

Spero Academy
(fka Fraser Academy)

2014-2015 Annual Report
&
Annual Report on World's Best Workforce

October 1, 2015

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2014-2015 Annual Report

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Reader's Guide:

Charter school reporting elements required by the Minnesota Department of Education can be found on the following pages:

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SECTION I: INTRODUCTION

Background Information

Spero Academy (fka Fraser Academy) completed its eleventh year of operation in June 2015. The charter school, located in Minneapolis, Minnesota, opened in fall 2004 serving kindergarten through second grade students. Spero Academy expanded over the years and served 84 students in kindergarten through fifth grade during the 2014-2015 school year. A large proportion of Spero Academy's students require special education services (approximately 92%, December 1, 2014) and have ongoing Individualized Education Programs (IEPs). Spero Academy has made concerted efforts over the years of operation to increase the general education population, however, interest in the program continues to be dominated by the special education population. With changes in the state statute, policies and procedures and the resulting cost coverage and cash flow concerns, an increased population of general education students could also prove to be a financial detriment to the program. Therefore continuous discussion of mission, vision, and program design is at the forefront of the board of directors to assure program viability and continued student progress.

One of Spero Academy's unique characteristics is its eleven-month academic calendar. The total number of school hours (1,011) exceeds the requirements of total student hours annually (935), however the days of instruction are spread throughout the calendar year with breaks occurring at regular intervals. The calendar facilitates professional development and additional learning opportunities for students. This calendar has also proven to support the continuous progress-learning model, a key element of the Spero Academy program model.

Central to the school's educational model are small class sizes and individualized instruction. Most classrooms have fewer than fifteen students. Students have either an IEP, if they have been identified as having a special education need, or are in classrooms with teachers who provide an individualized learning program. General Education classrooms have dual-licensed teachers and also additional special education support, which allows for special education to be embedded in the program. The curriculum and pace of instruction are designed for each student in order to assist students in meeting their academic potential.

As part of the school's focus on accountability, Spero Academy stakeholders developed an Accountability Plan, the purpose of which is to serve as an evaluative tool and a means for continuous improvement. The school's Accountability Committee is also dedicated to developing evaluation opportunities for all areas of the program. The school has participated with external evaluators offering new perspectives for evaluating curriculum and student outcomes. Embedded in this report is the current status of goals within the Accountability Plan and a report of current status of the various charter school requirements under statute.

Spero Academy's Charter Purpose

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Statement of Purpose. Minnesota Charter Law (124 E. 10, 11) stipulates that each authorized charter school identifies the purpose for its charter. Schools can organize based on one or all of the six purposes delineated in the law. Spero Academy identified three of the six purposes outlined in the law as key to their organization, although all are relevant and within the overarching goals of the school. The three focused purposes are noted in bold print in the list of the six statutory purposes that follows.

1. **Improve pupil learning and student achievement.****
2. Increase opportunities for pupils.
3. Encourage the use of different and innovative teaching methods.
4. **Measure learning outcomes and create different and innovative forms of measuring outcomes.**
5. **Establish new forms of accountability for schools.**
6. Create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

** per new legislation in 2013, Spero Academy updated in May 2014 and incorporates #1 as a primary purpose by its reflection in the strategic plan and as contracts are updated.

Spero Academy's Vision, Mission, Values and Guiding Principles

Spero Academy Vision. To be a national model of a successful individualized student-based education program for children of diverse abilities

Spero Academy Mission. The school's mission and philosophy reflect its emphasis on educational excellence and individualized instruction. The mission is to:

- *Provide a safe, nurturing and cooperative learning environment where children discover their personal and academic strengths*
- *Cultivate a sense of respect and responsibility*
- *Create a sense of social awareness and a social bridge to the broader community*
- *Provide an innovative curriculum that leads each child to educational success*
- *Instill self-esteem, confidence and a positive attitude in every child*

Values and Guiding Principles. The board has approved the values and guiding principles listed below as central to Spero Academy's operation and success.

- We believe development of the "whole child" is essential to success and central to the premise that being educated in an inclusive education environment, including students from diverse backgrounds and learning needs, enriches all children.
- We believe that continuous progress as the instructional model is essential to optimum student learning.
- We believe that the delivery of broad-based content, in a personalized learning environment, best meets the educational needs of students of all abilities.
- We believe in the importance of incorporating character development in the educational setting.
- We believe year-round instructional time results in more positive academic and developmental outcomes for all students.

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- We believe that ongoing evaluation of program and practices in light of current research is essential to maintain the highest quality of educational program.

Community and Family Involvement

Significant volunteer time was provided during the 2014-2015 school year by parents and community members. Volunteers provided services in areas listed below.

- Classroom assistance
- Fundraising
- Concert decorations and set-up assistance
- Field Day and Field Trip support
- All School Dance planning and implementation support
- Family donations to the media center technology departments and physical education.
- Board membership

In addition, Spero Academy continued its partnerships with several community organizations. These are noted below.

- Elsie's Bowling Center—Field Trip Donations
- Contemporary Transportation—Field Trip Transportation
- East Side Neighborhood Co-op—Donations
- TruStone Financial Services NE Minneapolis Branch – Donations
- Other local donors for fundraising events

Parents have several opportunities to conference with teachers and staff. For the first trimester, 95% attended a parent-teacher conference; second trimester conferences the rate was 93%. In addition, many of the parents regularly attend their child's annual IEP and other due process related conferences as part of their child's special education programming.

Instructional and Educational Delivery Model

Spero Academy identified four areas that serve as a framework for its instructional and educational delivery model. The framework aligns with the school's mission and guides program development and practice. The four cornerstones are:

- Continuous Progress Instructional Model
- Broad-Based Content Approach
- Character Development Focus
- Extended Learning Opportunities

Continuous Progress Instructional Model. The school adopted a continuous progress approach to instruction to address the needs of each student. The model is well suited to the school's history of inclusion and of individualized instruction. Each classroom is organized for teachers to guide the individual learning progress, which is then monitored to determine when mastery has occurred. Students are then instructed in the next set of standards, moving at their own pace. Four approaches are used to implement the model.

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These are: 1) a rotation model for the class and school that allows students to work at stations within the classroom individualized to their instructional level, 2) non-graded reading, mathematics, and writing instruction, 3) progress monitoring, and 4) differentiated instruction for all students.

Initially, all students who are in grade-level classrooms are assessed in reading and mathematics through a variety of assessment instruments, including The Bridge, The Early Reading Scoring Instrument, Whole to Part, EQUALS Math, and the Northwest Association Evaluation's Measures of Academic Progress. Students learn with peers closest to their instructional level—on grade level, advanced, or remedial. Teachers provide instruction through a rotation model with students moving to various stations for instruction tailored to their level or need.

2014-2015 Update Summary

The Board's Accountability Committee reviewed the literacy and math approaches and data outcomes in the 2013-14 school year. The resulting recommendation from the teacher-led research group related to reporting and aggregating results was to design and implement a process that incorporated use of the TIES student information system's Personalized Learning Plan, a Spero Academy-designed Personalized Learning Plan Template, Lesson Plan Template, and a re-design of the Spero Academy report card. The Board approved the recommendation and the process was designed to be pilot-implemented in the 2014-15 school year. Based on the results of the pilot, the process and tools will be revised for further implementation in the 2015-16 school year. The intended outcome is to be better able to:

- Set student goals and monitor progress more clearly including parents' perspectives at Parent/Teacher conferences;
- More efficiently aggregate individual student learning needs into class lesson planning that supports maximum inclusion of learners;
- More frequently assess, profile and make instructional decisions for individuals and the class based on student learning progress;
- Evaluate individuals, classrooms, federal settings, grade levels, and school-wide learning progress and annual outcomes to determine most effective means for documenting school student outcomes;
- Provide additional hard data for making curriculum and instruction continuous improvement decisions.

Broad-based Content Approach. Believing in the value of developing the whole child, Spero Academy provides instruction across a broad array of content. Three underlying principles guide the choice of curricular content. First, instruction is based upon Minnesota's Academic Standards. Second, there is dedicated instructional time for each content area, and third, there is assessment for all content areas. The broad-based content approach is manifested through the school's commitment to instruction in the core content areas and also in music, physical education and social skills.

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2014-2015 Update Summary

In 2014-15 the Board's Accountability Committee received a recommendation following a year of use to purchase additional Foss Science kits to grow and enhance the Science Curriculum. The Board approved the recommendation and purchase and implementation of the use of the kits is a continued focus for work in 2015-16. An additional content objective for 2015-16 includes the research and alignment of the most updated MN Academic in Social Studies.

Character Development Focus. The school focuses on the importance of character development in the educational setting. Central is the belief that being educated in an inclusive educational environment that includes students from diverse backgrounds and learning needs enriches all children. Moreover, Spero Academy tailors a social skills curriculum to the students' developmental levels and needs. With a full speech and language staff, the school offers social and communication groups that meet weekly and focus on social and communication goals.

2014-2015 Update Summary

The 2014-2015 implementation year proved successful with respect to a set of curriculum and instruction recommendations. Students will continue to receive character development classes two times per week during the school year. The Accountability Committee incorporated the recommendation into their budget for a staff-wide professional development day during training week. Kari Palmer, a speech-language pathologist/social-cognitive therapist and speaker for Social Thinking® Curriculum provided the training in July 2015.

Extended Learning Opportunities. Spero Academy believes that consistent instructional time throughout the calendar year results in more positive academic and developmental outcomes for all students. It has adopted an eleven-month calendar. It also has small class sizes with many classrooms having fewer than fifteen students.

2014-2015 Update Summary

After completing our first full year of full-day kindergarten, Spero Academy was pleased with the results and plans to continue offering this program. It is also the plan to continue researching the expansion of both pre-K and 6th grade expansions over the next three years.

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SECTION II: SCHOOL PROFILE

School Enrollment and Attrition

Student Enrollment and Demographics. Spero Academy served students in kindergarten through fifth grade during the 2014-2015 school year. Enrollment and student demographic information is presented in the tables below.

| Spero Academy Historical Student Enrollment By Grade | | | | | | |
|---|--|--|--|--|--|--|
| Grade | Number Enrolled 2009-2010 | Number Enrolled 2010-2011 | Number Enrolled 2011-2012 | Number Enrolled 2012-2013 | Number Enrolled 2013-2014 | Number Enrolled 2014-2015 |
| K | 8 | 13 | 14 | 19 | 14 | 14 |
| 1 | 13 | 11 | 16 | 16 | 19 | 13 |
| 2 | 12 | 13 | 15 | 14 | 11 | 16 |
| 3 | 9 | 14 | 11 | 14 | 14 | 12 |
| 4 | 16 | 9 | 13 | 12 | 12 | 14 |
| 5 | 12 | 12 | 8 | 10 | 6 | 9 |
| Total | 70 | 72 | 77 | 85 | 76 | 78 |

| Spero Academy Historical Student Demographic Information | | | | | | |
|---|--|--|--|--|--|--|
| | Number Enrolled 2009-2010 | Number Enrolled 2010-2011 | Number Enrolled 2011-2012 | Number Enrolled 2012-2013 | Number Enrolled 2013-2014 | Number Enrolled 2014-2015 |
| Male | 47 | 45 | 59 | 61 | 53 | 59 |
| Female | 23 | 27 | 18 | 24 | 25 | 19 |
| Special Education | 58 | 62 | 74 | 77 | 71 | 71 |
| Black, Non-Hispanic | 17 | 17 | 24 | 27 | 27 | 27 |
| Hispanic | 1 | 2 | 6 | 6 | 5 | 5 |
| Asian/Pacific Islander | 1 | 1 | 1 | 2 | 2 | 2 |
| White, Non-Hispanic | 51 | 52 | 45 | 49 | 43 | 42 |
| American Indian/Alaska Native | 0 | 0 | 0 | 1 | 1 | 2 |
| Free/Reduced Lunch | 10 | 22 | 28 | 28 | 32 | 34 |
| LEP | 0 | 0 | 0 | 0 | 0 | 0 |

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Student Attrition. Three students transferred from Spero Academy during the school year. One new student enrolled after October 1st. The mobility information is presented in the table below. 94% of students from the 2014-2015 school year were retained for the 2015-16 school year.

| Spero Academy 2014-2015 School Year Student Attrition | | | | |
|--|-------------------------------|---|--|---|
| | No. Enrolled Oct 1 | No. Newly Enrolled After Oct 1 | No. Transferred After Oct 1 | No. Enrolled at End of School Year |
| Kindergarten | 13 | 1 | 0 | 14 |
| Grade 1 | 13 | 0 | 0 | 13 |
| Grade 2 | 16 | 0 | 0 | 16 |
| Grade 3 | 13 | 0 | 1 | 12 |
| Grade 4 | 15 | 0 | 1 | 14 |
| Grade 5 | 10 | 0 | 1 | 9 |
| Total | 80 | 1 | 3 | 78 |

Governance and Management

Authorizer Information. Spero Academy was authorized by Fraser, a Minnesota non-profit and one of the largest community resources of its kind. Fraser offers a lifelong spectrum of services for individuals with typical needs and those with special needs. Fraser has been in operation since 1935. Several Fraser employees and advocates were instrumental in founding Spero Academy. The authorizer contact was:

Chris Bentley
Director of the Fraser Institute
Fraser Administrative Offices
2400 West 64th Street
Richfield, MN 55423
Phone: 612.861.1688
Fax: 612.861.6050
Email: chris@fraser.org

The relationship between Spero Academy and Fraser is positive and mutually supportive. The authorizer plays an active role in oversight and in organizational and educational consultation with the ultimate goal being implementation of a successful program for all

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students and their families. Fraser provides regular feedback to the school and attends the monthly board meetings.

