

**California Department of Education
Funding Determination**

**Nonclassroom-Based
Fiscal Year 2013-14**

Revised Submission December 17, 2013

CDE Funding Determination Information: www.cde.ca.gov/sp/cs/as/nclrbifunddet.asp

New Charter School: Due on or before December 1, 2013 (Requesting funding determination applicable for the FYs 2013-14 and 2014-15)	Check One ()
Note- The second FY funding determination is subject to additional review. New charters are required to file two reports: 1) FY 2013-14 unaudited actual report, and 2) a Funding Determination Form using FY 2014-15 budget data. Both reports are due to the CDE on or before September 30, 2014. Source: 5 CCR Section 11963.6 (a)	
Continuing Charter School: Due on or before February 1, 2014 (Requesting funding determination for up to a maximum of 5 years beginning with the FY 2014-15)	(X)

For New or Continuing charter schools, complete sections I through IV. For Virtual or On-Line charter schools, complete sections I through V.

Section I. Charter Information (Complete information fields a through v)

a. Charter School Name	Opportunities for Learning - Hermosa Beach			b. Charter #	1130
c. Charter Authorizer	Hermosa Beach City Elementary			d. CDS Code	19-64600-0120543
e. Street Address	320 N. Halstead Street, Suite 220				
f. City	Pasadena	g. State	CA	h. Zip Code	91107
i. Contact Name	Joan Hall		j. Title	Vice President	
k. Phone Number	626-921-8200	l. Fax No.	626-921-8251		
m. E-mail	joanhall@emsofl.com				
n. Requested Funding % (select one)	100%				
o. No. of years requested (2, 3, 4, or 5)	4	Note- new charters are limited to two years.			
p. Current Funding Determination expires	6/30/2017	q. Requested Fiscal Years	FY 2014/2015 to FY 2017/2018		
r. Date Charter Granted	9/25/2009	s. Date Charter or Charter Renewal Expires	6/30/2014		
Did Section B comply with charter's requested percentage? (Yes/No)		Number of Years		4	
Yes					

Fiscal Year Period 2013-14 through 2016-17 CDE Recommended % 100%

Basis for Recommendation

- 3) This charter school's governing board has adopted and implemented conflict of interest policies.
- 4) All of the charter school's transactions, contracts, and agreements are in the best interest of the school and reflect a reasonable market rate for all goods, services, and considerations rendered for or supplied to the school.

Signature of Charter School's Director, Principal, or Governing Board Chairperson

Vice President
Title of Authorized Individual

17-Dec-13
Date

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Section III. Financial Information (For guidance on function / object definitions, use the California School Accounting Manual)

