNANCE AND REPORTING				
Measure 3a	Is the school complying with governance requirements?	Result	Points Possible	Points Earned
Governance Requirements	<p><b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and provisions of the performance certificate relating to governance by its board, including but not limited to: board policies; board bylaws; code of ethics; conflicts of interest; board composition; and compensation for attendance at meetings.</p> <p><b>Partially Meets Standard:</b> The school largely exhibits compliance with applicable laws, rules, regulations, and provisions of the performance certificate relating to governance by its board. Instances of non-compliance are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant failure to materially comply with applicable laws, rules, regulations, or provisions of the performance certificate relating to governance by its board; and/or matters of non compliance are not quickly remedied, with documentation, by the governing board.</p>		25	
			15	
		See note	0	0
				0
Notes	<p>During FY19, the governing board was not in compliance with the governance requirements of the performance certificate. While it is not required that schools utilize ISBA sample policies, Section 6 of the school's performance certificate requires a governing board to maintain appropriate policies, procedures, and financial controls. During an investigation into the financial practices at this school, it was identified that the board had neglected to appropriately monitor management practices or provide appropriate oversight of financial policies. This resulted in significant overspending and irresponsible use of high-interest loans. While these issues are being addressed during the 19-20 school year with the help of a professional accounting firm and a new business manager, this report reflects the state of affairs in FY19. During that time, the issues were not quickly remedied with documentation from the board. For example, updated bylaws were not provided to the PCSC when they were updated (as required by the performance certificate, Section II.B) nor were they provided for several months after being requested (arriving in July). Additionally, the PCSC was made aware that one director continued to serve in the role after the director's term had expired (a violation of the performance certificate, Section II.C).</p>			
Measure 3b	Is the board fulfilling its oversight obligations?	Result	Points Possible	Points Earned
Board Oversight	<p><b>Meets Standard:</b> The school's board practices consistent, effective oversight of the school, including but not limited to frequent review of the school finances and academic outcomes. Board meeting agendas, packets, and minutes reflect competent oversight practices and actions to foster academic, operational, and financial strength of the school, including ongoing board training, policy review, and strategic planning. The school's board has adopted and maintains a complete policy book.</p> <p><b>Partially Meets Standard:</b> Some of the school board's oversight practices are underdeveloped, inconsistent, incomplete, or reflect a need for additional training. Board meeting agendas, packets, and minutes reflect meaningful efforts toward self-evaluation and improvement. The school's policy book may be substantially complete but require additional maintenance.</p> <p><b>Does Not Meet Standard:</b> The school's board fails to practice consistent, effective oversight of the school, and/or documentation of competent oversight practices and actions is not maintained. The school's policy book may be incomplete, unmaintained, or non-existent.</p>		25	
			15	
		See note	0	0
				0
Notes	<p>The governing board did not provide effective oversight for the school throughout FY19. This includes inadequate review of finances, insufficient governance practices, and a failure foster operational and financial strength until the last quarter of the reporting period. Additionally, the board did not engage in training, policy review, or strategic planning until FY20. The school's policy manual was incomplete and unmaintained in FY19. The FY19 PCSC investigation identified that the financial reports reviewed by the board did not reflect the practices expected by the board, but rather reflected the practices implemented by the education services provider (ESP) employed at the time. However, as it is the board's responsibility to maintain appropriate policy and to manage ESP services, the issue is one of ineffective board oversight. In FY20, the governing board has engaged in training, policy development, and strategic planning. PCSC staff is hopeful that these scores will improve in the future.</p>			

Measure 3c	Is the school complying with reporting requirements?	Result	Points Possible	Points Earned
<b>Reporting Requirements</b>	<p><b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and provisions of the performance certificate relating to relevant reporting requirements to the PCSC, the SDE, the SBOE, and/or federal authorities, including but not limited to: accountability tracking; attendance and enrollment reporting; compliance and oversight; and additional information requested by the authorizer.</p> <p><b>Partially Meets Standard:</b> The school largely exhibits compliance with applicable laws, rules, regulations, and provisions of the performance certificate relating to relevant reporting requirements to the PCSC, the SDE, the SBOE, and/or federal authorities. Instances of non-compliance are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant failure to materially comply with applicable laws, rules, regulations, and provisions of the performance certificate relating to relevant reporting requirements to the PCSC, the SDE, the SBOE, and/or federal authorities; and/or matters of non-compliance are not quickly remedied, with documentation, by the governing board.</p>		25	
<b>Notes</b>	<p>The school's audit for FY18 was submitted to the PCSC and the SDE with significant errors and was later amended. The school's authorizer fee was paid significantly late, which is not complaint with Idaho Code 33.5208(8). Additionally, the school submitted ISEE reports to the SDE with significant inaccuracies that resulted in funds withheld from spring distributions. Additional financial documentation requested by the authorizer (as allowed by IDAPA 08.03.01.301.06) was not addressed quickly or with documentation.</p>	See note	0	0
		<hr/>		
		0		
Measure 3d	Is the school complying with public transparency requirements?	Result	Points Possible	Points Earned
<b>Public Transparency</b>	<p><b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and provisions of the performance certificate relating to public transparency, including but not limited to: maintenance of its website, timely availability of board meeting minutes, and accessibility of documents maintained by the school under the state's Freedom of Information Act, Open Meeting Law, Public Records Law, and other applicable authorities.</p> <p><b>Partially Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and provisions of the performance certificate relating to public transparency. Any instances of non-compliance are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant failure to materially comply with applicable laws, rules, regulations, and provisions of the performance certificate relating to public transparency; and/or matters of non-compliance are not quickly remedied, with documentation, by the governing board.</p>		25	
<b>Notes</b>	The school's annual performance report was not posted to its website as of April 2019.	See note	15	15
		<hr/>		
		15		
Measure 3e	Is the school meeting employee credentialing and background check requirements?	Result	Points Possible	Points Earned
<b>Credentialing &amp; Background Checks</b>	<p><b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and requirements of the performance certificate relating to state and federal certification and background check requirements.</p> <p><b>Partially Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and provisions of the performance certificate relating to state and federal certification and background check requirements. Instances of non-compliance are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant failure to materially comply with applicable laws, rules, regulations, or provisions of the performance certificate relating to state and federal certification and background check requirements; and/or matters of non-compliance are not quickly remedied, with documentation, by the governing board.</p>	No instances of non-compliance documented	25	25
<b>Notes</b>				
		<hr/>		
		25		

Measure 3f	Is the school handling information appropriately?	Result	Points Possible	Points Earned
Information Handling	<p><b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and requirements of the performance certificate relating to the handling of information, including but not limited to: maintaining the security of student records under the Family Educational Rights and Privacy Act and other applicable authorities; storing and transferring student and personnel records; and securely maintaining testing materials.</p> <p><b>Partially Meets Standard:</b> The school largely exhibits compliance with applicable laws, rules, regulations, and requirements of the performance certificate relating to the handling of information. Instances of non-compliance are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant failure to materially comply with applicable laws, rules, regulations, or provisions of the performance certificate relating to the handling of information; and/or matters of non-compliance are not quickly remedied, with documentation, by the governing board.</p>	No instances of non-compliance documented	25	25
			15	
			0	
Notes				25
<b>INDICATOR 4: SCHOOL ENVIRONMENT</b>				
Measure 4a	Is the school complying with transportation requirements?	Result	Points Possible	Points Earned
Transportation	<p><b>Meets Standard:</b> The school provides student transportation within its primary attendance area and materially complies with applicable laws, rules, regulations, and requirements of the performance certificate relating to transportation.</p> <p><b>Partially Meets Standard:</b> The school largely exhibits compliance with applicable laws, rules, regulations, or requirements of the performance certificate relating to transportation; and/or provides an incomplete form of transportation services. Instances of non-compliance are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant failure to materially comply with applicable laws, rules, regulations, or provisions of the performance certificate relating to transportation; and/or matters of non-compliance are not quickly remedied, with documentation, by the governing board; and/or the school does not provide transportation.</p>	No instances of non-compliance documented	25	25
			15	
			0	0
Notes				25
Measure 4b	Is the school complying with facilities requirements?	Result	Points Possible	Points Earned
Facilities	<p><b>Meets Standard:</b> The school materially complies with applicable laws, rules, regulations, and requirements of the performance certificate relating to the school facilities and grounds, including but not limited to: Americans with Disabilities Act, fire inspections and related records, viable certification of occupancy or other required building use authorization, and documentation of requisite insurance coverage. The school facility is clean, well-maintained, and adequate for school operations.</p> <p><b>Partially Meets Standard:</b> The school largely exhibits compliance with applicable laws, rules, regulations, and requirements of the performance certificate relating to the school facilities and grounds. Instances of non-compliance are minor and quickly remedied, with documentation, by the governing board. Additional facility maintenance and/or updates have been recommended by DBS.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant failure to materially comply with applicable laws, rules, regulations, or provisions of the performance certificate relating to the school facilities and grounds; and/or matters of non-compliance are not quickly remedied, with documentation, by the governing board. The school facility may be in need of modification or repair required by DBS.</p>	No instances of non-compliance documented	25	25
			15	
			0	
Notes				25