Changes in Minnesota statute require that all charter authorizers undergo an approval process through the Minnesota Department of Education (MDE). Fraser was an approved authorizer and continued as Spero Academy's authorizer for the 2014-2015 school year. During the 2013-14 school year, Fraser notified Spero Academy that it did not intend to renew its agreement to be an approved authorizer when its current agreement with the Minnesota Department of Education expires in June 2015. Spero Academy entered into due diligence research of prospective authorizers and in January 2015 made the decision to enter into a new agreement with The University of St. Thomas that took effect July 1, 2015 for the 2015-16 school year.

The new authorizer representative is:

Molly McGraw Healy
Director of Charter Authorizing
University of St. Thomas
1000 LaSalle Avenue
Minneapolis, MN 55403
mmcgraw@stthomas.edu
[651-962-4372](tel:651-962-4372) (w)
[651-962-4169](tel:651-962-4169) (f)

Governance. The school board consists of eleven members that include educators, community members, and parents. The board terms are three years in length. The purpose of the board is to oversee the operation of the school and to develop and ensure the implementation of the vision and mission of the school. The school board meets monthly. All members new to the board participate in a general and finance Spero Academy orientation. All board members participate in two Spero Academy committees in addition to attending monthly board meetings. Additional information is presented in **Appendix A**.

Management and Administration. Spero Academy has three members on its management team: the Director, the Academic Coordinator, and the Special Education Coordinator. The management team and their assignments are presented in **Appendix A**. The Director's professional development plan is found in **Appendix C**.

Staffing

Spero Academy employed fifteen classroom teachers during the 2014-2015 school year. Many of the classroom teachers are licensed in both elementary education and special education. 90% of the classroom teachers are Highly Qualified as defined by the United States Department of Education. Fourteen out of fifteen teachers completed the school year. Eleven out of fifteen returned for the 2015-2016 school year. In addition to the management team, which is supported by a program coordinator and office support, the school employs paraprofessionals that support teachers and students. The school also contracts for student support services, including speech therapists, occupational therapists, a music therapist, an autism specialist, a physical therapist, a school

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psychologist, special education director, and a nurse. The list of licensed staff, their file numbers, and assignments are presented in Appendix A.

School Finance and Operational Performance

School Finance. The school's authorizer has established criteria to assess Spero Academy's financial situation. These include meeting standards over the course of the contract in the following areas:

- Creating and operating with a balanced budget
- Receiving a clean audit
- Maintaining and improving its financial status, obligations, and progress monitoring

The school met the authorizer's expectations in these areas for 2014-2015. The preliminary fund balance reported as of June 30, 2015 is \$734,262.00. The school anticipates maintaining its previous year fund balance into the FY 2015-16 year. The audit firm issued a report with no findings for FY14. The Spero Academy FY14 Approved Financial Audit is provided in **Appendix D**. The FY15 Audit will be available in December 2015.

Operational Performance. Spero Academy works closely with its authorizer to review its operational performance. The authorizer has established a review system that includes rubrics and benchmarks in the operational performance area. The benchmarks are in areas related to:

- Completing criminal background checks on all staff
- Meeting and maintaining enrollment and mobility rate goals
- Maintaining a safe facility that is conducive to learning
- A fair and open enrollment process that complies with Minnesota law

Spero Academy is assessed in all of these areas during the authorizer's visit and review.

SECTION III: ACCOUNTABILITY RESULTS

Overview

Spero Academy's accountability plan, which has academic and non-academic goals, is a working document intended to change as the school grows, meets its goals, and identifies new areas of need. The school's accountability plan has four goal areas: 1) Academic Achievement, 2) Personal and Social Development, 3) Language and Communication, and 4) School Climate and Satisfaction. It is a plan that is used for continuous improvement and for meeting authorizer requirements.

Spero Academy has always organized their student accountability plan goals and expectations so that the unique needs of the students were taken into consideration. Thus, students often had individual goals depending upon their needs and capabilities. At the time of the current charter school contract the accountability procedures included assigning students to a group where specific assessments were administered that met that group's needs and abilities. Reporting on the group as one unit was then done to determine success at meeting the goals. During the first years of the contract, additional challenges with implementing that plan were uncovered. Through discussion with the authorizer representative, Spero Academy discontinued the grouping assignment and analysis and initiated the work to report the learning progress individually and to use the TIES student information system's Personalized Learning Plan module in conjunction with the data analysis module, COGNOS, to aggregate and report results. Both the school staff and the authorizer understood that this transition would require at least the remainder of the current contract to complete and to analyze the effectiveness of the results.

The 2014-2015 school year continued the transition, started in 2011-12, for Spero Academy and its accountability process as the school further moved to an even more personalized student accountability plan. The school's success was assessed based upon whether each student met his or her individualized goal rather than reviewing academic data by a student's "group" identification. The assessments chosen for measuring growth are completely individualized for each student. Students' assessments are chosen from a menu of assessments for a particular academic content or behavior area, **Appendix B**. Assessments are chosen after teacher observation and made to measure the scope of the child's anticipated growth over the course of the year. For example, a Kindergarten student displaying some reading skill may be given the Bridge early in the year and then may be assessed on the ERSI in January and again in May. The teacher uses the results in each case to plan instruction. Changing to the more personalized plan is still in process, but the school has made considerable progress toward the implementation of an individually focused accountability system. Designing and implementing an innovative accountability system has been one of the State's purposes for chartering a school and Spero Academy is addressing that purpose through a thoughtful and relevant accountability system that takes into account the variation in student abilities and rates of progress.

Results for each of the goal areas are presented below. The school reviewed several assessments in order to develop a menu of assessments that would be appropriate for a wide range of learners. Then procedures needed to be developed for choosing the right assessment for each student and for administering the assessments. All of these elements

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are in place and Spero Academy has individual data on all of its students that aligned with each student's ability level in fall 2014.

As noted above, the plan recognizes the diversity of student needs present at the school and addresses that diversity by establishing individual student goals dependent upon each student's needs and program. While the assessment data are available, the school is in the development stage of setting goals for individual students; the next steps of implementation will occur during the 2015-2016 school year. Thus, this report provides the results for each assessment by reporting improvement and gain scores, when appropriate.

Attendance Data. The attendance rate was 93.0% for all Spero Academy students, exceeding the attendance goal of 90%.

Student Goal Area 1: Academic Achievement

The extent to which students succeed in reaching their academic goals.

Indicator: *Percent of students meeting goals on their Personalized Learning Plans.*

Spero Academy selected six assessments on which students' progress is monitored and assessed. The assessments were chosen with particular focus on whether they were aligned with the Minnesota K-12 Academic Standards. In addition to the six assessments, benchmark data were gathered for every Spero Academy student in the key academic areas. An important feature of Spero Academy's accountability plan is that the data gathered can be used for assessing whether the school is succeeding in meeting its mission and also used to inform day-to-day instruction.

An explanation of each assessment is provided below together with the results for the 2015-2016 school year. As noted above, in future years, data will be available that report the percentage of students who met their individual goals. For this school year, data are reported for each assessment with the information used to set individual goals in fall 2014.

Bridge Assessment. The Bridge is an early literacy development assessment that was chosen to assess students who were not yet at the reading readiness level, but whose reading program included instruction on early literacy concepts. It is a portfolio rating scale, originally designed for preschool students, but with applicability to early literacy learners who are from a wide range of abilities. It is an observation-based tool that can be used to "determine ongoing progress and children's interests as well as inform daily practice related to early language and literacy development."¹ The Bridge is divided into five major areas: Foundations of Reading, Alphabet Knowledge, Phonological Awareness, Literacy-Related Language, and Oral Language. Evidence is gathered for each of the areas using a guide for scoring. All evidence is dated and filed in a portfolio and scored. Eighteen students' reading progress was assessed using the Bridge with data gathered in September and June. The results for 2014-2015 are noted in the charts that follow.

¹ Young Exceptional Children (October 17, 2009), Vol. 12, No.2)

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*Ceiling is the top score possible for any particular sub-area. Some students were at ceiling at their first testing period and at their second testing period, resulting in those students also being assessed using the ERSI to find a new appropriate instructional level.

| Spero Academy 2014-2015 BRIDGE Beginning and End of Year Total Score Comparison (n=18) | | | | |
|---|--|---|---|---|
| | Not Meeting Standard Total Score Between 0-39 % | Approaching Standard Total Score Between 40-52 % | Meets Standard Total Score Between 53-61 % | Exceeds Standard Total Score Between 62-66 % |
| September Score | 94% | 6% | 0% | 0% |
| June Score | 78% | 22% | 0% | 0% |

Source: Spero Academy

Early Reading Screening Instrument (ERSI). The ERSI is an individually administered assessment that includes four tasks: Alphabet Knowledge, Concept of Word, Phoneme Awareness, and Word Recognition.² A short explanation of the four tasks is presented below.

- Alphabet Knowledge: Recognition and naming of the upper and lower case letters of the alphabet
- Concept of Word: Ability to match spoken words to printed words
- Phoneme Awareness (Spelling): Assessment of phoneme awareness through analyzing their invented spellings of select words
- Word Recognition: Recognition of words common to first grade

The ERSI was administered to the Spero Academy students who were in the first grade or to any second through fifth grade students who were at the reading readiness level. Students were assessed in September and June. The fall-spring cohort results are reported below for each task area and for the total score. The percentage of students who were at and remained at ceiling for the entire year and those who improved are reported. This is followed by a comparison of the scores for the cohort group to determine the amount of change between fall and spring based on change to their quartile placement.

Scores are reported for students who took the ERSI in both the fall and the spring. Scores for the ERSI are reported based on set standards of performance. Reporting scores using these standards allows scores to more easily be compared to student performance in previous years. "Exceeds Standard" indicates that a student performed above what is expected of a typical student in his or her grade level. "Met Standard" indicates that a

² Illinois Reading Council Journal (Spring 1998), Vol. 26, No. 2

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student performed the same as what would be expected of a typical student in his or her grade level. “Approaching Standard” indicates that the student performed less than one grade level below what would be expected of a typical student in his or her grade. “Not Meeting Standard” indicates that the student performed two grades or more below what would be expected of a typical student in his or her grade.

| Spero Academy 2013-2014 ERSI Beginning and End of Year Total Raw Score Comparison (n=30) | | | | |
|---|--|---|---|---|
| | Not Meeting Standard Total Score between 0-23 | Approaching Standard Total Score between 24-31 | Meets Standard Total Score between 32-37 | Exceeds Standard Total Score between 38-40 |
| September Score | 78% | 15% | 7% | 0% |
| June Score | 26% | 43% | 20% | 10% |

Source: Spero Academy

Teachers design instruction at the level at which the child is presently functioning, either as an emergent or transitional reader. Instruction is designed to provide the skills and competency necessary to move in a positive direction along the literacy skill continuum. In 2014-2015, students assessed using the Bridge and ERSI moved in a positive direction between the September and June assessment dates, with some moving from transitional to conventional readers, who are assessed using the Whole-to-Part assessment.

Whole-to-Part Reading Assessment. The Whole-To-Part reading assessment's information assists with understanding the support skills needed to develop reading comprehension. The areas assessed support the integrated reading processes involved in successful silent reading, thus giving a teacher a better understanding of how best to focus instruction for each student. There are three parts to the assessment: Word Identification, Silent Reading Comprehension, and Language Comprehension.

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| Spero Academy Whole-to Part Reading Assessment 2014-2015 Beginning and End of Year Total Score Comparison (n=33) By Fall and Spring | | | |
|--|---------------------------------|----------------------------|----------------------------------|
| Word Identification Strand | Well Below Grade Level % | Below Grade Level % | At or Above Grade Level % |
| September Score | 29% | 29% | 42% |
| June Score | 18% | 27% | 54% |

Source: Spero Academy

| Spero Academy Whole-to Part Reading Assessment 2015-2016 Beginning and End of Year Total Score Comparison (n=33) By Fall and Spring | | | |
|--|---------------------------------|----------------------------|----------------------------------|
| Language Comprehension Strand | Well Below Grade Level % | Below Grade Level % | At or Above Grade Level % |
| September Score | 45% | 33% | 21% |
| June Score | 39% | 15% | 46% |

Source: Spero Academy

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| Spero Academy Whole-to Part Reading Assessment 2014-2015 Beginning and End of Year Total Score Comparison (n=33) By Fall and Spring | | | |
|--|---|--------------------------------|--|
| Silent Reading Comprehension | Well Below Grade Level % | Below Grade Level % | At or Above Grade Level % |
| September Score | 45% | 39% | 15% |
| June Score | 36% | 24% | 39% |

Source: Spero Academy

Conventional readers at Spero Academy increased their skills in Word Identification and Silent Reading Comprehension with fewer gains demonstrated in Language Comprehension. The gains are consistent with the needs of the learners within this group, but all demonstrate an increase toward grade level performance or maintenance of grade level performance.

Northwest Evaluation Association (NWEA) Measures of Academic Progress. Spero Academy has administered the NWEA for several years. This year it was one of the menu of assessment choices that teachers could use to assess whether students were making individual progress in reading and mathematics. The NWEA customizes tests to individual students. Each student receives a unique test, which is developed via computer for him or her as the test is being administered. Each test question presented to a student provides some information about the trait that is being measured. The closer each item is in difficulty to the student's actual level of functioning, the more information it provides for that student.

The NWEA is administered to students in kindergarten through fifth grade according to their academic levels. One of the objectives of administering the assessment to kindergarten and first grade students is so that they become familiar with the test early in elementary school, thus increasing the reliability of the assessment results in the upper grades when the assessment is used as an accountability measure.

Other Relevant Academic Data. Spero Academy did make Adequate Yearly Progress (AYP) in the areas of Reading and Attendance, the measure used for ascertaining progress according to the federal No Child Left Behind (NCLB) law. The Minnesota accountability assessments are used to determine AYP status.