A. Resources Available for Expenditure		(Complete lines A.1.a. to d. and line 2)	
1. Revenues and Other Financing Sources			
5 CCR 11963.3 (c) (1)	a. Federal Revenues	\$	-
	(i) Amount of Public Charter Schools Grant Program start up, implementation and dissemination grant included in line 1a.	\$	-
5 CCR 11963.3 (c) (1)	b. State Revenues	\$	8,293,142
	c. Local Revenues	\$	1,180,091
5 CCR 11963.3 (c) (1)	(i) Amount in Lieu of Property Taxes in line 1c.	\$	1,180,091
5 CCR 11963.3 (c) (2)	d. Other Financing Sources	\$	6,586
	e. Subtotal	\$	9,479,819
	2. Ending Balance from Prior Fiscal Year	\$	925,276
	3. Total Resources (Line A.1.e plus line A.2)	\$	10,405,095
B. Expenditures and Other Uses			
(Complete lines B.1. to B.4.)			
1. Instruction and Related Services			
5 CCR 11963.3 (c) (1)	a. Salaries and Benefits		
	(i) Certificated	\$	3,866,930
	(ii) Classified	\$	315,377
	b. Books, Supplies and Equipment	\$	840,247
	c. Services and Other Operating Costs		
	(i) Contracts for Instructional Services	\$	12,766
	(ii) Contracts for Instructional Support	\$	2,138,882
	(iii) All other Instruction Related Operating Costs	\$	518,262
5 CCR 11963.3 (c) (2)	d. Subtotal Instruction and Related Services *	\$	7,692,464
2. Operations and Facilities			
	a. Salaries and Benefits		
	(i) Certificated	\$	-
	(ii) Classified	\$	-
	b. Books, Supplies and Equipment	\$	-
	c. Services and Other Operating Costs	\$	584,277
	d. Facility Acquisition & Construction	\$	1,737
	e. Subtotal Operations and Facilities *	\$	586,014
	f. Allowable Facility Costs		
	(i) Enter actual square feet occupied by charter	15,490	
	(ii) Total Classroom-Based ADA (if applicable) reported at P-2 apportionment	N/A	
	(iii) Total Student Hours attended by nonclassroom-based pupils at the school site	149,062.08	
5 CCR 11963.3 (c) (2)	(iv) Allowable Facilities Costs Lesser of Line B2e or [(B2fii+(B2fiii / 868))] * \$1,000	171,731	
3. Administration and All Other Activities			
	a. Salaries and Benefits		
	(i) Certificated	\$	39,109
	(ii) Classified	\$	412
	b. Books, Supplies and Equipment	\$	-
	c. Services and Other Operating Costs		
	(i) Contracts for Other Administrative Services	\$	40,504
	(ii) Supervisorial Oversight Fee	\$	94,076
	(iii) All Other Administration & Other Activities, Services & Operating Costs	\$	769,138
	d. Subtotal Administration and All Other Activities *	\$	943,239

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Section III. Financial Information (continued)

B. Expenditures and Other Uses (continued)

4. Other Outgo and Other Uses	
a. Debt Service	\$ -
b. Transfer to District or County	\$ -
c. All Other Outgo	\$ (46,934)
d. Subtotal Other Outgo and Other Financing Uses *	\$ (46,934)
5. Total Expenditures (Sum of lines B1 to B4)	\$ 9,174,783

C. Revenues Over Expenditures (Deficit)	(Line A.1.e minus B.5)	\$ 305,036
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D. Fund Balance		
a. Beginning Fund Balance (Line A.2)		\$ 925,276
b. Ending Fund Balance* (Line C plus Line D.a.)		\$ 1,230,312

(Complete lines E.a. to E.d.)		
E. Reserves	If amounts or percentages in lines E.a. or E.b. are \$50,000 or more OR 5% or more, explain in Section IV.7. below why reserve levels were maintained at such levels, pursuant to Title 5, Section 11963.3(a)(5)(F).	
	% of Expenditures	
a. Designated for Economic Uncertainties	5%	\$ 458,739
b. Facilities Acquisition or Capital Projects	7%	\$ 638,296.85
c. Reserves required by Charter Authorizer		\$ -
d. Other Reserves (identify in Section IV.5 below)		\$ 133,276
e. Unobligated Fund Balance		\$ -
d. Total (Sum of lines E.a to E.e.) Note- Line E.d. must agree with Line D.b.		\$ 1,230,312

Section IV. Supplemental Information (Complete lines 1 to 7)

1. Enter the charter school's pupil-teacher ratio as calculated pursuant to Education Code Section 51745.6 and CCR, Title 5, Section 11704.

25 : 1
21 : 1

a. Enter the Pupil to FTE Teacher Ratio of the charter school

b. Enter the Pupil to FTE Teacher Ratio of the largest unified school district in the county(ies) served by the charter.

LAUSD, Los Angeles County (See Comment)

Enter the name of the largest unified school district in the county(ies) served by the charter school

2. For the FY 2012-13 or 2013-14, did any entity receive \$50,000 or more OR 10% or more of the charter school's total expenditures. Generally, these expenditures are reported in Section III, Lines B.1.c, B.2.c, and B.3.c.

Yes

If Yes, list the name of each entity separately and the amount received. Are each of the contract payments made by the charter school based on specific services rendered, clearly stating the fee per service rendered and invoiced accordingly? Are any of the contract payments based upon an amount per unit of average daily attendance or some other percentage of the charter school's revenues, enrollment, etc.? If yes, please identify.