INDICATOR 5: ADDITIONAL OBLIGATIONS			
Measure 5a	Is the school complying with all other obligations?	Result	Points Possible
Additional Obligations			Points Earned
	<p><b>Meets Standard:</b> The school materially complies with all other material legal, statutory, regulatory, or contractual requirements that are not otherwise explicitly stated herein, including but not limited to requirements from the following sources: revisions to statute and administrative rule; requirements of the State Department of Education; and requirements of the accrediting body.</p> <p><b>Partially Meets Standard:</b> The school largely complies with all other material legal, statutory, regulatory, or contractual requirements that are not otherwise explicitly stated herein. Matters of non-compliance, if any, are minor and quickly remedied, with documentation, by the governing board.</p> <p><b>Does Not Meet Standard:</b> The school exhibits frequent and/or significant failure to materially comply with all other material legal, statutory, regulatory, or contractual requirements contained in its charter contract that are not otherwise explicitly stated herein; and/or matters of non-compliance are not quickly remedied, with documentation, by the governing board.</p>	No instances of non-compliance documented	25
			15
			0
			25
Notes			

INDICATOR 1: NEAR-TERM			
Measure 1a Current Ratio	<p><b>Current Ratio: Current Assets divided by Current Liabilities</b></p> <p><b>Meets Standard:</b> Current Ratio is greater than or equal to 1.1 OR Current Ratio is between 1.0 and 1.1 and one-year trend is positive (current year ratio is higher than last year's). <i>Note: For schools in their first or second year of operation, the current ratio must be greater than or equal to 1.1.</i></p> <p><b>Does Not Meet:</b> Current Ratio is between 0.9 and 1.0 or equals 1.0 OR Current Ratio is between 1.0 and 1.1 and one-year trend is negative.</p> <p><b>Falls Far Below Standard:</b> Current ratio is less than or equal to 0.9.</p>	<p><b>Result</b></p> <p>1.4</p> <p>10</p> <p>0</p>	<p><b>Points Possible</b></p> <p>50</p> <p>10</p> <p>0</p> <hr/> <p>50</p>
Notes			
Measure 1b Cash Ratio	<p><b>Current Ratio: Cash divided by Current Liabilities</b></p> <p><b>Meets Standard:</b> Cash Ratio is greater than 1.0 OR Cash Ratio is equal to 1.0 and one-year trend is positive (current year ratio is higher than last year's).</p> <p><b>Does Not Meet:</b> Cash Ratio is between 0.9 and 1.0 OR Cash Ratio equals 1.0 and one-year trend is negative.</p> <p><b>Falls Far Below Standard:</b> Cash ratio is equal to or less than 0.9.</p>	<p><b>Result</b></p> <p>1.1</p> <p>10</p> <p>0</p>	<p><b>Points Possible</b></p> <p>50</p> <p>10</p> <p>0</p> <hr/> <p>50</p>
Notes			
Measure 1c Unrestricted Days Cash	<p><b>Unrestricted Days Cash: Unrestricted Cash divided by (Total Expenses minus Depreciation Expense/365)</b></p> <p><b>Meets Standard:</b> 60 Days Cash OR Between 30 and 60 Days Cash and one-year trend is positive. <i>Note: Schools in their first or second year of operation must have a minimum of 30 Days Cash.</i></p> <p><b>Does Not Meet:</b> Days Cash is between 15-30 days OR Days Cash is between 30-60 days and one-year trend is negative.</p> <p><b>Falls Far Below Standard:</b> Fewer than 15 Days Cash.</p>	<p><b>Result</b></p> <p>60 days</p> <p>10</p> <p>0</p>	<p><b>Points Possible</b></p> <p>50</p> <p>10</p> <p>0</p> <hr/> <p>50</p>
Notes			
Measure 1d Default	<p><b>Default</b></p> <p><b>Meets Standard:</b> School is not in default of financial obligations. Financial obligations include, but are not limited to: nonpayment, breach of financial representation, non-reporting, non-compliance, financial judgements, loan covenants, and/or tax obligations.</p> <p><b>Does Not Meet:</b> School is in default of financial obligations.</p>	<p><b>Result</b></p> <p>See note</p>	<p><b>Points Possible</b></p> <p>50</p> <p>0</p> <hr/> <p>0</p>
Notes	While the audit notes no deficiencies in internal controls and no instances of noncompliance with GAAP standards. However, the school has secured a deferment of loan covenants for which the school is in default.		

INDICATOR 2: SUSTAINABILITY			Result	Points Possible	Points Earned
Measure 2a	Total Margin: Net Income divided by Total Revenue AND Aggregated Total Margins: Total 3-Year Net Income divided by Total 3-Year Revenues.				
Total Margin and Aggregated					
3-Year Total Margin	<p><b>Meets Standard:</b> Aggregated 3-Year Total Margin is positive and the most recent year Total Margin is positive OR Aggregated 3-Year Total Margin is greater than -1.5 percent, the trend is positive for the last two years, and the most recent year Total Margin is positive. <i>Note: For schools in their first or second year of operation, the cumulative Total Margin must be positive.</i></p> <p><b>Does Not Meet:</b> Aggregated 3-Year Total Margin is greater than -1.5 percent, but trend does not "Meet Standard".</p> <p><b>Falls Far Below Standard:</b> Aggregated 3-Year Total Margin is less than or equal to -1.5 percent OR the most recent year Total Margin is less than -10 percent.</p>			50	
				30	
			See note	0	0
					0
Notes	The Aggregated 3-Year Total Margin is negative and the most recent year Total Margin is negative. Due to the Reinstatement of Pension Liability, as required by GASB 68, Net Position may be higher than expected. Changes in Net Position due to pension reinstatement that do not provide or require current financial resources have been removed from the Net Position calculation. This reinstatement had no material effect on the outcome for this measure.				
Measure 2b	Debt to Asset Ratio: Total Liabilities divided by Total Assets		Result	Points Possible	Points Earned
Debt to Asset Ratio					
	<b>Meets Standard:</b> Debt to Asset Ratio is less than 0.9.			50	
	<b>Does Not Meet:</b> Debt to Asset Ratio is between 0.9 and 1.0			30	
	<b>Falls Far Below Standard:</b> Debt to Asset Ratio is greater than 1.0		1.23	0	0
					0
Notes	Due to the Reinstatement of Pension Liability, as required by GASB 68, Net Position may be higher than expected. Changes in Net Position due to pension reinstatement that do not provide or require current financial resources have been removed from the Net Position calculation. This reinstatement had no material effect on the outcome for this measure.				
Measure 2c	Cash Flow: Multi-Year Cash Flow = Year 3 Total Cash - Year 1 Total Cash AND One -Year Cash Flow = Year 2 Total Cash - Year 1 Total Cash		Result	Points Possible	Points Earned
Cash Flow					
	<b>Meets Standard:</b> Multi-Year Cumulative Cash Flow is positive and Cash Flow is positive each year OR Multi-Year Cumulative Cash Flow is positive, Cash Flow is positive in one of two years, and Cash Flow in the most recent year is positive. <i>Note: Schools in their first or second year of operation must have positive cash flow.</i>		See note	50	50
	<b>Does Not Meet:</b> Multi-Year Cumulative Cash Flow is positive, but trend does not "Meet Standard"			30	
	<b>Falls Far Below Standard:</b> Multi-Year Cumulative Cash Flow is negative.			0	
					50
Notes	The Multi-Year Cumulative Cash Flow is positive. The most recent year Cash Flow is positive.				
Measure 2d	Debt Service Coverage Ratio: (Net Income + Depreciation + Interest Expense)/(Annual Principal, Interest, and Lease Payments)		Result	Points Possible	Points Earned
Debt Service Coverage Ratio					
	<b>Meets Standard:</b> Debt Service Coverage Ratio is equal to or exceeds 1.1			50	
	<b>Does Not Meet:</b> Debt Service Coverage Ratio is less than 1.1		-1.03	0	0
					0
Notes	Due to the Reinstatement of Pension Liability, as required by GASB 68, Net Position may be higher than expected. Changes in Net Position due to pension reinstatement that do not provide or require current financial resources have been removed from the Net Position calculation. This reinstatement had no material effect on the outcome for this measure.				

## The Village Charter School Longitudinal Results

ACADEMIC	Measure	Percentage of Points Earned					
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
State Proficiency Comparison	1a			44%			
	1b			64%			
District Proficiency Comparison	2a			44%			
	2b			58%			
Criterion-Referenced Growth	3a			24%			
	3b			50%			

**% of Possible Academic Points for this School**

**42%      45%      45%**

OPERATIONAL	Measure	Percentage of Points Earned					
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Educational Program	1a -1d	N/A	100%	100%			
Financial Management	2a - 2c	N/A	73%	53%			
Governance & Reporting	3a - 3f	N/A	87%	43%			
School Environment	4a - 4b	N/A	30%	100%			
Additional Obligations	5a	N/A	100%	100%			

**% of Possible Operational Points for this School**

**N/A      81%      70%**

FINANCIAL	Measure	Percentage of Points Earned					
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Near-Term	1a - 1d	N/A	0%	75%			
Sustainability	2a - 2d	N/A	15%	25%			

**% of Possible Financial Points for this School**

**N/A      8%      50%**

ACCOUNTABILITY DESIGNATION		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Academic		Remediation	Remediation	Remediation			
Mission Specific		N/A	N/A	N/A			
Operational		N/A*	Good Standing	Remediation			
Financial		N/A*	Critical	Remediation			

\*Operational and Financial data for 2016-17 was reported in a different format.