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The specific results from the Minnesota Comprehensive Assessments in reading and math (MCA III) and from the Minnesota Test of Academic Skills (MTAS) for 2013-2014 are noted below.

- In 2013 math, 36.4% of students in grades three through five met or exceeded proficiency on the MCA II or the MTAS.
- In 2014 math, 36.4% of students in grades three through five met or exceeded proficiency on the MCA III or the MTAS.
- In 2015 math, 29.4% of students in grades three through five met or exceeded proficiency on the MCA III or the MTAS.
- In 2013 reading, 36.4% of students in grades three through five met or exceeded proficiency on the MCA II or MTAS.
- In 2014 reading, 30.3% of students in grades three through five met or exceeded proficiency on the MCA III or MTAS.
- In 2015 reading, 35.3% of students in grades three through five met or exceeded proficiency on the MCA III or MTAS.
- In 2013 science, 56% of students (3-5) met or exceeded proficiency on the MCA III and MTAS combined. (9 students total)
- In 2014 science, 50% of students (3-5) met or exceeded proficiency on the MCA III and MTAS combined. (6 students total)
- In 2015 science, 56% of students (3-5) met or exceeded proficiency on the MCA III and MTAS combined. (9 students total)

The challenge with noting progress or school success with the Minnesota Comprehensive Assessments and adaptations at Spero Academy is the fluctuating percentage of students who take the MCA III and the MTAS II. Each year that it has been available, Spero Academy has applied for and received a waiver related to the 1% of students permitted to take the MTAS. Each year, Spero Academy challenges third graders with trying the MCA III and then evaluates the success of that measure for future years, moving to the MTAS. The high percentage of Spero Academy students whose abilities and achievement are not conveyed well in any of these measures makes this measure less indicative of student learning and school success than in a school with a more typical student demographic.

Individual Education Program Goals:

During the 2014-2015 school year 96% of students with Individual Education Plans were making adequate progress during their progress reporting periods or met their yearly goals during their annual Individual Education Plan meeting.

Student Goal Area 2: Personal and Social Development

The extent to which the individual demonstrates personal responsibility and socially acceptable and healthy behaviors either alone or with guidance and support.

Indicator: Percent of students meeting goals on their personalized learning plans.

Indicator: Percent of students attending school on a regular basis.

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Spero Academy's mission, delivery model, and philosophy all emphasize the importance of teaching the "whole child." Thus, measuring outcomes in areas other than academics are key to assessing whether the school is meeting its mission. Given the diversity of student characteristics present in the school's population, it is important that the instruments used to measure progress in the personal and social development area are specific to the student's needs. Three data sources were used to assess progress toward meeting this goal: 1) Student Benchmark Data, 2) Social Skills Checklist, and 3) Attendance Data.

Social Skills Inventory. The revised Skills Inventory is an instrument designed to record student behavior in five areas: Social Play and Emotional Development, Emotional Regulation, and Communication. A school team worked on decreasing the ambiguity of wording and removing redundant items during the 2014-15 school year. Teachers were trained on how to utilize the updated rating system and provided a reference guide with detailed examples to ensure reliable ratings from all teachers. Teachers rated students in the spring using the revised Inventory, which utilized a five-point scale based on students' ability: incomplete ability, limited ability, adequate ability, proficient ability, and exceptional ability. In addition to reporting results, the assessment is used by teachers in designing each student's Personalized Learning Plan. In 2015-16, progress will be measured by comparing each student's results from both fall and spring data collection periods.

Student Goal Area 3: Language and Communication

The extent to which the individual demonstrates progress in language and communication skills.

Indicator: *Percent of students meeting goals on their Personalized Learning Plans.*

Since the school enrolls a high percentage of students with Autism Spectrum Disorder (ASD), communication is an important focus area. Not only does the school want to assess the communication skills of those students with ASD, it also wants to ensure that all students are acquiring the vocabulary and communication skills necessary to reach their potential. As with the other outcome areas, instruments were chosen depending upon student needs. Two instruments are used to assess language and communication goals. These are explained below.

Skills Inventory Personalized learning plan goals will be used to measure growth in the areas of Language and Communication.

Student Goal Area 4: School Climate and Satisfaction

The extent to which students, families, and staff are satisfied with Spero Academy.

Indicator: *Percent of students who indicate satisfaction with the school experience.*

Indicator: *Percent of families who indicate satisfaction with their child's experience.*

Indicator: *Percent of families that indicate they will re-enroll their child the following year.*

Indicator: *Percent of staff who indicate satisfaction with their professional experience.*

Spero Academy has a long tradition of surveying the school's major stakeholders. They continued the practice in spring 2015 by surveying students, families, and staff members.

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Some specific survey items measure an overall gauge of stakeholder satisfaction. Thirty-two surveys were returned from families and thirty-four staff members returned the surveys. The results of these items indicate a high level of satisfaction for all stakeholders. Results indicate that:

- 96.8% of parents (n=31) reported satisfaction with the academic education programs.
- 100% of parents (n=30) reported satisfaction with the special education programs.
- 100% of parents (n=32) reported satisfaction with the specialist programs offered (Phy Ed, social skills, media, music)

Items with the highest level of endorsement for each survey are noted below. Detailed survey results are reviewed by the school's administrative team and the Board's Accountability Committee and used for continuous improvement discussions.

Parent Survey: Items with the highest level of endorsement were:

- The communication you received from the school. (100%)
- Satisfied with the special education programs. (100%)
- Satisfied with the academic programs (96.8%)
- Satisfied with the school building. (96.8%)
- Satisfied with specialist programs (100%)

Family Quotes:

"My son has come a long way not only in his academics, but his social skills as well."

"[My student] continues to love the teachers and staff at [Spero] Academy. He feels valued and appreciated, and he seems to be learning at the appropriate pace."

"My son seems really happy to go to school each day."

"[My student] is much happier attending [Spero], he now enjoys going to school and learning."

"My daughter has grown significantly with her social emotional development."

"This is an excellent program and I can't thank you enough for the support you've given my child and family."

"I love [Spero] Academy and sending my child there is the best decision we ever made!"

"Teachers are stellar. Top-notch. I appreciate having my kid around that level of excellence in educators."

"I really enjoy the staff and families attending the school. It makes for a safe, welcoming environment for my child to attend."

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"Our child is making great progress socially and academically. Thanks to the hard work of everyone at [Spero]."

"I'm glad my son has [Spero] Academy he has learned so much and has grown in so many ways."

Staff Quotes:

"I feel I get all the support needed for my students in the areas of professional development."

"I love the team I'm working with. We click very well and are supportive of each-other."

"Everyone in my team has an open line of communication and makes it easier for everyone to be on the same page."

"Tracking behaviors has allowed us to have data on the progress students have made in managing behaviors and self regulating."

"I feel as though the therapist are extremely helpful, flexible, and a huge support to our classroom."

"[Spero] Academy is a great school all-around, and I have been amazed in my first year at all we do for our students. I have gained so many skills in working with special needs populations, and it puts a smile on my face every day to see the supports we offer helping our students to be successful."

Employee Satisfaction Survey:

- 97% of licensed staff responded with agree or somewhat agree the seven questions asked about satisfaction.
- 91% of paraprofessional staff reported agree or somewhat agree in eight questions asked about satisfaction.

The school uses the survey information to improve programs and services. The review of the survey data indicated areas that the school will address during the 2015-2016 school year. A revision of the Student, Family and Staff Satisfaction Surveys are objectives within the 2013-2017 Strategic Plan. Benchmarks for annual performance will be set at the time of revision implementation. The improvement areas for 2015-2016 include:

- Providing more information to students and families about homework and an associated schedule for assigning homework.
- Communication received from the teacher.
- Staff professional development planning

The School-Wide Positive Behavior Intervention and Support (SW-PBIS) committee has worked with students and staff to develop a School-Wide Matrix. The Matrix reflects that there are expected behaviors in each of the STAR framework areas and taught and implemented specifically for each area of school behavior. The STAR framework consists of Safe Choices; Try your Best; Acceptance; Respect & Responsibility. The matrix includes

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the lunchroom, hallways/stairwell, recess, restrooms, arrival/dismissal/bus, safety drills and assembly/concerts. Each teacher including specialists and classroom has also developed their STAR criteria for what it looks like in their classroom, including specialists. Implementation of the SW-PBIS has contributed to a positive and supportive school climate and culture and sets the expectation that all students and staff will succeed given the appropriate instruction and practice around expectations. The SW-PBIS Leadership Team continues to work with teachers and classroom staff around gathering, documenting and reporting student behaviors that do not promote school success. The TIES Behavior Data Tracking module linked with the Personalized Learning Plan module has been piloted with some success in 2013-14 and continued through 2014-2015.

Spero Academy instituted the School-wide Positive Behavioral Intervention and Support Plan during the 2011-2012 school year. Results from the 2014-2015 Benchmark of Quality survey are at 91%. The Subscales that were measured included, Faculty Commitment, Discipline Procedures, Data Analysis, Expectations Developed, Reward Program, Lesson Plans, Implementation on Plan, Classroom Plans and Program Evaluation

SECTION IV: INNOVATIVE PRACTICES AND IMPLEMENTATION

Innovative Practices and Implementation

The Spero Academy entire educational approach centers on meeting individual student needs. Thus, the program and support services focus on providing services needed to optimize learning. The school decided to continue several key services during the 2014-2015 school year to further enhance the learning opportunities. These services included a therapeutic classroom, personalized and tailored inclusion experiences, alternative measures for student outcomes, and an eleven-month calendar.

The school identified and implemented several new initiatives during the 2014-2015 school year.

- Implementation and training regarding the District created Skills Inventory that will be used to track developmental areas in Social Play and Joint Attention, Emotional Regulation, Communication Skills, Life Skills and Technology Skills.
- Personalized Learning Plans created and tracked for each student enrolled at Spero Academy. Plans include input from families, students if able with the creation of personal goals in the areas of Language Arts, Math and Social/Emotional Skills.
- Improvement in documentation of student growth for reporting including progress reporting for students on Individual Education Plans.
- Innovative approaches to school and student outcomes accountability.
- Teacher committees continued to support the Accountability goals from the updated Strategic Plan.
- Completed fourth year implementation of the SW-PBIS in conjunction with the state of Minnesota as part of a national grant and effort to improve school climate and student success.

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- Continued to work and provide quarterly reports on the Strategic Plan 2013-2017, which is available in the Board materials in the school's office.

Spero Academy initiated the new teacher development and evaluation process in 2014-2015 school year. This included:

- Completing for Board approval and submission to Minnesota Department of Education the assurance of compliance with State Statute.
- Drafting a Spero Academy "What Does It Look Like" for the teacher work on the Standards of Professional Practice at Spero Academy.
- Used a draft of the rubric for the teacher observations conducted for all Spero Academy teachers in the spring of 2015.
- Used feedback received during the post-observation conference to further modify the observation process, rubric descriptors, and the plan for 2015-16 implementation.
- Created, Board reviewed, and Board adopted a 2015-16 implementation plan to continue the phase-in of the full Teacher Development and Evaluation Plan.

Future Plans

With academic achievement on the forefront, the school will continue to focus on program improvement and assessments that personalize the learning plan and progress for each student. The school will continue to focus on identifying and supporting the growth potential of the individual student. The school-wide continued implementation is a focus for 2015-16 in Social Thinking®.

2014-2015 Initiatives

- Continued School-wide implementation of selected Social Thinking® curricular approaches
- Data analysis by the Board Accountability Committee throughout school year
- Continued work with teacher committees in the areas of, curriculum and assessment development, individual learning plans and SW-PBIS
- Pilot of a Personalized Learning Plan tool designed to be integrated with and maintained in the TIES Personalized Learning Module
- Pilot of a Lesson Planning Template that supports the educational model and personalized learning plans that have been developed by Spero Academy
- Review of the research and recommendation related to adoption of a Social Studies curriculum

Implementation of the 2013-2017 Strategic Plan began in the third quarter of the 2012-13 school year. The board set aggressive and pro-active goals that the Board Committees, where most of the board's work is undertaken, started to implement immediately. The Board and school have important and exciting work to complete in the next years. It has an engaged and enthusiastic board and staff to take on the tasks.