Entity	Amount	Purpose/Explanation	Payment Basis	
			Fee for Service rendered - invoiced	% per ADA or other %
a California Office Systems Inc.	\$ 74,323	Office Supplies	No	No
b Education Management Systems III, Inc.	\$ 1,199,660	Instructional/Education Services	Yes	No
c Education Management Systems III, Inc.	\$ 599,336	Accounting, HR and Facilities Services	Yes	No
d Education Dynamics Inc.	\$ 438,360	Student Reporting. Hardware/Software Services	Yes	No
e Hermosa Beach City School District	\$ 102,917	District Oversight Fees	Yes	No
f Pathways in Education - CA	\$ 93,238	Student Field Trip Services	Yes	No
g Rocky Mountain Pathways Inc	\$ 105,787	Student Field Trip Services	Yes	No
h			Select one	Select one
i			Select one	Select one

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Section IV Supplemental Information (continued)

3. Composition of the charter school's **CURRENT** governing board

Board Member Name	ID (ie., Parent, Teacher, etc)	How was board member selected?	Is member affiliated with any entity listed in Section IV. 2. (Yes/No)?	Member's Board Term (From/To)
a William Rivera	Retired Communications Director, LAUSD	Board members are selected by the board of the manager company of Opportunities for Learning - Hermosa Beach, who review the qualifications and resumes if persons interested in serving as members of the Board of Managers of the charter school. If a member resigns, the board of the manager company meets to review the qualifications and resumes of other potential candidates.	No	2/6/2007 - OPEN
b Paul Devore	Chief Executive Officer FMS Financial Partners, Inc.	Board members are selected by the board of the manager company of Opportunities for Learning - Hermosa Beach, who review the qualifications and resumes if persons interested in serving as members of the Board of Managers of the charter school. If a member resigns, the board of the manager company meets to review the qualifications and resumes of other potential candidates.	No	1/27/2012 - OPEN
c Bobbi Newman	Business Owner	Board members are selected by the board of the manager company of Opportunities for Learning - Hermosa Beach, who review the qualifications and resumes if persons interested in serving as members of the Board of Managers of the charter school. If a member resigns, the board of the manager company meets to review the qualifications and resumes of other potential candidates.	No	1/27/2012 - OPEN
d				
e				
f				
g				
h				

a. Has the governing board adopted and implemented conflict of interest policies and procedures?

Yes

b. For any governing board member identified as affiliated with an entity as reported in Section IV.2, explain the nature of the affiliation.

N/A

4. Describe the entities or accounts involved for transfers and other outgo reported in Line B.4.b. or c.

\$46,934 is comprised of fixed asset adjustments. For details see audited financial statements and on page 11 Schedule of Activities 740 conversion.

5. Identify reserves listed as "Other Reserves" and reported on Line E.d.

Amount of Reserve	Purpose of Reserve
\$ 133,276	Reserve for Employee Accrued Personal Time Off liability

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6. Indicate the number of full-time equivalent employees who possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold issued by the Commission on Teacher Credentialing and who work in the charter school in a position required to provide direct instruction or direct instructional support to students.

FY 2012-13	61.59
FY 2013-14	66.00

7. If reserve amounts designated for economic uncertainties or capital projects are over the greater of \$50,000 or 5% (Lines E.a. or E.b.), explain the purpose and the need to maintained reserves at reported levels, pursuant to 5 CCR 11963.4(b).

Under GAAP and CSAM, Opportunities for Learning - Hermosa is required to record deferred state payments as revenue and meet all statutory spending requirements in the current year, even if the actual cash has not been received. This revenue, once received, is then normally spent in the next year to meet the statutory spending requirements and other liabilities of the school. The charter believes doing so is necessary to maintain solvency in light of the economic uncertainty of the state deferrals and the difficulty of obtaining outside financing. While the state has begun to address the deferrals and the general school funding picture has improved, the fiscal situation for charter schools remains one where cash payments are postponed and unstable, thereby necessitating the reserve.