### PCSC Lottery Observation Summary

An observation of each school's lottery process is required by [Section VI of PCSC policies](#), and will place once each performance certificate term.

Below you will find the summary of the PCSC lottery observation for your school. The purpose of this observation is to ensure compliance with Idaho's equitable selection process outlined in [IDAPA 08.02.04.203](#). Please see the PCSC's [Equitable Selection and Enrollment Process Guidance](#) document for more information. If you have any questions/comments/concerns regarding the summary below, please feel free to reach out to the PCSC staff. You may provide a response to this report within 30 days of receipt. Both the report and your response will be included in your school's renewal portfolio.

Observation Date: 3/4/2021

Observation Location: <https://zoom.us/j/8272612490?pwd=ZS9UMTZzNzVyZU1UaitGUkUjWGFodz09> & Onsite

Observer: Melissa-Jo Rivera

School Personnel Present	Office (if applicable)
Josh Noteboom	Administrator
Candi Massey	Business Manager
Amber Earl	Business Assistant
Neutral Third-Party Conducting Draw	Title
Ms. Paige Norman	
Mrs. Affleck	

Observation Category	Status	Date
Enrollment Deadline Notification	No Concern	3/4/2021
Enrollment Form	No Concern	3/4/2021
Lottery Process	No Concern	3/4/2021

Additional Notes (As Applicable)

#### Deadline Notification & Enrollment Application |

- Student application was compliant.
- Non-discrimination statement was posted on website & with application; statement was not identifiable on social media.

- It was unclear through research whether a press release or public service announcement was released at least 3x before the enrollment deadline. After speaking with the administrator, open enrollment was shared via social media boosts, website, and other social media. \*Social media does not fulfil the requirement.
- Preference categories were shared with the public.
- The board meeting on 10/15/2020 established the enrollment deadline.

#### **Equitable Selection Process |**

- TVCS utilized zoom and a manual draw to facilitate the lottery process.
- The administrator shared with the audience the following: selection process, identified priority selection, and post lottery communication methods and practices. This showcased TVCS desire to remain transparent to families and the community.
- Lottery draw was conducted by Ms. Paige Norman
- Student first name and last were read publicly.
- Families were made aware of the timeline in which they would receive communications of student placement by the school administrator.
- Administrator provided capacity for each grade level at the initiation of the lottery draw.
- TVCS overall lottery was conducted professionally and transparently.

**Reminders |** *Reminders are provided below for your specific school to support and ensure compliance on future lottery processes. Please ensure these reminders are implemented during your next enrollment season.*

- As a reminder, the intent of the law is to ensure that enrollment information is disseminated by a neutral media outlet through press release or public service announcement that broadcast within the area of attendance. \*Social media does not fulfil this requirement
- As a reminder, a minimum of a three-month notice of enrollment deadline is required; After researching, TVCS' notice provided a roughly six-week notice. If this is incorrect, please provide the date notification was presented and I'd be happy to update that.
- As a reminder, per (FERPA) & your policy, a student's identifiable information should not be disclosed publicly. I'd recommend modifying the naming convention used to identify students on your database when presenting publicly.

**PCSC Board Meeting Observation Summary**

Observation Date: 12/17/2020

Observer: Melissa-Jo "Mel" Rivera | Program Manager

TVCS Board of Directors-

Below you will find the summary of the PCSC board meeting observation required by PCSC Policies & Procedures (updated on August 13<sup>th</sup>, 2020). The intent of this observation is to follow PCSC standard and serves as documentation of the fulfillment of your annual requirements. If you have any questions/comments/concerns regarding the summary below, please feel free to reach out to the Program Managers or PCSC Director. You have 5 days from the date of receipt of this summary to provide any follow-up as needed.

Director's Name	Office (if applicable)	Present/Remote/Absent
Adrian Castaneda	Chairman	Remote
Andrea Estes	Vice-Chairwoman	Remote
Randy Basterrechea	Trustee	Remote
Jake Hays	Trustee-Secretary	Remote
Rob Wright	Trustee	Remote
School Leadership	Title	Present/Remote/Absent
Adam Holcomb	Business Manager	Remote
Josh Noteboom	Lead Administrator	Remote
Candie Massey	Business Manager	Remote

**TVCS Observation Summary**

Observation Category	Status	Date
Open Meeting Law	No Concerns	12/17/2020
Public Participation	No Concerns	12/17/2020
Operational Efficacy	No Concerns	12/17/2020
Academic Achievement	No Concerns	12/17/2020
Financial Health	No Concerns	12/17/2020

**Additional Notes (As Applicable)**

- \*TVCS Lead administrator provided a presentation for an Administrator's Update which is a good practice.
- \*TVCS board allowed opportunity for the Teacher Liaison to provide feedback to board members regarding practices and concerns within the school, which is also a good practice.
- \*Though not a major concern it was unclear how the public accesses the meeting once the board comes out of executive session. Could you please provide clarity on that process?
- \*Could you provide a copy of the amended budget that will be approved in January, once it is approved please?

## Key Design Elements (Observation)

AUTHORITY: IPCSC Policy: Section VII Public Charter School Oversight

If a public charter school is accredited by a State Board of Education approved accrediting agency, the IPCSC shall accept accreditation reports in lieu of conducting a site visit for the purpose of establishing whether the school is effectively implementing its Key Design Elements as stated in its Performance Certificate. If a public charter school is not accredited by a State Board of Education approved accrediting agency, the IPCSC will conduct a site visit once during the public charter school's Performance Certificate term for the purpose of evaluating whether the school is effectively implementing its Key Design Elements as stated in its Performance Certificate. The public charter school will receive written notice of a site visit for this purpose at least thirty (30) days prior to the visit, and whenever possible, the site visit will be scheduled at a time convenient for the public charter school.

Observation Date: 1/21/2022

Observer: Melissa-Jo Rivera

School Board Director's Name	Office (if applicable)
Adrian Castaneda	Chair
Andrea Estes	Vice Chair
Jake Hays	Secretary
Randy Basterrechea	Treasurer
Rob Wright	Trustee
School Leadership	Title
Josh Noteboom	Administrator

Observation Category	Status
Key Design Elements Implementation	No Concern

### School's Key Design Elements:

- Administrator provided certification, re-certification, and progress report summary of Lighthouse "Leader in Me" which is used in the schools KDE methods.
- Teachers received onsite instruction and training that supported the KDE of Village Leadership Academy.
- School administrator led and participated in training along with reinforcing the mission, purpose and role of the school which aligned to the school's performance certificate and charter.
- School has educational tools and resources throughout the school the support the intention of the KDE.
- IPCSC staff was able to review some educational resources that school personnel utilize for instructional and support purposes.
- The school and its staff were well engaged into ensuring that the mission of the school and the educational model were supporting student progress and growth.
- Administrator and staff were onsite to answer questions for both IPCSC staff and school personnel.
- Overall, Village Leadership Academy provided evidence that school personnel were engaged, enthusiastic and in agreement as to the implementation and value of its key design elements.

## FORBEARANCE AGREEMENT

This **FORBEARANCE AGREEMENT** (this “Agreement”), dated December 15, 2022 (the “Effective Date”), is made by and between **THE VILLAGE CHARTER SCHOOL, INC.**, an Idaho nonprofit corporation being operated as a public charter school (the “Borrower”), and **THE HUNTINGTON NATIONAL BANK**, a national banking association, in its capacity as trustee under the Indenture hereinafter described (the “Trustee”).