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APPENDICES

APPENDIX A: LICENSED STAFF, MANAGEMENT, AND BOARD INFORMATION

Spero Academy employed fourteen classroom teachers during the 2014-15 school year. Many of the classroom teachers are licensed in both elementary education and special education.

| Spero Academy 2014-2015 School Year Licensed Teachers and Other Staff | | | | | |
|--|----------------------|--|----------------|----------------------|-------------------------------------|
| Name | Position | Licensure | Folder Number | Assignment | Returning for 2015-2016 (Yes or No) |
| Meggie Martin | Teacher | Elementary Education Emotional Behavior Disorders Developmental Disabilities | 460969 | Kindergarten | Yes |
| Erica Kirsch | Teacher | Development Disabilities | 455708 | 3-5 | Yes |
| Katherine Rose Kammerude | Teacher | Autism Spectrum Disorders Elementary Education (Community Expert) | 997308 | Kindergarten | Yes |
| Hannah Peterson | Academic Coordinator | Elementary Education Autism Spectrum Disorders | 404898 | Academic Coordinator | Yes |
| Ann Bakeman | Teacher | Developmental Disabilities | 998388 | PLS 3 | Yes |
| Courtney Hilferty | Teacher | Emotional Behavior Disorders Autism Spectrum Disorders | 469875 | PLS 4 | No |
| Linda Silrum | Director | Elementary Education Mild to Moderate Moderate to Severe Mentally HDCP | 209040 / OTHER | Director | No |
| Adam Hyrkas | Teacher | Physical Education DAPE | 417211 | DAPE/Phy Ed | Yes |
| Taryn McGovern | Teacher | Autism Spectrum Disorder | 471626 | PLS 1 | Yes |

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| | | | | | |
|------------------|-------------------------------|--|--------|------------------------|-----|
| Susan Scheller | Teacher | Moderate to Severe Mentally HDCP | 308821 | Kindergarten - 1-grade | Yes |
| Hannah Miller | Teacher | Elementary Education Learning Disabilities | 467314 | 2nd grade | No |
| Anthony Shepherd | Teacher | Emotional Behavior Disorders Learning Disabilities Developmental Disabilities | 429467 | K-5 | Yes |
| Kim Michlin | Teacher | Emotional Behavior Disorders Learning Disorders Elementary Education Autism Spectrum Disorders Certificate | 427507 | 3rd grade | No |
| Peter Sycks | Teacher | Physical Education DAPE | 427450 | DAPE/Phy Ed | Yes |
| Noreen Foster | Special Education Coordinator | Early Childhood Special Education | 380968 | Special Education | Yes |
| Alexandria Ward | Teacher | Elementary Education Learning Disabilities Developmental Disabilities | 465290 | Kindergarten | Yes |
| Sarah Olitzky | School Psychologist | School Psychologist | 443837 | School Psychologist | No |
| Tim Greer | Teacher | Elementary Education Emotional Behavior Disorders Social Studies | 433866 | 4th-5th Grade | Yes |
| Kelly Tiedemann | Teacher | Emotional Behavior Disorders Learning Disabilities Developmental Disabilities | 454493 | TOSA | Yes |
| Kristen Gerber | School Nurse | Public School Nurse | 480258 | School Nurse | Yes |

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| School Management Information 2014-2015 | | | | |
|--|----------------------|-------------------------------|-------------------------------------|--|
| Name | Folder Number | Assignment | Years Employed by the school | In Fall 2015 (Return or Not Return) |
| Linda Silrum | 209040 | Director | 9 | No |
| Curtis Windham | N/A | Director | <1 | Yes |
| Hannah Peterson | 404898 | Academic Coordinator | 8 | Yes |
| Noreen Foster | 380968 | Special Education Coordinator | 10 | Yes |

Spero Academy contracts for services in the following areas:

- PT / OT / ST / Audiology / Deaf and Hard of Hearing / Vision / Physical/Other Health Impairments / Behavior Specialist / Autism Specialist / Music Therapist
- School Psychologist
- Technology
- Indigo Education (fka ISES) (Director of Special Education)
- Transportation
- Finance Management Services: accounts payable, payroll, finance management and accounting, budgeting
- School Nurse
- Auditor

Contracts are bid out when appropriate and required and negotiations meet best practice. Contracts are typically annual.

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| Spero Academy 2014-2015 Board Members | | | | | | | |
|--|---------------------|------------------------------|--------------------------------|-------------------|------------------|--|---|
| Name | Date Elected | Position | Affiliation | Attendance | Term Ends | Contact Information (email or phone or address) | Required Board Training Attendance |
| Erica Weber | 2014 | | Community | 6/10 | 2017 | eweber@spero.academy | In process |
| Wendy Ehler | 2013 | | Education | 8/10 | 2016 | welhart@spero.academy | Completed 2014 |
| Meggie Martin | 2013 | Co-Secretary | Teacher | 9/10 | 2016 | mmartin@spero.academy | Completed 2014 |
| Susan Scheller | 2013 | Co-Secretary | Teacher | 9/10 | 2016 | sscheller@spero.academy | Completed 2013 |
| Janelle Erickson | Nov 2012 | Treasurer | Community | 9/10 | 2017 | jerickson@spero.academy | Completed 2012 |
| Terra Hyatt | 2013 | | Parent | 6/10 | 2015 | thyatt@spero.academy | Completed 2014 |
| Kirk Wahlstrom | 2013 | Vice Chair | Community | 8/10 | 2015 | kwahlstrom@fraseracademy.org | Completed 2014 |
| Linda Silrum, Ex-Officio | | Previous Director | School Director (End 12/31/14) | 8/10 | 2014 | lsilrum@spero.academy | Completed 2010 |
| Curtis Windham | | School Director (Non-Voting) | School Director | 7/10 | | cwindham@spero.academy | In process |
| Donna Piazza | 2011 | Personnel Chair | Education | 8/10 | 2017 | dpiazza@spero.academy | Completed 2012 |
| Neil Nye | 2013 | | Parent | 9/10 | 2016 | nnye@spero.academy | Completed 2014 |
| Tina Outlaw | 2014 | | Community | 10/10 | 2015 | toutlaw@fraseracademy.org | Completed 2014 |
| Crystal Dobson-Totten | 2014 | | Parent | 6/10 | 2018 | cdobsontotten@spero.academy | In process |

APPENDIX B: District-wide Assessments

SPERO ACADEMY DISTRICT ASSESSMENTS

| Instrument / Approach | For Whom | Frequency | Analysis Plan |
|--|---|--|---|
| Academic Readiness Screening for Literacy & Math | Emergent Literacy & Math Learners | 2x per year September, May/June | Assessment team review every trimester, November, March, May/June |
| The BRIDGE | Emergent Literacy Learners | 2x per year September, May/June | Assessment team review every trimester, November, March, May/June |
| Early Reading Screening Instrument (ERSI) | Transitional Literacy Learners | Every Trimester, September, January, May/June | Assessment team and classroom team review every Trimester, November and March, May/June |
| Whole to Part Assessment: -Word Identification -Listening Comprehension -Silent Reading Comprehension | Conventional Literacy Learners | 2x per year September, May/June | Assessment team and classroom team review Fall and Spring |
| NWEA – MAP (Measure of Academic Performance) | Transitional Literacy & Math Learners and Conventional Literacy Math Learners | 2x per year September, May/June | Assessment team and classroom team review fall and spring |
| Spero Academy Skills Inventory | All Students | Fall and Spring or as needed for EVAL process. | Assessment team including and classroom team review Fall and Spring |

Appendix C. Spero Academy Director - 2015 Professional Development Plan

Goal: To update information and develop skills that align with priorities and activities identified for 2015-16, and 2016-17 for Spero Academy and growth areas of the Director.

Board, Authorizer, and Community Relations

Objective: Develop an understanding of how to maintain working relationships with the Board, staff, and community contacts. Maintain current policies and update as necessary.

1. Continue work with Board members who have legal expertise and access the MN Association of Charter Schools' resources to review current education legislation and non-profit requirements to identify areas of work needed on the Spero Academy policies and procedures.
2. Continue work with identified NE Minneapolis area civic and community groups and child care centers or preschools and make personal contacts and presentations on mission of Spero Academy. Discuss opportunities for collaboration and fund development with these organizations.

Anticipated Outcomes: A Board Handbook containing a system for the maintenance of current content and a related Operational Handbook with a similar system for maintaining current content. There will be successful personal contacts with each civic and community group, each identified child care center and preschool as well as a system for maintaining those contacts, for developing collaborative relationships and for building a neighborhood component to the fund development plan.

Financial Management

Objective: Utilize the financial planning and budgeting processes required for the various student demographics that Spero Academy may reflect in any given year: < than 90% students with an IEP; > than 90% students with an IEP; 100% students with an IEP. Evaluate the results for continued modification. Build the base for a fund development plan to support the school's maintenance and growth.

1. Document all the funding formula elements and associated timelines for data submissions used in the General Education, Lease Aid and Program Appeals used to support the Spero Academy program.
2. Work with the budget model created by the staff at Beltz, Kes, Darling and Associates to incorporate the various scenarios and the appeal calculations into the budget projection model for purposes of future budget planning and new timelines. Develop tools such as timelines, past history reports and planning documents for staff and committee involvement in the budgeting process.
3. Develop a Fund Development Plan for the 2015-16 school year that supports the needs and growth anticipated in the 2016-17 budget.
4. Research and implement Grant Writer position if deemed financially viable.

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Anticipated Outcome: A budget planning and implementation document for each of the student demographic scenarios that provides the foundation for future planning related to fund development. A budget planning template and timeline for staff and committee involvement in the 2015-16 budget setting process will be in place and implemented. An evaluation as to effectiveness and modifications needed for the 2016-17 budget process will be in place for the start of the 2016-17 budget process. A fund development plan that has a high degree of probability for success that is ready to implement by the start of the 2015-16 school year.

Legal and Compliance Management

Objective: Formalize the Spero Academy response to legal issues that may arise and document the policy and procedures designed.

1. Meet with Board member who has legal expertise to outline a process for legal consultation and representation in areas of potential concern to the school.
2. Using the resources available through Board member with legal expertise, MACS, and the law firm designated by Spero Academy Board, develop policy on legal consultation, preparation and representation. Work with the Board and corresponding committees to incorporate that policy into the Board Handbook, handbook of staff procedures, and Operational Manual.
3. Establish a relationship with NIT legal team if property/casualty insurance changes.

Anticipated Outcome: A Board adopted policy on legal representation and consultation with associated procedural pieces incorporated into the Board Handbook, Employee Handbook, and Operational Manual. Outline which legal representative to contact regarding various legal issues.

Human Resources and Personnel Management

Objective: Integrate the mentoring and supervisory schedule in use with staff, documenting the rationale, responsibility, and schedule for implementation in 2014, using the Teacher Development and Evaluation Plan as the template.

1. Formalize the teacher mentoring process in use at Spero Academy and explore the development of a mentor relationship for employees who are new to Spero Academy.
2. Integrate the teacher mentor activities with the supervision activities schedule and develop a communication tool to clarify the two and outline expectations.
3. Formalize the relationship between teacher and administration supervision responsibility for paraprofessional position, creating a timeline for each.

Anticipated Outcome: A mentoring and supervision document with timeline and expectations to be distributed to staff at the start of the school year with a job description, professional development plan expectation and implementation timeline.

Instruction and Assessment

Objective: Correlate the Spero Academy benchmarks with the MN state standards in literacy, math, and science and outline the tools and process expectations for Response to Interventions in literacy and math.

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1. List the Core Curriculum Standards for Literacy and link the Spero Academy benchmarks to those standards along with the curriculum resources available at Spero Academy that address each standard/benchmark area.
2. List the Core Curriculum Standards for Math and link the Spero Academy benchmarks to those standards along with the curriculum resources available at Spero Academy that address each standard/benchmark area.
3. List the Core Curriculum Standards for Science and link the Spero Academy benchmarks to those standards along with the curriculum resources available at Spero Academy that address each standard/benchmark area.

Anticipated Outcome: A clear document and systematic process for Inclusive Education Committee members and Spero Academy administrators and teachers to use in planning, implementing, and evaluating curriculum and instructional program at Spero Academy.

Effective Communication

Objective: Develop the communication plan needed to implement the work following the name change for Spero Academy. Clarify the internal communication opportunities as they relate to Spero Academy and to the broader community with a focus on prospective student families.

1. Utilize the style manual of Spero as a model for creating a style manual for Spero Academy and develop a publication review plan that assures all Spero Academy publications reflect a consistent message and style.
2. Attend the Charter Schools Leadership Skills Assessment Seminar in March/April, 2015.
3. Attend the National Charter Schools Conference in June 2015.

Anticipated Outcome: A style manual for use throughout the organization that results in consistency in style and quality of external communication. An organizational structure model with flow chart outlining the relationship and communication system operating within Spero Academy.

*The Spero Academy Director Contract is November through October. The Professional Development Plan is developed in conjunction with the annual review and contract process in September/October and the new plan written in November. The Director position description, evaluation and professional development all comply with MN 124E.10. Subd.11(b)

APPENDIX D: Financial Information

Please see attachment at the end of the document for Spero Academy's Fiscal Year 2014 Audit.

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Appendix E: Spero Academy Non-profit Status

The school's non-profit status is available from
www.ag.state.mn.us/Charities/CharitySearch.asp

| | |
|------------------------|--|
| Organization Name | FRASER ACADEMY |
| Organization Type | TRUST |
| Contact Person | ATTN LINDA SILRUM |
| Address | 1534 SIXTH ST NE |
| City | MINNEAPOLIS |
| State | MN |
| Zip Code | 55413-1319 |
| IRS Code 501(c) | 03 |
| Purpose or Description | Fraser Academy provides an inclusive environment with individualized learning programs to meet the unique needs of each student while maintaining a high standard of academics and cultivating a sense of respect, responsibility and community. |
| Phone Number | (612) 465-8601 |
| Status | ACTIVE |
| Extension | None |

APPENDIX F: Spero Academy Enrollment Policy and Enrollment Form

Please see attachment at the end of the document for Spero Academy's Open Enrollment Policy and Student Application Form.

**FRASER ACADEMY
Charter School No. 4113
Minneapolis, Minnesota**

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

**FRASER ACADEMY
Charter School No. 4113**

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**FRASER ACADEMY
Charter School No. 4113**

**BOARD OF DIRECTORS AND ADMINISTRATION
For the Year Ended June 30, 2014**

| <u>Board of Directors</u> | <u>Position</u> | <u>Term Expires</u> |
|---------------------------|---------------------|---------------------|
| Donna Piazza | Chair | 2014 |
| Kirk Wahlstrom | Vice Chairperson | 2015 |
| Janelle Erickson | Treasurer | 2015 |
| Meggie Martin | Co-Secretary | 2016 |
| Susan Scheller | Co-Secretary | 2016 |
| Wendy Ehlert | Member | 2016 |
| Shannon Dean | Member | 2014 |
| Terra Hyatt | Member | 2014 |
| Neil Nye | Member | 2016 |
| Tina Outlaw | Member | 2015 |
| Linda Silrum | Member (Nonvoting) | |
| <u>Administration</u> | | |
| Linda Silrum | Director of Academy | |



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser Academy
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fraser Academy, Minneapolis, Minnesota, as of and for the year ended June 30, 2014, and the related Notes to the Financial Statements, which collectively comprise the Academy'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.

