

**CALIFORNIA DEPARTMENT
OF EDUCATION**

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TONY THURMOND
STATE SUPERINTENDENT OF
PUBLIC INSTRUCTION

May 6, 2024

Communication Sent via Email

Miguel Juarez, Board Chair
Ricardo Mireles, Executive Director
Academia Avance Charter
PO Box 42095
Los Angeles, CA 90042

Dear Board Chair Juarez and Director Mireles:

Subject: Notice of Concern Regarding the Fiscal Condition of Academia Avance Charter
and Request for Fiscal Corrective Action Plan

The purpose of this letter is to inform the Academia Avance Charter (AAC) Governing Board of the California Department of Education's (CDE's) concerns regarding AAC's fiscal condition, following AAC's fiscal year (FY) 2023–24 second interim financial report.

Criteria:

Pursuant to the Memorandum of Understanding (MOU) between AAC and the State Board of Education (SBE), p. 13, the charter school is expected to maintain reserves at a level at least equivalent to a school district of similar size as identified in *California Code of Regulations*, Title 5 Section 15450.

Observations:

- AAC reported a 4.86 percent reserve on its FY 2023–24 second interim budget. AAC's expected reserve level is five percent.
- AAC's ending balances on its Banc of California and City National Bank March 2024 statements total \$148,002.27 as of March 29, 2024, which indicates a significant decrease from AAC's February 2024 bank statements totaling \$345,443.40.
- AAC's March 2024 Aging Report indicates that AAC owes \$594,877 in outstanding vendor bills, of which \$455,535 are overdue more than 30 days, reflecting 77 percent of all invoices past due. High past due invoices may affect AAC's cash flow.

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- AAC's March 2024 Cash Flow Statement projects a June 2024 ending cash balance of \$32,737 after repayment, factoring in the total amount of \$350,000. This low ending cash balance may lead to liquidity issues, which may make it difficult for AAC to meet its short-term obligations, including but not limited to day-to-day expenses such as salaries, rent, and utilities.
- On its second principal apportionment (P-2), AAC reported an average daily attendance (ADA) of 201.49 pupils compared to the first principal apportionment's (P-1) ADA of 243 pupils, which amounts to a decrease of 17 percent. This significant decrease in P-2 ADA will affect AAC's Local Control Funding Formula (LCFF) revenue in FY 2023–24.

Fiscal Corrective Action Plan:

Based on the concerns noted above, the CDE requests that AAC submit a board-approved Fiscal Corrective Action Plan (FCAP), detailing the steps AAC will take to improve its financial condition. The FCAP should address each of the observations noted above and include specific explanations, actions, and timeframes for improving AAC's financial condition.

Additionally, the CDE requests that the following related documents be submitted:

- The AAC Board agenda with an action item for approval of the FCAP, submitted 72 hours in advance of the associated meeting
- The AAC Board-approved minutes, submitted within 30 days of the associated meeting

Please submit the requested FCAP and any appropriate related documents via email to SBEOVERSIGHT@cde.ca.gov by **5 p.m. on Friday, May 24, 2024**.

Please submit the requested board documents via email to SBEOVERSIGHT@cde.ca.gov by **5 p.m. by the appropriate deadline based on AAC's Governing Board action**.

If the AAC Board is unable to provide the FCAP as requested, the CDE may request that the SBE consider further action, which may include issuing a Notice of Violation to the AAC Governing Board. A Notice of Violation is the first step in a potential revocation of the charter.

If you have any questions regarding this letter, please contact Kylie Kwok, Education Fiscal Services Consultant and Certified Public Accountant (CPA), Charter Schools Division, by phone at 916-319-0498 or by email at kkwok@cde.ca.gov.

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Sincerely,

/s/

Kylie Kwok, Education Fiscal Services Consultant and CPA
Charter Schools Division

KK:kk

cc: Brooks Allen, Executive Director, California State Board of Education
Len Garfinkel, General Counsel, Legal, Audits, and Charters Branch, California
Department of Education
Susan Park, Director, Charter Schools Division
Craig Heimbichner, Education Administrator, Charter Schools Division

Sent via Email to the Following:

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