### RECITALS

WHEREAS, at the request of the Borrower, Idaho Housing and Finance Association, as issuer (the “Issuer”), issued its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017A, in the original aggregate principal amount of \$4,875,000, its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017B, in the original aggregate principal amount of \$85,000, and its Nonprofit Facilities Revenue Bonds (The Village Charter School, Inc. Project), Series 2017C, in the original aggregate principal amount of \$210,000 (collectively, the “Bonds”) pursuant to that certain Trust Indenture dated as of May 1, 2017 (the “Original Indenture”) between the Issuer and the Trustee, as supplemented and amended by that certain First Supplemental Trust Indenture dated as of May 15, 2019 between the Issuer and the Trustee (the “First Supplemental Indenture”), and that certain Second Supplemental Trust Indenture dated as of June 27, 2019 between the Issuer and the Trustee (the “Second Supplemental Indenture”) and, together with the Original Indenture and the First Supplemental Indenture, the “Indenture”); and

WHEREAS, the proceeds of the Bonds were loaned by the Issuer to the Borrower pursuant to that certain Loan Agreement dated as of May 1, 2017 (the “Original Loan Agreement”) between the Issuer and the Borrower, as supplemented and amended by that certain First Amendment to Loan Agreement dated as of May 15, 2019 between the Issuer and the Borrower (the “First Amendment to Loan Agreement”), and as supplemented and amended by that certain Second Amendment to Loan Agreement dated as of June 27, 2019 between the Issuer and the Borrower (the “Second Amendment to Loan Agreement” and, together with the Original Loan Agreement and the First Amendment to Loan Agreement, the “Loan Agreement”). The Borrower’s obligations under the Loan Agreement are evidenced by the Promissory Notes (as such term is defined in the Indenture); and

WHEREAS, The proceeds of the Bonds were used to finance charter school facilities in Boise, Idaho; and

WHEREAS, as security for its obligations under the Indenture and Loan Agreement, the Borrower entered into that certain Deed of Trust, Security Agreement, Fixture Filing and Assignment of Rents and Leases dated as of May 1, 2017 (the “Original Deed of Trust”), as supplemented and amended by that certain First Amendment to Deed of Trust, Security Agreement, Fixture Filing and Assignment of Rents and Leases dated as of June 27, 2019 (the “First Amendment”, and together with the Original Deed of Trust, the “Deed of Trust”) made by

the Borrower, granting a first lien on the Property and other assets covered thereby (the “Mortgaged Property”); and

WHEREAS, capitalized terms used without definition herein shall have the meanings ascribed in the Indenture, Loan Agreement or other the Borrower Documents (as such term is defined in the Indenture); and

WHEREAS, to provide the Borrower with additional liquidity, on June 27, 2019 certain of the Bondholders made a term loan to the Borrower in the original principal amount of \$800,000 as evidenced by that certain Promissory Note (Term Loan) dated June 27, 2019 (the “2019 Taxable Note”), the Second Supplemental Trust Indenture, the Second Amendment to Loan Agreement and the First Amendment to Deed of Trust; and

WHEREAS, the entire principal amount of the 2019 Taxable Note remains outstanding;

WHEREAS, the Series 2017A Bonds, Series 2017C Bonds and the 2019 Taxable Note matured on December 15, 2021, and the Series 2017B Bonds matured on February 15, 2020. All Bonds and the 2019 Taxable Note remain unpaid, and the Borrower has acknowledged it is unable to fully pay all amounts owing under the Loan Agreement; and

WHEREAS, the unpaid principal amount due on the Bonds, the Promissory Notes and the 2019 Taxable Note continues to accrue interest until paid;

WHEREAS, the Trustee, acting at the direction of the Bondholder Representative, is willing to enter into this Agreement to allow the Borrower to continue operations during the current school year, subject to the terms and conditions set forth in this Agreement, *provided* that the Borrower strictly complies with each and every provision of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

**Section 1. Borrower Acknowledgments.** The Borrower acknowledges and agrees as follows:

(a) Recitals. The Recitals set forth in this Agreement are true and correct in all material respects. The agreements contained herein shall inure to the Borrower’s direct and substantial benefit.

(b) Borrower Documents. The Borrower Documents are legal, valid, binding and enforceable against the Borrower, in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency and similar laws affecting creditors’ rights generally and to general principles of equity. The terms of the Borrower Documents remain unchanged, except as compliance therewith may be temporarily modified by this Agreement.

(c) Amount Outstanding. In each case, as of September 15, 2022, the amount outstanding on the Series 2017A Bonds was \$ 5,289,937.50; the amount outstanding on the Series 2017B Bonds was \$ 61,875.00; the amount outstanding on the Series 2017C Bonds was \$ 221,223.33; and the amount outstanding on the 2019 Taxable Note was \$ 1,057,333.33. Interest at the applicable interest rate continues to accrue on all unpaid amounts until paid.

(d) Covered Default. The Borrower has failed to pay the Loan Payments, the Promissory Notes and the 2019 Taxable Note in full, which is an Event of Default under *Section 10.01(a)* of the Loan Agreement (the “Covered Default”). The Covered Default is also an Event of Default under *Section 8.01(e)* of the Indenture and *Sections 20(a)(1)* and *20(a)(4)* of the Deed of Trust. The Issuer’s failure to pay the Bonds is an Event of Default under *Section 8.01(a)* of the Indenture.

(e) Right to Exercise Remedies. Given the Covered Default and other existing defaults under the Indenture and the Loan Agreement, the Trustee has the right to exercise any remedy provided for in the Indenture and the Borrower Documents.

(f) No Setoff or Defenses. None of the Borrower’s obligations under the Indenture or the Borrower Documents are subject to any setoff, deduction, claim, counterclaim or defense of any kind or character whatsoever.

(g) Trust Estate under the Deed of Trust. The Trustee has a valid, enforceable, first-priority lien on the Mortgaged Property (as such term is defined in the Deed of Trust) which constitutes real property or fixtures and has a valid, enforceable, perfected, first-priority security interest in the Mortgaged Property which constitutes personal property or other assets, whether tangible or intangible.

(h) No Lending Obligation. Neither the Trustee nor the Bondholders have any obligation to make loans or otherwise advance additional funds or extend credit to the Borrower under the Borrower Documents or otherwise, and will not do so, unless the Trustee determines, in its sole and absolute discretion and upon receipt of indemnity to its satisfaction, that the taking of such action is in the best interests of the Bondholders.

(i) No Waiver of Defaults. Neither this Agreement, nor any actions taken in accordance with this Agreement, shall be construed as a waiver of or consent to the Covered Default or any other existing or future defaults under the Indenture or the Borrower Documents, as to which the Trustee’s rights shall remain reserved.

(j) Trustee, Bondholders’ and Bondholder Representative Conduct. The Trustee, the Bondholders and the Bondholder Representative have fully and timely performed all of their duties in full and complete compliance with the Indenture and the Borrower Documents, in full and complete compliance with applicable law, and have acted reasonably, in good faith and appropriately under the circumstances.

(k) Actions of Trustee. The Borrower acknowledges and agrees that any action being taken or permitted to be taken hereunder is and shall be taken at the written direction of the Bondholder Representative or Bondholders, in accordance with the Indenture.

(l) Extension of Forbearance Period. The Trustee shall not grant additional forbearance to the Borrower except in its sole and absolute discretion.

**Section 2. Agreements of the Trustee.** Subject to strict compliance by the Borrower with the terms and conditions of this Agreement, the Trustee agrees to forbear from exercising its rights under the Borrower Documents, other than its right to appointment of a receiver under the conditions set forth in *Section 3(c)* of this Agreement, during the period commencing on the date of this Agreement (the “Effective Date”) and ending on the earlier of (i) June 15, 2023, or (ii) the date that any Forbearance Default (as defined in *Section 7* of this Agreement) occurs (the “Forbearance Period”). The forbearance granted by this Agreement does not extend to the exercise of any other remedies provided for under this Agreement, the Indenture or the Borrower Documents during the Forbearance Period, except as specifically set forth herein, and does not extend to any other default whatsoever under the Indenture, under any Borrower Document or under any other document related to the Bonds. From the end or earlier termination of the Forbearance Period, the Trustee may, in its sole and absolute discretion, exercise any and all remedies available to it under this Agreement, under the Indenture or under any Borrower Documents by reason of the occurrence of the Covered Default.

**Section 3. Agreements of the Borrower.** In order to induce the Trustee to forbear from the exercise of its rights and remedies to the extent set forth herein, and with the understanding the Trustee would not agree to forbear from exercising remedies under the Indenture or Borrower Documents without the Borrower’s agreement to take the actions required by this *Section 3*, the Borrower hereby covenants and agrees at all times during the Forbearance Period, unless Trustee otherwise consents in writing, which consent the Trustee may withhold in its sole and absolute discretion, as follows:

(a) State Payments. The Borrower acknowledges that, pursuant to the Indenture and Borrower Documents, the Trustee is authorized to apply money in any fund or account held thereunder in accordance with the provisions of *Article VIII* of the Indenture acting upon the written direction of the Bondholder Representative. Future transfers of State Payments from the Revenue Fund will only be made by the Trustee acting upon the written direction of the Bondholder Representative.

(b) Delivery of Agreement. The Borrower agrees to cause its board of directors to approve by resolution duly adopted at a public meeting called in accordance with Idaho law and to cause the chairperson of its Board of Directors to execute and deliver this Agreement.

(c) Confirmation of Right to Receiver. Given the ongoing Events of Default under the Loan Agreement and the Indenture the Borrower hereby confirms the Trustee’s entitlement to the appointment of a receiver over the Borrower pursuant to *Section 10.02(b)(y)* of the Loan Agreement and *Section 20(c)(2)* of the Deed of Trust. Additionally, under *Section 20(c)(2)* of the Deed of Trust, the Borrower specifically irrevocably consented to the appointment of a receiver as

set forth in the Deed of Trust. In consideration for the Trustee being willing to execute and deliver this Agreement, and without limiting the provisions of *Section 1(b)* of this Agreement, the Borrower hereby specifically reaffirms its agreements with respect to the appointment of a receiver and waives its rights, and agrees not to, to contest any such appointment. The Borrower specially confirms that the Trustee may seek appointment of a receiver on or after March 1, 2023 if so directed and indemnified by the Bondholder Representative unless all outstanding Events of Default existing under the Indenture or any Borrower Document have been cured by the Borrower by such time.