Auditor's 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 Academy'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 Academy'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.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fraser Academy, Minneapolis, Minnesota, as of June 30, 2014, and the respective changes in financial position thereof, and the respective budgetary comparison for the General and Food Service Fund for the year then ended in accordance 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 Management's Discussion and Analysis, which follows this report letter, 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 (GASB), 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. 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information identified in the Table of Contents is the responsibility of management and was derived from and relates directly to, the underlying accounting and other records used to prepare the basic 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 accompanying supplementary information is fairly stated, in all material respects in relation to the financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, on our consideration of the Academy's internal control over financial reporting and 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 of internal control over financial reporting and compliance and the results of that 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 Academy's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Kern, Dewenter, Viere, Ltd.".

KERN, DEWENTER, VIERE, LTD.
Minneapolis, Minnesota
November 17, 2014

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

This section of Fraser Academy's (the "Academy") annual financial report presents the discussion and analysis of the Academy's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the Academy's financial statements, which immediately follows this section. The Management's Discussion and Analysis (MD&A) is a required element of Required Supplementary Information specified in the GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2013-2014) and the prior year (2012-2013) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-2014 fiscal years include the following:

- Total net position at June 30, 2014 was \$ 507,361.
- Overall General Fund revenues were \$ 3,179,780 as compared to \$ 3,053,765 of expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information, which includes the MD&A (this section), the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Academy's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Academy, reporting the Academy's operations in more detail than the government-wide statements.

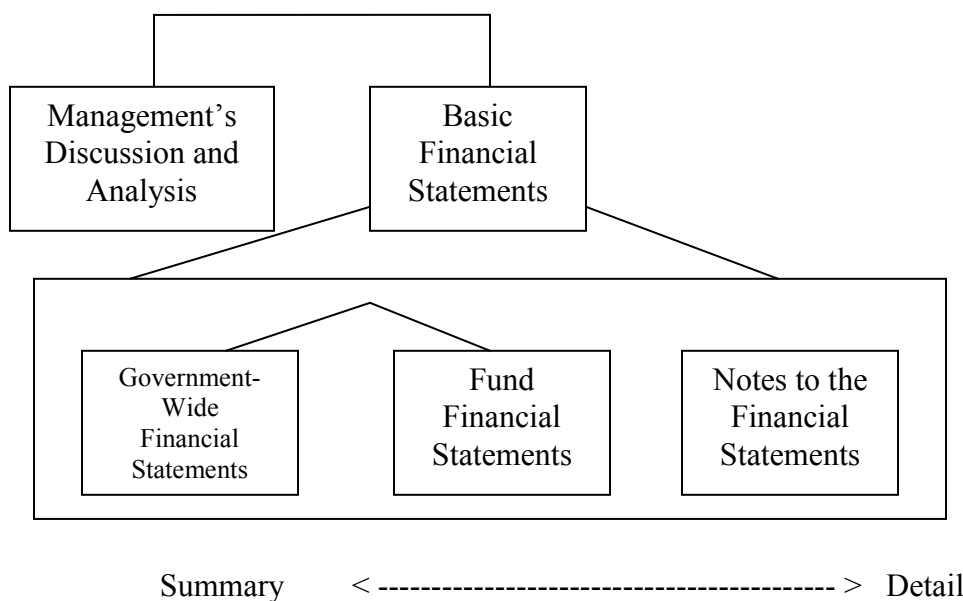
The governmental fund statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements. The diagram below shows how the various parts of this annual report are arranged and related to one another.



FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

The major features of the Academy's financial statements includes the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

| Fund Financial Statements | | | |
|--|--|--|---|
| | Government-Wide Statements | Governmental Funds | Fiduciary Funds |
| Scope | Entire school (except fiduciary funds) | The activities of the Academy that are not proprietary or fiduciary, such as special education and building maintenance. | Instances in which the Academy administers resources on behalf of someone else, such as scholarship programs and student activities monies. |
| Required Financial Statements | <ul style="list-style-type: none"> · Statement of Net Position · Statement of Activities | <ul style="list-style-type: none"> · Balance Sheet · Statement of Revenues, Expenditures and Changes in Fund Balances | <ul style="list-style-type: none"> · Statement of fiduciary Net Position · Statement of Changes in Fiduciary Net Position |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial focus. | Accrual accounting and economic resources focus. |
| Type of Assets/Liability Information | All assets and liabilities, both financial and capital, short-term and long-term. | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included. | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can. |
| Type of Inflow/Outflow Information | All revenues and expenses during year, regardless of when cash is received or paid. | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All additions and deductions during the year, regardless of when cash is received or paid. |

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Academy's net position and how they have changed. Net position, the difference between the Academy's assets and liabilities, is one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy you need to consider additional nonfinancial factors such as changes in the Academy's credit worthiness and the condition of Academy's buildings and other facilities.

In the government-wide financial statements, the Academy's activities are shown in one category:

- Governmental Activities – All of the Academy's basic services will be included here, such as regular and special education, transportation and administration. State and federal aids, federal grants and donations financed these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Academy's funds, focusing on its most significant or "major" funds, not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs. The Academy has one kind of fund:

- Governmental Funds – All of the Academy's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional reconciliations to explain the relationship (or differences) between them.

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Net Position

The Academy's combined net position was \$ 507,361 on June 30, 2014. (See Table A-1.)

Table A-1
Net Position

| | Governmental Activities | | Percent |
|--|-------------------------|-------------------|---------|
| | 2014 | 2013 | Change |
| ASSETS: | | | |
| Current and Other Assets | \$ 643,344 | \$ 516,445 | 25% |
| Capital Assets | 26,001 | 34,086 | -24% |
| Total Assets | <u>\$ 669,345</u> | <u>\$ 550,531</u> | 22% |
| LIABILITIES: | | | |
| Current Liabilities | \$ 151,131 | \$ 157,138 | -4% |
| Non-Current Liabilities - Compensated Absences Payable | 10,853 | 18,023 | 5% |
| Total Liabilities | <u>161,984</u> | <u>175,161</u> | -8% |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 26,001 | 34,086 | -24% |
| Unassigned | 481,360 | 341,284 | 41% |
| Total Net Position | <u>507,361</u> | <u>375,370</u> | 35% |
| Total Liabilities and Net Position | <u>\$ 669,345</u> | <u>\$ 550,531</u> | 22% |

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Changes in Net Position

The Academy's total revenues were \$ 3,180,192 for the period ended June 30, 2014. (See Figure A-2.)

Table A-2
Change in Net Position

| | Governmental Activities for the Fiscal Year Ended June 30, | | Total Percent Change |
|---|---|-------------------|----------------------------|
| | 2014 | 2013 | |
| REVENUES: | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 46,328 | \$ 56,148 | -17% |
| Operating Grants and Contributions | 2,616,815 | 2,550,941 | 3% |
| General Revenues: | | | |
| Unrestricted State Aid | 498,917 | 503,953 | -1% |
| Other | 18,132 | 88,805 | -80% |
| Total Revenues | <u>3,180,192</u> | <u>3,199,847</u> | <u>-1%</u> |
| EXPENSES: | | | |
| Administration | 167,709 | 161,864 | 4% |
| District Support Services | 82,362 | 89,935 | -8% |
| Regular Instruction | 84,911 | 77,934 | 9% |
| Special Education Instruction | 2,032,238 | 2,092,966 | -3% |
| Instructional Support Services | 1,271 | 297 | 328% |
| Pupil Support Services | 382,681 | 403,829 | -5% |
| Sites, Buildings and Equipment | 283,500 | 259,666 | 9% |
| Fiscal and Other Fixed Cost Programs | 12,284 | 10,438 | 18% |
| Food Service | 1,245 | 1,640 | -24% |
| Interest and Fiscal Charges on Long-Term Debt | - | - | 0% |
| Total Expenses | <u>3,048,201</u> | <u>3,098,569</u> | <u>-2%</u> |
| Increase in Net Position | 131,991 | 101,278 | 30% |
| Beginning Net Position | <u>375,370</u> | <u>274,092</u> | <u>37%</u> |
| Ending Net Position | <u>\$ 507,361</u> | <u>\$ 375,370</u> | <u>35%</u> |

The total cost of all programs and services was \$ 3,048,201. Total revenues exceeded expenses by \$ 131,991.

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

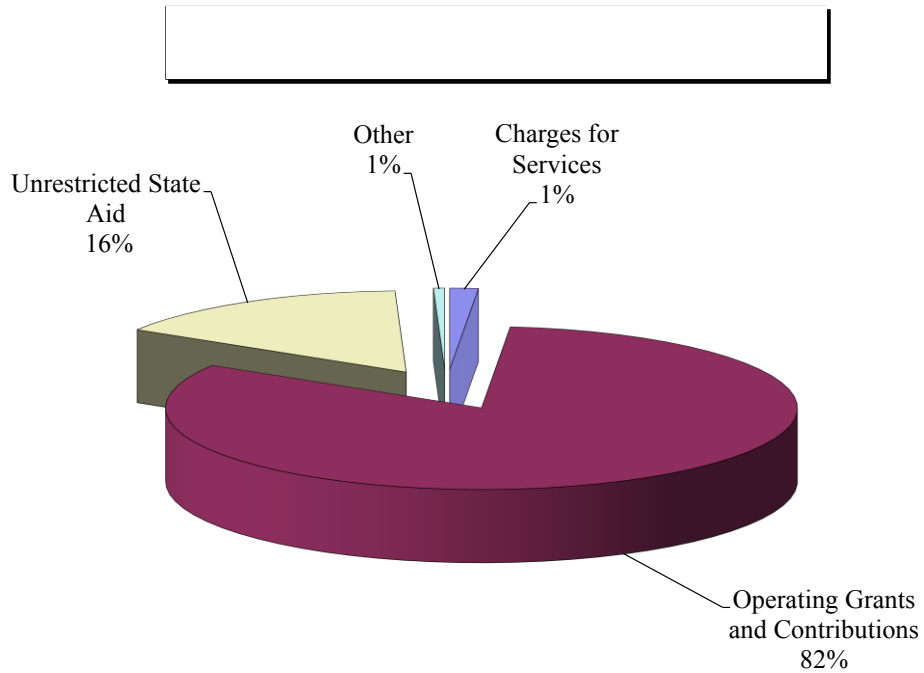
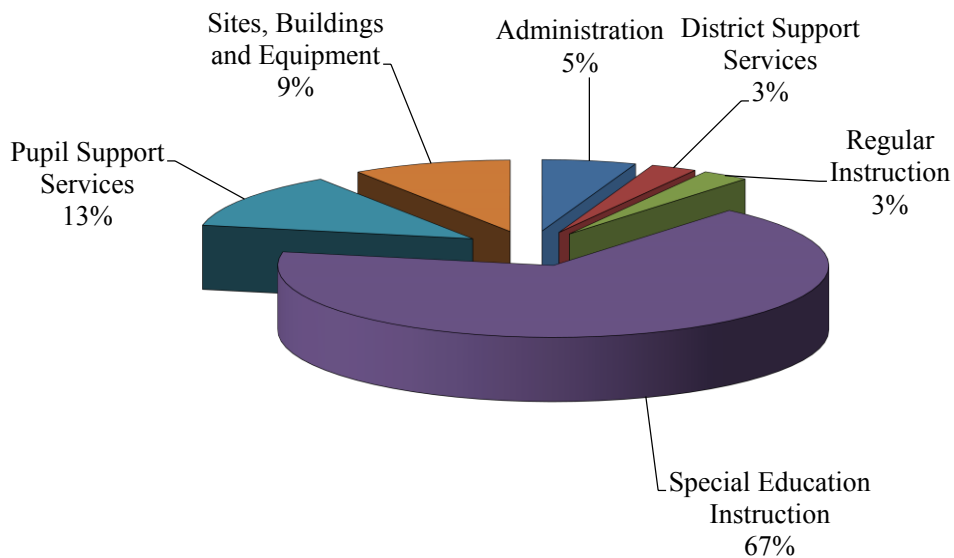


Figure A-4
Sources of Academy's Expenses for Fiscal Year 2014



FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table A-3
Program Expenses and Net Cost of Services

| | Total Cost of Services | | Percentage Change | Net Cost of Services | | Percentage Change |
|--------------------------------------|------------------------|---------------------|----------------------|----------------------|-------------------|----------------------|
| | 2014 | 2013 | | 2014 | 2013 | |
| Administration | \$ 167,709 | \$ 161,864 | 4% | \$ 121,381 | \$ 105,716 | 15% |
| District Support Services | 82,362 | 89,935 | -8% | 82,362 | 89,935 | -8% |
| Regular Instruction | 84,911 | 77,934 | 9% | 83,608 | 77,934 | 7% |
| Special Education Instruction | 2,032,238 | 2,092,966 | -3% | (491,746) | (358,813) | 37% |
| Instructional Support Services | 1,271 | 297 | 328% | 1,271 | 297 | 328% |
| Pupil Support Services | 382,681 | 403,829 | -5% | 382,681 | 403,829 | -5% |
| Sites, Buildings and Equipment | 283,500 | 259,666 | 9% | 192,384 | 161,074 | 19% |
| Fiscal and Other Fixed Cost Programs | 12,284 | 10,438 | 18% | 12,284 | 10,438 | 18% |
| Food Service | 1,245 | 1,640 | -24% | 833 | 1,070 | -22% |
| Total | <u>\$ 3,048,201</u> | <u>\$ 3,098,569</u> | -2% | <u>\$ 385,058</u> | <u>\$ 491,480</u> | -22% |

The following chart presents these enrollment numbers as Average Daily Membership (ADM) for state funding purposes.

| | <u>2014</u> |
|--------------------------|---------------------|
| Kindergarten Handicapped | 6.48 |
| Kindergarten | 1.01 |
| Elementary | <u>62.67</u> |
| Total Students for Aid | <u><u>70.16</u></u> |

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

The financial performance of the Academy as a whole is reflected in its governmental funds as well. As the Academy completed the year, its governmental funds reported a combined fund balance of \$ 492,213.