In addition to the economic uncertainty facing the charter, the charter is considering the purchase, acquisition and capital improvements of facilities over the next 2-3 years to improve learning center facilities for students, including the construction of biology and chemistry laboratory spaces, and to reduce rental liabilities. The Charter has dedicated a reserve for that purpose. The purchase of learning center facilities and construction of additional laboratory space and other capital improvements will provide even more opportunities to recover students who are dropping out of school, or who are at risk of dropping out.

Finally, revenues have not increased in line with inflation and increases in fixed cost expenses, requiring a higher amount of reserves kept on hand to cover the liabilities of the charter. Because of these economic uncertainties and desired increases in facilities, as well as the inability of charter schools to obtain favorable financing on the open market, the charter has determined that maintaining a higher than five percent or fifty-thousand dollar reserve is a prudent measure to ensure the charter would be able to continue to operate, to pay all liabilities, including Paid-time-off, fixed costs, capital improvements, and other payroll expenses, in the event of continued or extended deferrals, or in the event of a high-cost emergency.

Section V. Nonclassroom-Based Virtual or On-Line Charters ONLY

If at least 80 percent of teaching and student interaction for this charter occurs via the internet, complete lines 1 through 3.

1. Is this charter school a Nonclassroom-Based Virtual or On-Line charter school as defined in 5 CCR Section 11963.5?

Yes or No

2. Did charter maintain an 8 or above API in either its statewide or similar schools ranking and had no less than a 6 in the other of these two rankings?

Yes or No

3. Can charter school demonstrate compliance with the 8 criteria specified in 5 CCR Section 11963.5 (b)?

Yes or No

**California Department of Education
Nonclassroom-Based Funding Determination
FY 2013-14 Summary and Recommendation**

A. Charter Information			
Charter School:	Opportunities for Learning - Hermosa Beach	Charter #:	3
Charter Authorizer:	Hermosa Beach City Elementary	P2 ADA:	
Charter Number	1130	Est. ADA:	
Requested Fiscal Years:	FY 2014/2015 to FY 2017/2018		
Date Charter Granted:	9/25/2009	Date Charter Expires:	6/30/2014

B. Calculated Funding Determination Percentage	
40.82%	1. Certificated Employee Salaries & Benefits / Total Public Revenues % Source: 5 CCR 11963.3 (c) (1) Formula: Line B.1.a.(i) divided by Lines A.1.a. - A.1.a.(i) + A.1.b. + A.1
81.15%	2. Instruction & Related Services / Total Revenues % Source: 5 CCR 11963.3 (c) (2) Formula: Line B.1.d. + 2.f.(iv) divided by line A

C. Funding Determination Criteria	Charter Requested Funding Determination %
100%	Certificated staff compensation equals or exceeds 40 percent of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 80 percent of total revenues AND the charter's pupil-teacher does not exceed 25:1 or the equivalent pupil-teacher ratio of the largest unified school district in the county or counties in which the charter school operates
85%	Certificated staff compensation equals or exceeds 40% of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 70% but is less than 80% of total revenues.
70%	Certificated staff compensation equals or exceeds 35% but is less than 40% of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 60% of total revenues.
Zero	Certificated staff compensation is less than 35% of total public revenues OR the percentage calculated for Total Expenditures on Instruction and Related Services is less than 60% of total revenues. Nonclassroom-based instructional ADA will not be funded.

D. Recommendation and Comments (For CDE Use Only)

Did Section B comply with charter's requested percentage? (Yes/No)

Yes	Number of Years	4
Fiscal Year Period	CDE Recommended %	
2013-14 through 2016-17	100%	

Basis for Recommendation

Other Comments

The information listed in this section is taken from Ed Data® as self-reported by LAUSD and is a report for all grade levels and programs of LAUSD for 2011/2012. The data for 2012/2013 has not yet been made available on this source. Furthermore, no verifiable data is available concerning LAUSD's Pupil to FTE Teacher Ratio for the same age group served by OFL-HB, which, according to LAUSD Board documents, may be as high as 40:1