(d) Vacation of Mortgaged Property. Notwithstanding any provision hereof to the contrary, the Borrower shall vacate the Mortgaged Property and transfer marketable title to and control thereof promptly upon the earlier of a Forbearance Default or June 15, 2023, in accordance with written instructions from the Trustee, acting at the direction and indemnification of the Bondholder Representative.

(e) Marketing of the Mortgaged Property. The Borrower understands and agrees that the Trustee or its designee, acting at the direction of the Bondholder Representative, shall have the absolute right during the Forbearance Period to market the Mortgaged Property to potential purchasers, lessees or other users, including without limitation other public, private or charter school operators, either directly by its own efforts or through one or more designee or real estate broker of its choosing. The Borrower understands and agrees that the Trustee, at the direction and indemnification of the Bondholder Representative, may engage a commercial real estate broker or firm of brokers (such broker or firm, including any successor thereto, being referred to herein as the "Broker") during the Forbearance Period, as its real estate consultant to negotiate the sale of the Mortgaged Property, which transaction could include a sale of the Mortgaged Property to the Borrower, if the Borrower pays the best price. To that end, the Borrower agrees to promptly cooperate with all requests from the Trustee, its designees or the Broker for information about and access to the Mortgaged Property during the Forbearance Period, provided such requests do not unreasonably interfere with the Borrower's educational activities at the Mortgaged Property. The Borrower hereby authorizes all such marketing efforts as described herein.

The parties agree that the Broker may market the Mortgaged Property in any commercially reasonable manner, as determined in the Broker's sole and absolute discretion, including without limitation, placement of a sign on the Mortgaged Property, listing of the Mortgaged Property on any publicly available multiple listing services and other typical methods of advertising or marketing commercial real estate of the type occupied by the Borrower to potential buyers. Neither the Trustee nor the Bondholder shall be liable for any acts or omissions of Broker, as more particularly set forth in *Section 5* hereof.

(f) Communications from any Authorizer. The Borrower agrees to provide copies of any written communication from its Authorizer relating in any way to the Borrower's Charter Contract within five Business Days of receipt of the same.

(g) No Additional Debt. The Borrower shall not incur any additional indebtedness without the consent of the Trustee, which consent may be granted or withheld in the Trustee's sole and absolute discretion.

(h) Trustee Fees and Expenses. The Borrower shall pay all Trustee fees and expenses, including the fees and expenses of its counsel, and any other extraordinary fees and expenses of the Trustee, within 21 days of receipt of invoices therefor.

(i) Confirmation of Borrower Documents. Except as specifically set forth herein, the terms and conditions of the Borrower Documents remain unchanged and in full force and effect. The Borrower shall continue to perform and observe all covenants, terms and conditions and agreements contained in each of the Borrower Documents, except as expressly modified by this Agreement.

**Section 4. Representations and Warranties of the Borrower.** The Borrower represents and warrants that all representations and warranties relating to it contained in the Borrower Documents are true and correct as of the Effective Date, except to the extent that such representations and warranties expressly relate to the Covered Default. The Borrower further represents and warrants to the Trustee, Bondholder Representative and Bondholders, as an inducement to the execution and delivery of this Agreement by the Trustee, as follows:

(a) Authorization. The execution, delivery and performance of this Agreement are within its corporate power and have been duly authorized by all necessary corporate action on the part of the Board of Directors of the Borrower.

(b) Enforceability. The Borrower Documents and this Agreement each constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally and to general principles of equity.

(c) Accuracy of Information. All information provided by the Borrower, or any of its respective employees, agents, management companies, educational consultants, attorneys or other consultants to the Trustee or Bondholder is and will be true, correct, and complete in all material respects, as of the date provided and does not and will not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading. The Borrower has not and will not withhold any material information regarding the Borrower's operations from the Trustee, Bondholder Representative or Bondholders.

(d) Outstanding Amounts. The Borrower remains obligated to pay the full Outstanding principal amount of the Bonds, the Promissory Notes and the 2019 Taxable Note and the Borrower acknowledges and agrees that interest continues to accrue on the Bonds, the 2019 Taxable Note and on the Promissory Notes in accordance with the terms thereof until such amounts are fully paid. The Borrower is unable to make the required payments under the Loan Agreement, when due, to pay timely the principal of, premium, if any, or interest on the Bonds.

(e) Advice of Counsel. The Borrower has freely and voluntarily entered into this Agreement with the advice of legal counsel of its choosing.

(f) Fees and Expenses. The Borrower shall pay its costs in connection with the negotiation, execution and delivery of this Agreement or arising from the occurrence of the Covered Default, including the fees and expenses of its counsel and any advisors or consultants to the Borrower. Fees and expenses of the Trustee arising in connection with the execution and delivery of this Agreement shall be payable by the Borrower within twenty-one days of written request therefor.

**Section 5. Release of Claims and Waiver of Defenses.** In further consideration of the Trustee's execution and delivery of this Agreement, the Borrower, on its own behalf and on behalf of its successors, assigns, parents, subsidiaries, affiliates, officers, directors (whether current or former), trustees (whether current or former), employees, agents and attorneys hereby forever, fully, unconditionally and irrevocably waive and release the Trustee, the Bondholders, the Bondholder Representative and each of their predecessors, successors, assigns, parents, subsidiaries, affiliates, officers, directors, employees, attorneys, financial consultants, Brokers and agents (collectively, the "Released Parties") from any and all claims, liabilities, obligations, debts, fines, penalties, causes of action (whether at law or in equity or otherwise), defenses, counterclaims, setoffs, of any kind, whether known or unknown, whether liquidated or unliquidated, matured or unmatured, fixed or contingent, directly or indirectly arising out of, connected with, resulting from or related to any act or omission by any Released Party with respect to any acts or omissions arising in connection with the Covered Default, this Agreement, the Indenture, the Borrower Documents and any real or personal property secured by the Borrower Documents on or before the Effective Date of this Agreement (collectively, "Claims"). The Borrower further agrees it shall not commence, institute, or prosecute any lawsuit, action or other proceeding, whether judicial, administrative or otherwise, to collect or enforce any Claim.

The Borrower further represents, warrants and agrees that it has not voluntarily or involuntarily conveyed, assigned, transferred, subrogated, disposed of or otherwise purported to convey, assign, transfer, subrogate, dispose of or otherwise alienate (a "Claim Transfer") to any person any Claim or any portion thereof. The Borrower hereby agrees to indemnify and hold harmless the Released Parties against any Claim (including, without limitation, the payment of attorneys' fees of any Released Party) asserted by any person based upon or arising from any Claim Transfer made by the Borrower.

The Borrower further acknowledges and agrees that the provisions of this *Section 5* shall survive the expiration of the Forbearance Period and the termination of this Agreement, the Indenture, the Borrower Documents, the discharge of the Bonds, or any exercise of remedies under this Agreement or under the Indenture or any of the Borrower Documents.

**Section 6. Indemnification.** The Borrower hereby expressly acknowledges, agrees and reaffirms its indemnification obligations to the Issuer Indemnified Parties and the Trustee Indemnified Parties (as set forth in *Section 8.06* of the Loan Agreement) and to any other persons indemnified by the Borrower under any Bond Document. The Borrower further acknowledges, agrees and affirms that all such indemnification obligations set forth in *Section 8.06* of the Loan Agreement shall additionally apply to any Released Parties who are not already included as an Issuer Indemnified Party or a Trustee Indemnified Party, and such obligations shall survive the

expiration of the Forbearance Period and the termination of this Agreement, the Borrower Documents, the discharge of the Bonds and the Indenture, or any exercise of remedies under the Borrower Documents.

**Section 7. Forbearance Defaults.** The occurrence of one or more of the following shall constitute a “Forbearance Default” under this Agreement:

- (a) The Borrower’s Charter Contract is terminated by its Authorizer, or the Borrower is directed by its Authorizer to close or to transfer its operations to another school or school district, or the Borrower relinquishes or terminates its Charter Contract; or
- (b) The Borrower shall cease operations as a charter school for any reason; or
- (c) The Borrower shall fail to make any payment required by this Agreement when due; or
- (d) The Borrower shall fail to abide by or observe any term, condition, covenant or other provision contained in this Agreement or any document related to or executed in connection with this Agreement; or
- (e) A default or Event of Default shall occur under any Borrower Document or the Indenture (other than the Covered Defaults); or
- (f) Any representation or warranty of the Borrower made in this Agreement shall be false, misleading or incorrect in any material respect when made.