Revenues for the Academy's governmental funds were \$ 3,180,192 while total expenditures were \$ 3,055,010.

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

GENERAL FUND

The General Fund includes the primary operations of the Academy in providing educational services to students from kindergarten through grade 5 including pupil transportation activities and capital outlay projects.

In fiscal year 2014, the Academy generated state revenue along with tuition billing from other Minnesota districts, 97% of total revenue, through its education program. Federal grants and other local revenue made up most of the remaining 3%. Table A-5 presents a summary of General Fund revenues.

Table A-5
General Fund Revenues

| | Fiscal Year Ended | | Change | |
|--------------------------------|---------------------|---------------------|--------------------|---------|
| | June 30, | | Increase | |
| | 2014 | 2013 | (Decrease) | Percent |
| Other Local and County Revenue | \$ 64,460 | \$ 144,953 | \$ (80,493) | -56% |
| State Sources | 3,069,220 | 3,006,885 | 62,335 | 2% |
| Federal Sources | 46,100 | 47,439 | (1,339) | -3% |
| Total General Fund Revenue | <u>\$ 3,179,780</u> | <u>\$ 3,199,277</u> | <u>\$ (19,497)</u> | -1% |

Of the total expenditures, about 51% were personnel salaries and benefits. Another 47% of total expenditures were purchased services to continue developing the educational program, provide facility and administrative services and direct services to students. Table A-6 presents a summary of General Fund expenditures.

Table A-6
General Fund Expenditures

| | Fiscal Year Ended | | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|------------------------|-------------------|--------------|-------------------------------------|-----------------------------------|
| | June 30, | | | |
| | 2014 | 2013 | | |
| Salaries | \$ 1,248,933 | \$ 1,261,979 | \$ (13,046) | -1% |
| Employee Benefits | 301,218 | 341,781 | (40,563) | -12% |
| Purchased Services | 1,433,641 | 1,425,326 | 8,315 | 1% |
| Supplies and Materials | 35,220 | 25,060 | 10,160 | 41% |
| Capital Expenditures | 24,276 | 34,223 | (9,947) | -29% |
| Other Expenditures | 10,477 | 17,153 | (6,676) | -39% |
| Total Expenditures | \$ 3,053,765 | \$ 3,105,522 | \$ (51,757) | -2% |

In the 2013-2014 fiscal year, General Fund revenue exceeded expenditures and transfers out by \$ 125,182 increasing the fund balance to \$ 492,213.

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS

Following approval of the budget, the Academy can revise the annual operating budget in mid-year. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.
- Legislation passes subsequent to budget adoption, changes necessitated by employment agreements and increases in appropriations for significant unbudgeted costs.

Actual revenues exceeded budgeted revenues by \$ 4,269. Actual expenditures were less than budgeted expenditures by \$ 10,411.

CAPITAL ASSETS

By the end of 2014, the Academy had invested \$ 120,549 in capital assets, including computers and furniture. (See Table A-7.) (More detailed information about capital assets can be found in Note 4 in the financial statements.) Total depreciation expense for the year was \$ 10,841.

Table A-7
Capital Assets

| | <u>2014</u> | <u>2013</u> | <u>Percentage Change</u> |
|-------------------------------|------------------|------------------|------------------------------|
| Machinery and Equipment | \$ 120,549 | \$ 117,793 | 2% |
| Less Accumulated Depreciation | <u>(94,548)</u> | <u>(83,707)</u> | <u>13%</u> |
| Total | <u>\$ 26,001</u> | <u>\$ 34,086</u> | -24% |

FACTORS BEARING ON THE ACADEMY'S FUTURE

The Academy is dependent on the State of Minnesota for its revenue authority. In the past, legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. There have been recent legislative changes to attempt to correct this in the short-term.

The stability of the state special education program is vital to the Academy's future. Currently, the Academy is largely dependent on sufficient funding of the special education program. If funding were to be decreased in the future the continuation of the Academy may be in jeopardy. The Academy has been persistent when reviewing the allocations to ensure full coverage of the special education costs.

The Academy will strive to meet its commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

FRASER ACADEMY
Charter School No. 4113

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our constituents, state oversight agencies, lenders, customers, legislative leaders and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Fraser Academy Charter School, 1534 6th Street NE, Minneapolis, Minnesota 55413.

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BASIC FINANCIAL STATEMENTS

FRASER ACADEMY
Charter School No. 4113

STATEMENT OF NET POSITION
June 30, 2014

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash | \$ 417,545 |
| Due from Department of Education | 163,966 |
| Due from Federal Government through Department of Education | 66 |
| Prepaid Items | 61,767 |
| Capital Assets: | |
| Equipment | 120,549 |
| Less Accumulated Depreciation | <u>(94,548)</u> |
| Total Assets | <u><u>\$ 669,345</u></u> |
| LIABILITIES | |
| Accounts Payable | \$ 78,516 |
| Salaries and Benefits Payable | 48,276 |
| Due to Other Governmental Units | 24,339 |
| Compensated Absences Payable: | |
| Payable Within One Year | 3,256 |
| Payable After One Year | <u>7,597</u> |
| Total Liabilities | <u>161,984</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 26,001 |
| Unrestricted | <u>481,360</u> |
| Total Net Position | <u>507,361</u> |
| Total Liabilities and Net Position | <u><u>\$ 669,345</u></u> |

FRASER ACADEMY
Charter School No. 4113

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenues and Changes in Net Position |
|--|---------------------|-------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities | | | | Governmental Activities |
| Administration | \$ 167,709 | \$ 46,328 | \$ - | \$ (121,381) |
| District Support Services | 82,362 | - | - | (82,362) |
| Elementary and Secondary Regular Instruction | 84,911 | - | 1,303 | (83,608) |
| Special Education Instruction | 2,032,238 | - | 2,523,984 | 491,746 |
| Instructional Support Services | 1,271 | - | - | (1,271) |
| Pupil Support Services | 382,681 | - | - | (382,681) |
| Sites and Buildings | 283,500 | - | 91,116 | (192,384) |
| Fiscal and Other Fixed Cost Programs | 12,284 | - | - | (12,284) |
| Food Service | 1,245 | - | 412 | (833) |
| Total Governmental Activities | <u>\$ 3,048,201</u> | <u>\$ 46,328</u> | <u>\$ 2,616,815</u> | (385,058) |
| General Revenues | | | | |
| State Aid-Formula Grants | | | | 498,917 |
| Other General Revenues | | | | 18,132 |
| Total General Revenues | | | | <u>517,049</u> |
| Change in Net Position | | | | 131,991 |
| Net Position - Beginning | | | | <u>375,370</u> |
| Net Position - Ending | | | | <u>\$ 507,361</u> |

☞ The Notes to the Financial Statements are an integral part of this statement.

FRASER ACADEMY
Charter School No. 4113

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

| | General | Food Service | Total Governmental Funds |
|--|-------------------|---------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ 417,427 | \$ 118 | \$ 417,545 |
| Due from Department of Education | 163,966 | - | 163,966 |
| Due from Federal Government through Department of Education | 33 | 33 | 66 |
| Prepaid Items | 61,767 | - | 61,767 |
| | <u>61,767</u> | <u>-</u> | <u>61,767</u> |
| Total Assets | <u>\$ 643,193</u> | <u>\$ 151</u> | <u>\$ 643,344</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 78,365 | \$ 151 | \$ 78,516 |
| Salaries and Benefits Payable | 48,276 | - | 48,276 |
| Due to Other Governmental Units | 24,339 | - | 24,339 |
| Total Liabilities | <u>150,980</u> | <u>151</u> | <u>151,131</u> |
| FUND BALANCES | | | |
| Nonspendable | 61,767 | - | 61,767 |
| Unassigned | 430,446 | - | 430,446 |
| Total Fund Balances | <u>492,213</u> | <u>-</u> | <u>492,213</u> |
| Total Liabilities and Fund Balances | <u>\$ 643,193</u> | <u>\$ 151</u> | <u>\$ 643,344</u> |

FRASER ACADEMY
Charter School No. 4113

**RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
June 30, 2014**

| | |
|--|------------|
| Total Fund Balances - Governmental Funds | \$ 492,213 |
|--|------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

| | |
|-------------------------------|----------|
| Cost of Capital Assets | 120,549 |
| Less Accumulated Depreciation | (94,548) |

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:

| | |
|------------------------------|-----------------|
| Compensated Absences Payable | <u>(10,853)</u> |
|------------------------------|-----------------|

| | |
|--|--------------------------|
| Total Net Position - Governmental Activities | <u><u>\$ 507,361</u></u> |
|--|--------------------------|

FRASER ACADEMY
Charter School No. 4113

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2014

| | General | Food Service | Total Governmental Funds |
|---|-------------------|--------------|--------------------------------|
| REVENUES | | | |
| Other Local Revenues | \$ 64,460 | \$ - | \$ 64,460 |
| Revenue from State Sources | 3,069,220 | - | 3,069,220 |
| Revenue from Federal Sources | 46,100 | 412 | 46,512 |
| Total Revenues | <u>3,179,780</u> | <u>412</u> | <u>3,180,192</u> |
| EXPENDITURES | | | |
| Current | | | |
| Administration | 170,390 | - | 170,390 |
| District Support Services | 82,223 | - | 82,223 |
| Elementary and Secondary Regular | | | |
| Instruction | 73,702 | - | 73,702 |
| Special Education Instruction | 2,026,553 | - | 2,026,553 |
| Instructional Support Services | 1,271 | - | 1,271 |
| Pupil Support Services | 382,599 | - | 382,599 |
| Sites and Buildings | 280,466 | - | 280,466 |
| Fiscal and Other Fixed Cost Programs | 12,284 | - | 12,284 |
| Food Service | - | 1,245 | 1,245 |
| Capital Outlay | | | |
| District Support Services | 139 | - | 139 |
| Elementary and Secondary Regular | | | |
| Instruction | 2,027 | - | 2,027 |
| Special Education Instruction | 21,861 | - | 21,861 |
| Pupil Support Services | 82 | - | 82 |
| Sites and Buildings | 168 | - | 168 |
| Total Expenditures | <u>3,053,765</u> | <u>1,245</u> | <u>3,055,010</u> |
| Excess of Revenues Over (Under) Expenditures | 126,015 | (833) | 125,182 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | 833 | 833 |
| Transfers Out | (833) | - | (833) |
| Total Other Financing Sources (Uses) | <u>(833)</u> | <u>833</u> | <u>-</u> |
| Net Change in Fund Balances | 125,182 | - | 125,182 |
| FUND BALANCES | | | |
| Beginning of Year | <u>367,031</u> | <u>-</u> | <u>367,031</u> |
| End of Year | <u>\$ 492,213</u> | <u>\$ -</u> | <u>\$ 492,213</u> |

The Notes to the Financial Statements are an integral part of this statement.

FRASER ACADEMY
Charter School No. 4113

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

| | |
|--|------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 125,182 |
|--|------------|

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the Statement of Activities, the cost of those assets is allocated
over the estimated useful lives as depreciation expense.

| | |
|----------------------|----------|
| Capital Outlays | 2,756 |
| Depreciation Expense | (10,841) |

Compensated absences and severance are recognized as paid in the governmental
funds but recognized as the expense is incurred in the Statement of Activities.

| | |
|--|---------------|
| | <u>14,894</u> |
|--|---------------|

| | |
|--|--------------------------|
| Change in Net Position - Governmental Activities | <u><u>\$ 131,991</u></u> |
|--|--------------------------|

FRASER ACADEMY
Charter School No. 4113

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2014**

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-------------------|-------------------|--------------------------------|
| | Original | Final | Amounts | Final Budget - Over (Under) |
| REVENUES | | | | |
| Other Local Revenues | \$ 95,839 | \$ 58,071 | \$ 64,460 | \$ 6,389 |
| Revenue from State Sources | 3,211,147 | 3,069,213 | 3,069,220 | 7 |
| Revenue from Federal Sources | 49,427 | 48,227 | 46,100 | (2,127) |
| Total Revenues | <u>3,356,413</u> | <u>3,175,511</u> | <u>3,179,780</u> | <u>4,269</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Administration | 171,669 | 162,405 | 170,390 | 7,985 |
| District Support Services | 122,586 | 81,591 | 82,223 | 632 |
| Regular Instruction | 93,238 | 71,335 | 73,702 | 2,367 |
| Special Education Instruction | 2,192,982 | 2,039,817 | 2,026,553 | (13,264) |
| Instructional Support Services | 2,040 | 506 | 1,271 | 765 |
| Pupil Support Services | 455,898 | 383,161 | 382,599 | (562) |
| Sites and Buildings | 259,826 | 267,374 | 280,466 | 13,092 |
| Fiscal and Other Fixed Cost Programs | 16,918 | 12,284 | 12,284 | - |
| Capital Outlay | | | | |
| District Support Services | - | 400 | 139 | (261) |
| Regular Instruction | 2,998 | 2,121 | 2,027 | (94) |
| Special Education Instruction | 27,957 | 21,860 | 21,861 | 1 |
| Pupil Support Services | - | 150 | 82 | (68) |
| Sites and Buildings | 8,670 | 350 | 168 | (182) |
| Total Expenditures | <u>3,354,782</u> | <u>3,043,354</u> | <u>3,053,765</u> | <u>10,411</u> |
| Excess of Revenues Over (Under) Expenditures | 1,631 | 132,157 | 126,015 | (6,142) |
| OTHER FINANCING USE | | | | |
| Transfers Out | <u>-</u> | <u>(796)</u> | <u>(833)</u> | <u>(37)</u> |
| Net Change in Fund Balance | <u>\$ 1,631</u> | <u>\$ 131,361</u> | 125,182 | <u>\$ (6,179)</u> |
| FUND BALANCE | | | | |
| Beginning of Year | | | <u>367,031</u> | |
| End of Year | | | <u>\$ 492,213</u> | |