**Section 8. Remedies.** Immediately upon the occurrence of a Forbearance Default:

- (a) The Forbearance Period shall immediately and automatically cease without notice to, or action by, any party, and the Trustee shall be authorized, but not obligated, in its sole and absolute discretion, subject to its right to be indemnified to its satisfaction to exercise any or all of its rights and remedies under the Indenture, the Borrower Documents, this Agreement, or any stipulations or other documents executed in connection with or related to this Agreement, the Indenture or any of the Borrower Documents, or applicable law,
- (b) Upon application to a court of competent jurisdiction, the Trustee shall be entitled as a matter of right to the appointment of a receiver of the Borrower and of any or all of the Mortgaged Property, such receiver to have such powers as the court making such appointment may confer, including the power to marshal and sell any property of the Borrower. The Borrower hereby consents and agrees, and will, if requested by the Trustee, consent and agree at the time of application by the Trustee for appointment of a receiver and to the appointment of such receiver and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such property and the revenues, profits and proceeds therefrom, and to marshal and sell any property of the Borrower; and

(c) The Borrower shall cooperate with Trustee's repossession of the Mortgaged Property, and the Borrower shall immediately surrender the Mortgaged Property to Trustee's agent or designee upon Trustee's request, at the time and place designated by Trustee.

#### **Section 9. Bankruptcy; Automatic Stay.**

(a) Waiver. In the event the Borrower is the subject of any voluntary or involuntary proceeding under the Bankruptcy Code, the Borrower hereby unconditionally and irrevocably agrees that the Trustee is immediately entitled, without notice, demand or any other action, to relief from the automatic stay so as to allow the Trustee to foreclose on the Mortgaged Property and enforce any rights and remedies under the Indenture or any of the Borrower Documents, or at law and in equity under applicable state law. The Borrower hereby consents to the immediate lifting, without notice, demand or any other action, of any applicable stay and agrees that it shall not, in any manner, contest or otherwise delay any motion filed by or the Trustee for relief from the automatic stay. The Trustee's enforcement of the provisions of this paragraph is subject to the approval of the bankruptcy court in which the case is then pending.

(b) Acknowledgment by the Borrower. The Borrower expressly acknowledges and agrees that (i) it is currently in default under the Loan Agreement with no ability to cure such default and no defense to any of its obligations under the Loan Agreement or Deed of Trust, other than immediate payment in full; (ii) because of the uncured defaults under the Indenture and Loan Agreement, the Trustee has the absolute and immediate right to pursue foreclosure and other remedies with respect to the Mortgaged Property and to take any other action permitted under any Borrower Document; (iii) the Trustee has specifically negotiated for this stay waiver as consideration for providing the Borrower with additional time to arrange for payment of the Bonds and improvement of its operations, and forbearing from the exercise of certain remedies, including foreclosure; (iv) based on its own independent knowledge of the current and future use and the current value of the Mortgaged Property, the Borrower agrees that there is no equity in the Mortgaged Property, including the Land; (v) any bankruptcy filing or other action it takes to stay, condition, or inhibit the Trustee from exercising its remedies (except as limited hereby) is taken in an effort to delay the Trustee from exercising its right to sell the Mortgaged Property as set forth herein; and (vi) the stay waiver contained in *Section 9(a)* of this Agreement is a material inducement to the Trustee's willingness (acting at the written direction of the Bondholder Representative) to enter into this Agreement, without which the Trustee would not have agreed to forbear from exercising its rights and remedies under the Borrower Documents.

(c) Basis of Agreement. Trustee, at the written direction of the Bondholder Representative, and Borrower desire to successfully negotiate an out-of-court resolution to the default by Borrower under the Indenture and the Borrower Documents in an effort to avoid the right by Trustee to immediately exercise its foreclosure rights under the Indenture and the Borrower Documents. The parties acknowledge that the agreement they are reaching herein is the culmination of good-faith negotiations, discussions and compromises between the Bondholder Representative and the Borrower.

#### **Section 10. Miscellaneous.**

(a) Notices. Any notices with respect to this Agreement shall be given by private overnight delivery service to the addresses provided for in *Exhibit 10(a)* of this Agreement, and no notice shall be deemed given until received by such party as proven by the tracking records of the overnight delivery service. Refusal of delivery shall constitute receipt of notice.

(b) Integration; Modification of Agreement. This Agreement and the Borrower Documents embody the entire understanding between the parties hereto and supersede all prior agreements and understandings (whether written or oral) relating to the subject matter hereof and thereof. The terms of this Agreement may not be waived, modified, altered or amended except by agreement in writing signed by all the parties hereto. This Agreement shall not be construed against the drafter hereof.

(c) Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho without regard to conflict of laws principles thereof.

(e) No Waiver. No failure to exercise and no delay in exercising, on the part of the Trustee, any right, remedy, power or privilege hereunder, under the Indenture or under the Borrower Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. Further, the Trustee's acceptance of payment on account of the Bonds or other performance by the Borrower after the occurrence of an Event of Default shall not be construed as a waiver of such Event of Default or Forbearance Default, any other Event of Default or any of the Trustee's rights or remedies.

(f) Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR ANY BORROWER DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) IT HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) IT MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY, AND (D) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

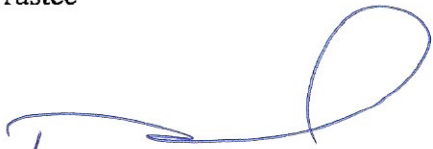
(g) Headings. The section headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

(h) Counterparts: Electronic Execution. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

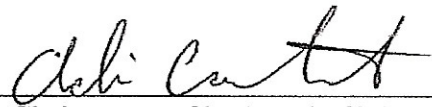
*[Balance of page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**THE HUNTINGTON NATIONAL BANK,**  
a national banking association, in its capacity  
as Trustee

By:   
\_\_\_\_\_  
Vice President

**THE VILLAGE CHARTER SCHOOL,  
INC.,** an Idaho nonprofit corporation

By:   
\_\_\_\_\_  
Chairperson of its Board of Directors

*Exhibit 10(a)*

**NOTICES**

If to the Borrower:

The Village Charter School, Inc.  
1747 North Fairmeadow Drive  
Boise, Idaho. 83704  
Attention: Administration

*with a copy to:*

Yorgason Law Offices, PLLC  
6200 North Meeker Place  
Boise, Idaho. 83713  
Attention: Chris Yorgason

If to the Trustee:

The Huntington National Bank  
Corporate Trust  
150 Ottawa Avenue NW  
Grand Rapids, MI 49503  
Attention: Patrick J. O'Donnell



**IDAHO PUBLIC CHARTER SCHOOL COMMISSION**

*304 North 8th Street, Room 242 • P.O. Box 83720 • Boise, ID 83720-037*

*208-332-1561 • Fax: 208-334-2632*

*e-mail: [charter@osbe.idaho.gov](mailto:charter@osbe.idaho.gov)*

June 9, 2016

**VIA INTERAGENCY MAIL**

Tim Hill, Deputy Director  
Division of School Finance  
Idaho State Department of Education

Re: Financial Status of The Village Charter School

Dear Mr. Hill:

As you are aware, Section 33-5209C(3) Idaho Code, provides that "If an authorized chartering entity has reason to believe that a public charter school cannot remain fiscally sound for the remainder of its certificate term, it shall provide the state department of education with written notice of such concern. Upon receiving such notification, the state department of education shall have the authority to modify the percentage of the total appropriation to be paid to the public charter school pursuant to the provisions of Section 33-1009(1) Idaho Code, such that equal percentages are paid on each of the prescribed dates."

I am writing to notify you that the Public Charter School Commission (PCSC) has reason to believe that The Village Charter School may not be able to remain fiscally sound for the remainder of its certificate term, which ends June 30, 2018.

During 2016, TVCS has required assistance in covering cash flow shortfalls. According to projections submitted by TVCS, the school estimates a FY16 net loss of \$167,000. The school's board anticipates enrollment of 360 students next year, an increase of 11% over current enrollment. Given the school's historical enrollment pattern, PCSC staff is concerned that the projected increase is unrealistic and optimistic budgeting will lead to increased financial strain.

Please feel free to contact me if I may provide any additional documentation or assistance in this matter.

Kind regards,

Tamara L. Baysinger  
Director



**IDAHO PUBLIC CHARTER SCHOOL COMMISSION**

*304 North 8th Street, Room 242 • P.O. Box 83720 • Boise, ID 83720-037*

*208-332-1561 • Fax: 208-334-2632*

*e-mail: [charter@osbe.idaho.gov](mailto:charter@osbe.idaho.gov)*

June 19, 2020

Via: Email

Tim Hill, Deputy Director  
Division of School Finance  
Idaho State Department of Education

Re: Fiscal Notification of Concern, The Village Charter School (TVCS)

Dear Mr. Hill,

Pursuant to I.C. §33-5209C(3), I am writing to inform you that the Public Charter School Commission (PCSC) has reason to believe that The Village Charter School may not be able to remain fiscally sound for the remainder of its Performance Certificate term, which ends on June 30, 2023.

The PCSC acknowledges that the school has markedly improved its financial practices, and with professional back office services from MAST Financial and a bond-holder willing to revise the terms of the agreement, the school is on-track to recover. While it appears that the bond-holder is working with the school to renegotiate the terms of debt repayment, no formal documentation is in place at this time.

On June 18, 2020, the PCSC voted to continue the notification of fiscal concern, for FY21. The PCSC further recommends that the State Department of Education exercise its authority to modify the school's payment distributions accordingly.

Please feel free to contact me if you have any questions.

Sincerely,

Jenn Thompson  
Director, Idaho Public Charter School Commission  
[jenn.thompson@osbe.idaho.gov](mailto:jenn.thompson@osbe.idaho.gov)

208-332-1594

Cc Josh Noteboom, TVCS Principal and Rachael Smith, TVCS Board Chair

June, 14, 2021

Via: Email

Julie Oberle, Chief Financial Officer  
Idaho State Department of Education

Re: Notification of Fiscal Concern; The Village Public Charter School

Dear Ms. Oberle,

Pursuant to I.C. 833-5209C(3), I am writing to inform you that the Idaho Public Charter School Commission (IPCSC) has reason to believe that The Village Public Charter School (TVCS) may not be able to remain fiscally sound for the remainder of its Performance Certificate term, which ends on June 30, 2023.

On June 10, 2021, the IPCSC voted to continue the notification of fiscal concern, through FY22. The IPCSC further recommends that the State Department of Education exercise its authority to modify the school's payment distributions accordingly.

Please feel free to contact me if you have any questions.

Sincerely,



Digitally signed by  
Jenn Thompson  
Date: 2021.06.11  
13:11:47 -06'00'

Jenn Thompson | Director

Cc: Adrian Castaneda, TVCS Board Chair; Josh Noteboom, TVCS Principal





June 13, 2022

Julie Oberle, Chief Financial Officer  
Idaho State Department of Education

Re: Notification of Fiscal Concern for The Village Leadership Academy

Delivered via email to: [jaoberle@sde.idaho.gov](mailto:jaoberle@sde.idaho.gov); cc [mtaylor@sde.idaho.gov](mailto:mtaylor@sde.idaho.gov)

Dear Ms. Oberle,

Pursuant to I.C. 33-5209C(3), I am writing to inform you that the Idaho Public Charter School Commission (IPCSC) has reason to believe that the Village Leadership Academy, formerly The Village Charter School, may not be able to remain fiscally sound for the remainder of its Performance Certificate term, which ends on June 30, 2023.

On June 9, 2022, the IPCSC voted unanimously to continue the notification of fiscal concern through FY 2023. The IPCSC further recommends that the State Department of Education exercise its authority to modify the school's payment distributions accordingly.

Please feel free to contact our office at 208-332-1561 if you have any questions.

Sincerely,

Jenn Thompson

Digitally signed by Jenn Thompson  
Date: 2022.06.09 16:08:30 -06'00'

Jenn Thompson  
Director, Idaho Public Charter School Commission



**IDAHO PUBLIC CHARTER SCHOOL COMMISSION**

*304 North 8th Street, Room 242 • P.O. Box 83720 • Boise, ID 83720-037*

*208-332-1561 • Fax: 208-334-2632*

*e-mail: [charter@osbe.idaho.gov](mailto:charter@osbe.idaho.gov)*

March 28, 2019

The Village Charter School  
Board of Directors  
Via Electronic Mail

Dear The Village Charter School (TVCS) Board of Directors:

Thank you for your continued service to The Village Charter School (TVCS) during this challenging time. I am writing to share with all of you a summary of the conversation our staff held yesterday with Rachael Smith and Adrian Castaneda.

We discussed TVCS's current financial status, insofar as it can be assessed prior to finalization of the MAST Financial Group (MAST) report and additional evaluation that remains underway. We also addressed the school's academic outcomes and an upcoming report to the Public Charter School Commission (PCSC).

Projected Year-End Balance

At this time, we understand that your board anticipates a FY19 year-end balance that could range from \$5,000 in the black to a deficit of \$60,000 or worse. MAST is working to establish TVCS's actual expenditures and outstanding balances due, as these were not accurately reported to the board by Veritas. Details are expected within about two weeks, together with a complete understanding of how much TVCS has paid to Veritas for its services.

It appears likely that the school will finish the year with a negative balance. The school's plan to address this relies on extensive cost savings within the FY20 budget. TVCS anticipates some savings in the absence of the Veritas contract, but it is unclear how much of this amount will be redirected toward MAST (or another service provider) and/or a business manager.

Cash Flow

TVCS is working to address a short-term cash flow shortage of about \$213,000. TVCS board members explained that this shortage results from failure to ensure that certain forms related to teacher certification were filed with the State Department of Education (SDE). Although the funds will be received eventually, they cannot be disbursed by the SDE until May. TVCS anticipates signing a loan with Charter Asset Management by the end of next week. This loan, in the amount of about \$221,000, will be repaid before the end of FY19.

## Management Services

TVCS has accepted Veritas' resignation, but has not yet established a timeline and payout for termination of the relationship. It appears that the school is considering paying Veritas a weekly rate based on the \$5,800 per month that has been paid since January. TVCS will also engage MAST to assist with the transition. We recommend that the board work with its legal counsel to ensure the development of written agreements that fairly reflect each entity's scope of work during the transition period.

## Bond Covenants

TVCS's bond covenants with Tortoise include requirements that the school maintain certain levels of enrollment and cash-on-hand. Because the schools is not presently meeting these requirements, it appears that the bond could be called at any time. Our understanding is that TVCS is negotiating with Tortoise the amend the bond covenants. Additionally, TVCS hopes to restructure its payment schedule with Tortoise to better align with the state's disbursement calendar.

## Academic Performance

It is imperative that you focus simultaneously on the quality of TVCS's academic program. For many years, the school has struggled to meet academic outcome expectations, particularly in math.

In 2018, the PCSC renewed TVCS's charter on the condition that the percentage of students making adequate growth in math increase to 59% by the end of the 2020-2021 school year. TVCS's most recent annual report showed improvement in this area, increasing from 47% to 53% of students making adequate growth in math. We applaud this change and encourage you to continue your efforts to help all students achieve or maintain proficiency.

TVCS's overall academic rating on its performance framework presently falls ten percentage points below the "good standing" range. By the end of TVCS's current performance certificate term, the school's overall academic performance (reflecting proficiency and growth in both math and ELA) must meet or exceed the "good standing" threshold.

Our staff will be glad to provide training for your board regarding the academic standards contained within your performance certificate and framework.

## Public Charter School Commission Meeting

During the PCSC's April 11, 2019, regular meeting, our staff will provide commissioners with an update regarding TVCS's status. We appreciate your willingness to help us be prepared with the most updated and accurate information available. To that end, we look forward to meeting with members of your board again on April 5, 2019, and ask that you provide as many of the following documents as possible:

- Plan for disengaging with Veritas, including timeline and cost
- Plan for financial management going forward, including the remainder of the 2018-19 school year and the 2019-20 school year
- Plan for ensuring that appropriate financial controls and procedures are enforced on an ongoing basis
- Amended bond covenants with Tortoise
- FY19 year-to-date actuals (both revenues and expenditures)

- Updated FY19 cash flow projection
- Amended FY19 budget
- Final MAST report

As you know, TVCS is presently in violation of the terms of its performance certificate on financial and academic grounds. The school's operational performance also merits review, as it falls barely inside the required "good standing" range.

We always seek to give school boards ample opportunity to address identified shortcomings, as you bear ultimate responsibility for the school's performance. However, please understand that we remain deeply concerned about TVCS's situation and will continue working to uphold our responsibility to protect the interests of students and taxpayers.

Please feel free to reach out anytime we can support you in your challenging role.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tamara Baysinger", with a long horizontal flourish extending to the right.

Tamara Baysinger  
Public Charter School Commission Director



**IDAHO PUBLIC CHARTER SCHOOL COMMISSION**

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April 8, 2019

The Village Charter School  
Board of Directors  
Via Electronic Mail

Dear TVCS Board of Directors,

Thanks for making time for another meeting with our staff on Friday, April 5. We appreciate your ongoing commitment to gaining a complete understanding of your school's financial and operational status. Below is a summary of our discussion, for your reference:

It is our understanding that TVCS will require the anticipated CAM loan of about \$215,000 to cover cash flow needs until you receive your May disbursement. After that point, TVCS does not intend to rely any further on short term loans. To manage cash flow over the next year, TVCS has agreed with its bondholder, Tortoise Credit Strategies, that all its FY19 payments will be made late in that fiscal year, allowing the school to avoid cash flow shortfalls at minimal additional expense. Additionally, Tortoise has agreed not to take action against TVCS, prior to the end of the 2019-2020 school year, on the grounds of TVCS's failure to comply with certain bond covenants.

TVCS's stated goal is to attain a level of financial stability permitting the Public Charter School Commission to confidently provide notice to the State Department of Education that we no longer have reason to believe that the school cannot remain fiscally sound for the remainder of its performance certificate term. Failure to do so by the end of the 2019-2020 school year will result in Tortoise having the option to declare TVCS to be in default. We appreciate your understanding that, while we sincerely hope that TVCS will achieve its goal, we cannot lower our standard in order to protect the school from a possible declaration of default.