FRASER ACADEMY
Charter School No. 4113

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICE FUND
For the Year Ended June 30, 2014**

| | Budgeted Amounts | | Actual | Variance with |
|-------------------------------|--------------------------|--------------------|--------------------|--------------------------------|
| | Original | Final | Amounts | Final Budget - Over (Under) |
| REVENUES | | | | |
| Revenue from Federal Sources | \$ 612 | \$ 425 | \$ 412 | \$ (13) |
| EXPENDITURES | | | | |
| Current | | | | |
| Food Service | <u>2,244</u> | <u>1,221</u> | <u>1,245</u> | <u>24</u> |
| Excess of Revenues | | | | |
| Expenditures | (1,632) | (796) | (833) | (37) |
| OTHER FINANCING SOURCE | | | | |
| Transfers In | <u>-</u> | <u>796</u> | <u>833</u> | <u>37</u> |
| Net Change in Fund Balance | <u><u>\$ (1,632)</u></u> | <u><u>\$ -</u></u> | <u>-</u> | <u><u>\$ -</u></u> |
| FUND BALANCE | | | | |
| Beginning of Year | | | <u>-</u> | |
| End of Year | | | <u><u>\$ -</u></u> | |

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FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Academy is a nonprofit corporation that was formed and began operating on October 3, 2003, in accordance with *Minnesota Statutes* 317A. The Academy is authorized by Fraser and operates under a five year contract commencing on June 1, 2011, and extending through June 30, 2016. The primary objectives of the Academy are to increase learning opportunities for pupils and encourage the use of different and innovative teaching methods. The governing body consists of a Board of Directors composed of up to 11 members elected by votes of the general membership of the Academy to serve a three-year term.

A. Reporting Entity

The financial statements present the Academy and its component units. The Academy includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the appointed officials of the Academy are financially accountable and are included within the financial statements of the Academy because of the significance of their operational or financial relationships with the Academy.

The Academy is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the Academy.

As a result of applying the component unit definition criteria above, it has been determined the Academy has no component units.

Aside from its role as authorizer, Fraser has no authority, control, power or administrative responsibilities over the Academy. Therefore, the Academy is not considered a component unit of Fraser.

The Academy does not have any student activity accounts.

B. Basic Financial Statement Information

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These Statements include all the financial activities of the Academy.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basic Financial Statement Information (Continued)

The Academy applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted Net Position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of that function.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and 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 when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner.

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaids for approved disbursements or liabilities incurred in advance of the year in which the item is to be used.

Description of Funds

As required by state statute, the Academy operates as a nonprofit corporation under *Minnesota Statutes* 317A. However, state law also requires the Academy comply with Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota school districts which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Descriptions of the funds included in this report are as follows:

Major Funds:

General Fund – This Fund is the basic operating fund of the Academy and is used to account for all financial resources except those required to be accounted for in another fund.

Food Service Special Revenue Fund – This Fund is used to account for food service revenues and expenditures.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Deposits and Investments

Cash and investments include balances from both funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the cash are allocated to the General Fund.

Minnesota Statutes require all deposits be protected by federal deposit insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. According to the Academy's deposit and investment policy, deposit type securities shall be collateralized as required by *Minnesota Statutes* 118A.03 for any amount exceeding FDIC, SAIF, BIF, FCUA or other federal deposit coverage.

Interest Rate Risk: This is the risk that market values of a security in a portfolio would decrease due to changes in market interest rates. The Academy's investment policy states its investment maturities shall be scheduled to coincide with projected Academy cash flow needs, taking into account large routine or scheduled expenditures as well as anticipated receipt dates of anticipated revenues. Maturities for short-term and long-term investments shall be timed according to anticipated need.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Statutes limit investments in the top two ratings issued by nationally recognized statistical rating organizations. The Academy's investment policy indicates the Academy may invest in those instruments specified in *Minnesota Statutes* 118A.04 and 118A.05.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. According to the Academy's investment policy, the Academy shall diversify its investments to avoid incurring unreasonable risks inherent to over investing in specific instruments, individual financial institutions or maturities.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Academy's investment policy states all investment securities purchased by the Academy shall be held in third party safekeeping by an institution designated as a custodial agent. The custodial agent may be any Federal Reserve Bank, any bank authorized under the laws of the United States or any state to exercise corporate trust powers, a primary reporting dealer in United States government securities to the Federal Reserve Bank of New York or a securities broker-dealer defined in *Minnesota Statutes* 118A.06. The institution or dealer shall issue a safekeeping receipt to the Academy listing the specific instruments, the name of the issuer, the name in which the security is held, the rate, the maturity, serial number, other distinguishing marks and other pertinent information.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures at the time of consumption.

F. Capital Assets

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements.

Capital assets are defined by the Academy as assets with an initial individual cost of more than \$ 500. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Capital assets are depreciated using the half-year convention straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the Academy, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from three to five years for equipment.

G. Compensated Absences

Certain Academy employees earn paid time off (PTO) based upon the employee's status (exempt, nonexempt and full-time versus school year). The Academy compensates employees for unused vacation upon termination of employment. PTO is recorded as an expenditure when it is used.

H. Risk Management

The Academy is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the Academy carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the Academy's insurance coverage during the year ending June 30, 2014.

I. Tax Status

The Academy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Academy is also exempt from Minnesota Franchise or income tax.

The Academy is required to assess whether an uncertain tax position exists and if there should be recognition of a related benefit or liability in the financial statements. The Academy has determined there are not amounts to record as assets or liabilities related to uncertain tax positions. Generally, the Academy is no longer subject to examination by tax authorities for years before 2011.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Fund Equity

1. Classification

In the fund financial statements, the governmental fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the Academy is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors (highest level of decision making authority) through resolution are classified as committed fund balances. Amounts that are constrained by the Academy's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to a specific purpose in the General Fund.

2. Minimum Fund Balance

At June 30, 2014, the Academy does not have a minimum fund balance goal.

K. Net Position

Net Position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net Position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

1. Prior to July 1, the Executive Director submits to the Academy's Board of Directors, a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Executive Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Academy's Board of Directors.
3. Formal budgetary integration is employed as a management control device during the year for the General and Food Service Funds.
4. Budgets for the General and Food Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the Academy's Board of Directors. Budgeted expenditure appropriations lapse at year-end.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable *Minnesota Statutes*, the Academy maintains deposits at depository banks authorized by the Academy's Board of Directors.

Deposits are presented in the Statement of Net Position at June 30, 2014 as follows:

| | |
|------|-------------------|
| Cash | <u>\$ 417,545</u> |
|------|-------------------|

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets being Depreciated: | | | | |
| Equipment | \$ 117,793 | \$ 2,756 | \$ - | \$ 120,549 |
| Less Accumulated Depreciation for: | | | | |
| Equipment | 83,707 | 10,841 | - | 94,548 |
| Total Capital Assets being Depreciated, Net | <u>\$ 34,086</u> | <u>\$ (8,085)</u> | <u>\$ -</u> | <u>\$ 26,001</u> |

Depreciation expense for the year ended June 30, 2014 was charged to the following functions:

| | |
|--------------------------------|------------------|
| Regular Instruction | \$ 5,427 |
| Special Education Instruction | 2,548 |
| Sites, Buildings and Equipment | <u>2,866</u> |
| Total Depreciation Expense | <u>\$ 10,841</u> |

NOTE 5 – INTERFUND ACTIVITY

The General Fund transferred \$ 833 to the Food Service Fund to cover the operating deficit.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 – LONG-TERM DEBT

A. Changes in Long-Term Liabilities

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Long-Term Liabilities: | | | | | |
| Compensated Absences Payable | <u>\$ 25,747</u> | <u>\$ 48,442</u> | <u>\$ 63,336</u> | <u>\$ 10,853</u> | <u>\$ 3,256</u> |

The General Fund is used to liquidate compensated absences when they are due.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Substantially all employees of the Academy are required by state law to belong to pension plans administered by the Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a state-wide basis. Disclosures relating to these Plans follow.

Teachers' Retirement Association

A. Plan Description

All teachers employed by the Academy are covered by defined benefit plans administered by the TRA. TRA members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. These Plans are established and administered in accordance with *Minnesota Statutes* Chapters 354 and 356.

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by *Minnesota Statutes* and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989 receive the greater of the Tier I or Tier II benefits as described on the following page.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Teachers' Retirement Association (Continued)

A. Plan Description (Continued)

Tier I Benefits:

| <u>Tier I</u> | <u>Step Rate Formula</u> | <u>Percentage</u> |
|---------------|---|-------------------|
| Basic | First 10 years of service | 2.2% per year |
| | All years after | 2.7% per year |
| Coordinated | First 10 years if service years are prior to July 1, 2006 | 1.2% per year |
| | First 10 years if service years are July 1, 2006 or after | 1.4% per year |
| | All other years of service if service years are prior to July 1, 2006 | 1.7% per year |
| | All other years of service if service years are July 1, 2006 or after | 1.9% per year |

With these provisions:

- Normal retirement at age 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- Three percent per year early retirement reduction factors for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Tier II Benefits:

For years of service prior to July 1, 2006, a level formula of 1.7% per year for Coordinated Plan members and 2.7% per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated Plan members and 2.7% per year for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4.0% to 5.4% per year.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Teachers' Retirement Association (Continued)

A. Plan Description (Continued)

Members first employed after June 30, 1989 receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans which have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active Plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, investment performance and further information on benefits provisions. The report may be accessed at the TRA web site www.minnesotatra.org. Alternatively, a copy of the report may be obtained by writing TRA at Teachers' Retirement Association, 60 Empire Drive, #400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-2409 or (800) 657-3669.

B. Funding Policy

Minnesota Statutes Chapter 354 sets the rates for the employee and employer contributions. These Statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 6.5% and 10.0%, respectively, of their annual covered salary during 2013 as employee contributions. The TRA employer contribution rates are 6.5% for Coordinated Plan members and 10.5% for Basic Plan members during 2013. Total covered payroll salaries for all TRA members state-wide during the year ended June 30, 2013 was approximately \$ 3.92 billion. TRA covered payroll for all members state-wide for the years ended June 30, 2012 and 2011 were \$ 3.87 billion and \$ 3.84 billion, respectively. The Academy's contributions for the years ended June 30, 2014, 2013 and 2012 were \$ 54,701, \$ 50,725 and \$ 40,820, respectively, equal to the required contributions for each year as set by state statute.

The 2010 State Legislature approved employee and employer contribution rate increases to be phased in over a four year period beginning July 1, 2011. Employee and employer contribution rates will rise 0.5% each year of the four year period, ending in 2014. Beginning July 1, 2014, TRA Coordinated Plan employee and employer contribution rates will each be 7.5%.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees’ Retirement Association

A. Plan Description

All full-time and certain part-time employees (nonteacher) of the Academy are covered by defined benefit plans administered by PERA. PERA administers the General Employees’ Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This Plan is established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356.

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member’s highest average salary for any five successive years of allowable service, age and years of credit at termination of service.

Two methods are used to compute benefits for PERA’s Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of the average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the Fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active Plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

FRASER ACADEMY
Charter School No. 4113

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees’ Retirement Association (Continued)

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. The Academy makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2013. In 2013, the Academy was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members and 7.25% for Coordinated Plan members. The Academy’s contributions for the years ended June 30, 2014, 2013 and 2012 were \$ 32,895, \$ 33,862 and \$ 30,936, respectively, equal to the contractually required contributions for each year as set by state statute.

NOTE 8 – COMMITMENTS

A. Lease Commitments and Terms

In May 2010, the Academy signed a lease with NE Lutheran Ministry Center, Minneapolis, Minnesota, commencing July 1, 2010 and expiring on June 30, 2015. Rent on this space was \$ 132,593 for 2014 and paid in 12 equal installments. On July 1 of each of the following years, rent will increase by 2%.

For 2014, the Academy qualified for state charter school lease aid which equaled the lesser of 90% of the approved lease costs or \$ 1,200 per pupil unit served, or \$ 91,116. Greater enrollment is needed to maximize the aid available in support of the amount paid for the lease.

The Academy’s ability to make payments under the lease agreement is dependent on its revenues which are, in turn, largely dependent on sufficient enrollment being served at the Academy and sufficient state aids per student being authorized and received from the State of Minnesota. The Academy believes its enrollments and aid entitlements will be sufficient to meet the lease obligations as they become due.

B. Operating Lease Obligations

In May 2013, the Academy entered into an operating lease agreement with Apple[®], Inc. for the acquisition of computers, servers and networking equipment. The operating lease obligation totaled \$ 60,258, including annual principal and interest payments.