During our discussion, frequent emphasis was placed on the incompetence of the outgoing management company, Veritas, as a key driver of the school's financial instability. We appreciate the recent growth of the board in taking responsibility for validating the information provided by its staff and contractors. However, it is important to remember that your board always bears the ultimate responsibility for the school's outcomes. In light of TVCS's extensive struggle with financial instability, which predates Veritas' involvement by many years, we urge you to engage in quality governance training enabling you to maintain an appropriate level of fiscal oversight.

TVCS remains in the process of finalizing its separation agreement with Veritas. We respectfully request that you submit the completed agreement to our office when it becomes available. Additionally, we look

forward to receiving the school's FY19 year-to-date actuals, FY19 cash flow projection, and amended FY19 budget as soon as possible.

It appears that TVCS will likely move ahead with MAST Financial Group as the school's contracted CFO. Our understanding is that TVCS will also hire an on-site business manager to report directly to your board. That employee's work will be double-checked by MAST, whose contract will specify that MAST is charged with ensuring the accuracy of the school's financials. The board will also establish a fiscal oversight committee to perform frequent, thorough reviews of the school's financial status, transactions, and processes. We strongly recommend that your board continue its due diligence regarding the selection of MAST or any other entity that may be under consideration for the contracted CFO role.

Finally, we are very excited to meet with you and your staff to help bring everyone up to speed on the PCSC's academic standards in the performance framework. We'll be glad to schedule that conversation at your convenience.

Thanks again for another productive conversation. As always, don't hesitate to let us know how we may be a resource for you.

Kind regards,

A handwritten signature in blue ink, appearing to read "Tamara Baysinger", with a long, sweeping horizontal line extending to the right.

Tamara Baysinger  
Public Charter School Commission Director



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May 23, 2019

The Village Charter School  
Board of Directors  
Via Electronic Mail

Dear The Village Charter School (TVCS) Board of Directors:

Thank you for your ongoing correspondence with our office as TVCS works with its new business management personnel toward a more secure future. We look forward to your pending update regarding the school's FY19 year-end projections.

In the meantime, we would like to ensure that you are aware of an urgent concern that was brought to our attention. It is our understanding that TVCS's phone system is presently non-operational, reportedly because the school has not paid its service provider. This issue raises very serious safety concerns and must be addressed immediately.

The Idaho Office of School Safety and Security can help you understand the necessary level of communication ability within and between your classrooms, office, and larger community. They may be reached at (208) 332-7155.

As the board of a public charter school, it is your responsibility to ensure the compliance, effectiveness, and overall health of the school. We appreciate your prompt response and respectfully request that you provide us with follow-up information as the issue moves toward resolution. If you have any questions, please don't hesitate to contact our office anytime.

Sincerely,

A handwritten signature in blue ink, reading "Tamara L. Baysinger".

Tamara L. Baysinger  
Public Charter School Commission Director



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June 3, 2019

The Village Charter School  
Board of Directors  
Via electronic mail

Dear The Village Charter School Board of Directors:

Thank you for the verbal update that Ms. Smith provided to our office on Thursday, May 30, 2019.

It is my understanding that you do not intend to submit a FY20 budget in accordance to the May 31, 2019, delayed deadline upon which we agreed during our meeting on May 17, 2019, because you still do not have a complete picture of the school's financial situation.

I further understand that your most recent estimates project a FY19 year-end deficit of approximately \$400,000. This obviously represents a substantial change from the deficit of \$60,000 that you tentatively projected in March 2019. Finally, I understand that TVCS is considering possible staffing and programmatic cuts as a means of financial survival.

It is imperative that you provide us with accurate FY19 year-end projections and a realistic FY20 budget. We need to know whether TVCS can responsibly and prudently continue operations not only for the immediate future, but also when the Tortoise bond covenants resume effectiveness at the end of the 2019-20 school year.

You have been entrusted with substantial taxpayer resources and, even more importantly, the effective education of Idaho students. Unfortunately, a series of decisions made in TVCS's past have resulted in financial commitments that it appears the school is unlikely to be able to meet, particularly without compromising your academic program and/or spending large sums of taxpayer money on fees and interest associated with short-term, unsecured loans to cover cash-flow shortfalls.

We discussed in December 2018 the importance of making responsible decisions as the board of a public charter school. I urge you again to consider the impact of your actions on students, families, teachers, other area schools, and Idaho's charter sector. If it is time to relinquish your

charter, please respect your community by giving as much notice as possible prior to the start of next school year, so they may make new enrollment and employment choices accordingly.

Thank you for your continued work as you negotiate this challenging time. Please keep our office informed as new information comes to light, and let us know how we may support you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tamara L. Baysinger", with a long horizontal flourish extending to the right.

Tamara L. Baysinger  
Director, Public Charter School Commission



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September 5, 2019

The Village Charter School  
Board of Directors  
Via Electronic Mail

Dear The Village Charter School (TVCS) Board of Directors:

Thank you for touching base with Jenn Thompson this week regarding TVCS's current enrollment, and for providing the requested loan documents. I would like to schedule a meeting in September to further discuss the school's developing financial situation.

It is our understanding that TVCS's current student count is approximately 350, which represents a drop of about 20 students over the past week. Given that your FY20 budget is predicated on enrollment of 495 students, and in light of the large loan TVCS took on last spring, this raises obvious concerns about the school's ability to continue serving students well throughout the 2019-20 school year. We would like to discuss with you any amended budgets and your plans for next steps.

We are happy to meet at the school or at our office. Board representation is critical, and your administrative and business management staff and contractor would be welcome as well. Please correspond with Jenn Thompson within the next week to set a meeting date and location.

In the meantime, as always, please don't hesitate to let us know how we may support your school.

Sincerely,

A handwritten signature in blue ink, reading "Tamara L. Baysinger".

Tamara L. Baysinger  
Public Charter School Commission Director



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September 20, 2019

The Village Charter School  
Board of Directors  
Via electronic mail

Dear The Village Charter School (TVCS) Board of Directors:

Thanks to those of you who were able to meet with us earlier today. We are especially appreciative of your time in light of all the effort your board is already putting into the school.

As you know, we share your concern regarding the financial challenge TVCS faces, particularly in light of this fall's unexpectedly low enrollment. It is our understanding that enrollment is presently at 347 students. This is 148 students lower than the anticipated enrollment on which your FY20 budget was predicated. Adam Holcomb estimated that the difference represents a revenue decrease of about \$660,000. With no further changes to enrollment or expenditures, TVCS could face a shortfall of approximately \$460,000 in FY20.

We appreciate that your board has remained consistent with the commitment it expressed earlier this year to avoid taking on debt beyond the \$800,000 Tortoise loan that was executed in June. It is important that TVCS respect taxpayer funds and the reputation of the charter sector by removing itself from the expensive cycle of using high-interest loans to manage cash flow. Additionally, TVCS will need to regain financial stability prior to the end of the present school year in order to ensure that its bondholder will not take action against the school on the grounds of failure to comply with certain bond covenants.

Our understanding is that TVCS is working to identify the reasons for its drop in enrollment, as well as to market the school with greater accuracy and effectiveness. We also understand that the board will be considering various means of reducing expenditures in FY20.

Please remember that we agreed TVCS will:

1. Prepare an amended budget and meet with our staff to discuss that budget in November 2019; and
2. Provide our staff with updates at least once every two weeks regarding enrollment and any other information pertinent to TVCS's financial stability.

As we discussed, Jenn Thompson would be happy to join in a discussion regarding effective branding and recruitment, if that would be helpful to you. We hope to see your school weather its present challenges and are glad to offer any support we are able to provide.

Kind regards,

A handwritten signature in blue ink, appearing to read "Tamara L. Baysinger", with a long, horizontal flourish extending to the right.

Tamara L. Baysinger  
Director, Public Charter School Commission



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October 31, 2019

The Village Charter School  
Board of Directors  
Via Electronic Mail

Dear TVCS Board of Directors:

I am writing in follow-up to Jenn Thompson's email of October 24, 2019. As Ms. Thompson stated, our staff needs to meet with TVCS's board chair, treasurer, and Adam Holcomb (in addition to any other board members or staff you wish to include) no later than November 6, 2019.

We have not received a reply to Ms. Thompson's request. However, due to the gravity of TVCS's financial situation, it is imperative that the meeting take place within the next few business days. We are very concerned about the impact of this situation on TVCS's students and employees, as well as the larger community and Idaho's charter sector.

**Please contact our office immediately to schedule a meeting to take place by November 6, 2019.** We are happy to join you at the school if that is easiest for you.

It is our understanding that TVCS intended to have a draft of its amended budget completed by the end of October. Please forward a copy of the amended budget to Ms. Thompson in accordance with Section 4.H of your Performance Certificate and Idaho Public Records Law. Additionally, please remember that your FY19 fiscal audit is due to our office on the standard deadline of November 1.

Thank you for your prompt attention to this matter. Please let us know what we can do to help accommodate your scheduling needs.

Sincerely,

A handwritten signature in blue ink, reading "Tamara L. Baysinger".

Tamara L. Baysinger  
Public Charter School Commission Director