The future operating lease obligations were as follows:

| <u>June 30,</u> | |
|-----------------|------------------|
| 2014 | 20,086 |
| 2015 | 20,086 |
| | <u>\$ 40,172</u> |

**FRASER ACADEMY
Charter School No. 4113**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 9 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

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SUPPLEMENTARY INFORMATION

FRASER ACADEMY
Charter School No. 4113

UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
For the Year Ended June 30, 2014

| | Audit | UFARS | Audit-UFARS | | Audit | UFARS | Audit-UFARS |
|--|--------------|--------------|-------------|--|-------|-------|-------------|
| 01 GENERAL FUND | | | | 06 BUILDING CONSTRUCTION FUND | | | |
| Total Revenue | \$ 3,179,780 | \$ 3,179,782 | \$ (2) | Total Revenue | \$ - | \$ - | \$ - |
| Total Expenditures | 3,053,765 | 3,053,767 | 2 | Total Expenditures | - | - | - |
| <i>Nonspendable:</i> | | | | <i>Nonspendable:</i> | | | |
| 460 Nonspendable Fund Balance | 61,767 | 61,767 | - | 460 Nonspendable Fund Balance | - | - | - |
| <i>Restricted/Reserved:</i> | | | | <i>Restricted/Reserved:</i> | | | |
| 403 Staff Development | - | - | - | 407 Capital Projects Levy | - | - | - |
| 405 Deferred Maintenance | - | - | - | 409 Alternative Facility Program | - | - | - |
| 407 Capital Projects Levy | - | - | - | 413 Building Projects Funded by COP/LP | - | - | - |
| 408 Cooperative Programs | - | - | - | <i>Restricted:</i> | | | |
| 409 Alternative Facility Program | - | - | - | 464 Restricted Fund Balance | - | - | - |
| 414 Operating Debt | - | - | - | <i>Unassigned:</i> | | | |
| 416 Levy Reduction | - | - | - | 463 Unassigned Fund Balance | - | - | - |
| 417 Taconite Building Maintenance | - | - | - | | | | |
| 424 Operating Capital | - | - | - | 07 DEBT SERVICE FUND | \$ - | \$ - | \$ - |
| 426 \$ 25 Taconite | - | - | - | Total Revenue | - | - | - |
| 427 Disabled Accessibility | - | - | - | Total Expenditures | - | - | - |
| 428 Learning and Development | - | - | - | <i>Nonspendable:</i> | | | |
| 434 Area Learning Center | - | - | - | 460 Nonspendable Fund Balance | - | - | - |
| 435 Contracted Alternative Programs | - | - | - | <i>Restricted/Reserved:</i> | | | |
| 436 State Approved Alternative Program | - | - | - | 425 Bond Refunding | - | - | - |
| 438 Gifted and Talented | - | - | - | 451 QZAB and QSCB Payments | - | - | - |
| 441 Basic Skills Programs | - | - | - | <i>Restricted:</i> | | | |
| 445 Career Technical Programs | - | - | - | 464 Restricted Fund Balance | - | - | - |
| 448 Achievement and Integration Revenue | - | - | - | <i>Unassigned:</i> | | | |
| 449 Safe School Crime | - | - | - | 463 Unassigned Fund Balance | - | - | - |
| 450 Transition for Pre-Kindergarten | - | - | - | | | | |
| 451 QZAB and QSCB Payments | - | - | - | 08 TRUST FUND | \$ - | \$ - | \$ - |
| 452 OPEB Liabilities not in Trust | - | - | - | Total Revenue | - | - | - |
| 453 Unfunded Severance and Retirement Levy | - | - | - | Total Expenditures | - | - | - |
| <i>Restricted:</i> | | | | <i>Unassigned:</i> | | | |
| 464 Restricted Fund Balance | - | - | - | 422 Unassigned Fund Balance (Net Position) | - | - | - |
| <i>Committed:</i> | | | | 20 INTERNAL SERVICE FUND | \$ - | \$ - | \$ - |
| 418 Committed for Separation | - | - | - | Total Revenue | - | - | - |
| 461 Committed | - | - | - | Total Expenditures | - | - | - |
| <i>Assigned:</i> | | | | <i>Unassigned:</i> | | | |
| 462 Assigned Fund Balance | - | - | - | 422 Unassigned Fund Balance (Net Position) | - | - | - |
| <i>Unassigned:</i> | | | | 25 OPEB REVOCABLE TRUST | \$ - | \$ - | \$ - |
| 422 Unassigned Fund Balance | 430,446 | 430,446 | - | Total Revenue | - | - | - |
| 02 FOOD SERVICES FUND | | | | Total Expenditures | - | - | - |
| Total Revenue | \$ 412 | \$ 412 | \$ - | <i>Unassigned:</i> | | | |
| Total Expenditures | 1,245 | 1,245 | - | 422 Unassigned Fund Balance (Net Position) | - | - | - |
| <i>Nonspendable:</i> | | | | 45 OPEB IRREVOCABLE TRUST | \$ - | \$ - | \$ - |
| 460 Nonspendable Fund Balance | - | - | - | Total Revenue | - | - | - |
| <i>Restricted/Reserved:</i> | | | | Total Expenditures | - | - | - |
| 452 OPEB Liabilities not Held in Trust | - | - | - | <i>Unassigned:</i> | | | |
| <i>Restricted:</i> | | | | 422 Unassigned Fund Balance (Net Position) | - | - | - |
| 464 Restricted Fund Balance | - | - | - | 47 OPEB DEBT SERVICE | \$ - | \$ - | \$ - |
| <i>Unassigned:</i> | | | | Total Revenue | - | - | - |
| 463 Unassigned Fund Balance | - | - | - | Total Expenditures | - | - | - |
| 04 COMMUNITY SERVICE FUND | | | | <i>Nonspendable:</i> | | | |
| Total Revenue | \$ - | \$ - | \$ - | 460 Nonspendable Fund Balance | - | - | - |
| Total Expenditures | - | - | - | <i>Restricted:</i> | | | |
| <i>Reserved:</i> | | | | 425 Bond Refunding | - | - | - |
| <i>Nonspendable:</i> | | | | 464 Restricted Fund Balance | - | - | - |
| 460 Nonspendable Fund Balance | - | - | - | <i>Unassigned:</i> | | | |
| <i>Restricted/Reserved:</i> | | | | 422 Unassigned Fund Balance | - | - | - |
| 426 \$ 25 Taconite | - | - | - | | | | |
| 431 Community Education | - | - | - | | | | |
| 432 ECFE | - | - | - | | | | |
| 444 School Readiness | - | - | - | | | | |
| 447 Adult Basic Education | - | - | - | | | | |
| 452 OPEB Liabilities not in Trust | - | - | - | | | | |
| <i>Restricted:</i> | | | | | | | |
| 464 Restricted Fund Balance | - | - | - | | | | |
| <i>Unassigned:</i> | | | | | | | |
| 463 Unassigned Fund Balance | - | - | - | | | | |



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**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***

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser Academy
Minneapolis, Minnesota

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 and each major fund of Fraser Academy, Minneapolis, Minnesota, as of and for the year ending June 30, 2014, and the related Notes to the Financial Statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated November 17, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Academy's financial statements are free from 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 result of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Kern, DeWenter, Viere, Ltd.".

KERN, DEWENTER, VIERE, LTD.
Minneapolis, Minnesota
November 17, 2014



Expert advice. When you need it.SM

REPORT ON LEGAL COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser Academy
Minneapolis, Minnesota

We have audited, 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, the financial statements of the governmental activities and each major fund of Fraser Academy, Minneapolis, Minnesota, as of and for the year ended June 30, 2014, and the related Notes to the Financial Statements, and have issued our report thereon dated November 17, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools.

In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

The purpose of this report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Kern, DeWenter, Viero Ltd".

KERN, DEWENTER, VIERE, LTD.
Minneapolis, Minnesota
November 17, 2014



901 ENROLLMENT

I. PURPOSE

To establish a fair, consistent, and legally compliant enrollment policy

II. GENERAL STATEMENT OF POLICY

a. Spero Academy is a public charter school. Enrollment policies comply with Minnesota's Open Enrollment Law, Minn. Stat § 124D.10 subd.9. Enrollment in Spero Academy is open to all students, without regard to race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance, sexual orientation, disability, or any other factors. Capacity of program, class, grade level or building cannot be based on student intellectual ability or disability.

b. Definition of Enrollment: A student is considered to be enrolled in Spero Academy when the student's name is drawn by lottery.

c. Enrollment Process:

i. Application for Admission:

Admission applications are posted on Spero Academy's website. Additionally, applications may be mailed upon request.

In order to apply to Spero Academy, information requested on the Admission Application must be submitted during the Open Enrollment Period. The Open Enrollment Period for any school year falls between July 1 and January 31 of the prior school year. Admission Applications may be submitted via electronic submission, in person, or by mail. Open enrollment closes at midnight on January 31.

ii. Offer of Admission and Lottery:

All applicants received during the Open Enrollment Period are automatically admitted unless more applications are received than the available enrollment capacity established by the Board. In this situation, all submitted applications for such program, class grade level or building are placed in the lottery. In the case of lottery admission, only current residents of the State of Minnesota may be accepted into the lottery.

iii. Preferences for siblings and children of current Spero Academy employees

1. Two classes of students have preference for enrollment at Spero Academy: siblings of currently admitted students and children of current employees. This preference is in accordance with Minn. Stat § 124D.10 subd.9(c).
2. Siblings, who submit an application before the expiration of the open enrollment period, of currently admitted students are automatically offered admission unless the number of sibling applications exceeds the available enrollment established by the Board for the applicable grade(s). If the number of sibling applications exceeds available enrollment in any grade, the sibling of the student with the lowest lottery number (first drawn) has preference and is awarded the placement.
3. If all available enrollments in a grade are filled by siblings, the sibling is added to the waiting list with priority over any other student.
4. Children of employees also have preference over the general public. Siblings have preference over children of current employees. Children of current employees, who submit an application before the expiration of the open enrollment period, are automatically offered admission unless the number of children of employee applications exceeds the available enrollment established by the Board for the applicable grade(s). If the number of children of employees applications exceeds available enrollment in any grade, the child of the employee with the most seniority has preference and is awarded the placement. Employees who wish to enroll their children at Spero Academy using this preference must maintain employment with the organization through the child's first complete year of school.
5. If all available enrollments in a grade are filled, Spero Academy places the child on the waiting list with preference over the general population, but not over siblings.

iv. Lottery

If the number of applications received during the open enrollment period exceeds available enrollment capacity established by the Board after siblings and children of employees have been enrolled, the school

conducts a general lottery within one week after expiration of the Open Enrollment period. All applications for each such grade(s) from current residents of Minnesota received before the expiration of the Open Enrollment Period are included in the general lottery. Applicant may only apply for admission into the one grade/class level into which the applicant will matriculate the next school year.

Spero Academy conducts all lotteries through a method of random selection. Students are admitted to the school in the order in which they are numbered in the lottery in accordance with Minn. Stat § 124D.10 subd.9(b).

v. Waiting Lists

There is one waiting list with two determinations of preference. Students who are siblings of currently enrolled students are given preference over all other students on the waiting list. The students of current employees are given next priority on the waiting list. Students who are children of current employees have priority over the general waiting list, but not over siblings on the waiting list. A student may only be kept on the current employees waiting list while their parent is employed at Spero Academy. When a student is admitted based on this priority, the parent must remain employed at Spero Academy for the first full year of the student's attendance at the school. All other students are put on the waiting list after those with a preference after all open places in grades are filled. The order of the waiting list is determined by the random numbering from the lottery. Applications received after the lottery are added to the end of the applicable waiting list for each such grade, in the order received. The general waiting list does not carry over from year to year.

A student may simultaneously be on two separate waitlists for two separate academic years, i.e. if a student is not accepted by July 1 of any year, that student can re-apply to Spero Academy for the next academic year without giving up his/her position on the current academic year waitlist.

The school board reserves the right to close admission in accordance with Minn. Stat § 124D.10 subd.9(b).

vi. Acceptance of Offer of Admission

Students are offered admission, or notified of status on the waitlist, by letter. Submitting an application to Spero Academy will not take a student out of their current school until registration is completed, nor will the current school be notified until Spero Academy receives an

acceptance of an offer of admission.

Upon acceptance of an offer of admission, by the deadline specified in the Offer of Admission letter, a student is then considered enrolled in Spero Academy. If Spero Academy does not receive a response of acceptance by the specified deadline, the student is placed at the end of the waiting list.

vii. Registration of Enrolled Students

1. Records Request: Upon acceptance of an offer of admission, Spero Academy requests academic records, transcripts, schedules, standardized test results, most recent three-year evaluation, and special education records, if any. Spero Academy includes a Consent to Release Records form to be signed and returned with the acceptance letter, although Spero Academy does not need such a form in order to request school records.

Pursuant to Code of Federal Regulations 34 § 99.31(a)(2) and Minn. Stat. § 13.32 subd. 3(e), generally, education data cannot be released without the consent of a parent or eligible student (a student who is 18 or attending a postsecondary institution). One exception is that a school district can release education data to school officials in another district where a student seeks or intends to transfer or enroll, or where a student already is enrolled as long as the release is for purposes related to the student's enrollment or transfer.

2. Program Preparation: In order to best serve the student, upon receipt of school records, Spero Academy prepares for the student's first class day through several planning measures.
 - a. First Transition Meeting: Spero Academy invites the student's family and the student to meet with administration to discuss the student's transition to Spero Academy. At this time Spero Academy schedules an optional, half day for the student to shadow a current student. Spero Academy staff may also arrange to observe the student in his/her current academic setting,
 - b. Second Transition Meeting: Following the observation and optional student shadow described above, Spero Academy invites the student's family to meet with administration a second time to discuss the results of the student's experience and the observations of the supports

in the student's current school placement. All families are required to complete federal, state, and school registration forms prior to a student's first day of attendance at Spero Academy and can obtain required paperwork at this time. Additionally, Spero Academy schedules an Open House each fall prior to the start of school.

3. Location of Service and Educational Placement

Upon enrollment all students with a disability will receive services comparable to those in their current IEP. Once a student has accepted admission, any placement decision is made by the IEP team, including parents, and reviewed annually in accordance with federal special education law. Should the student be placed in another district or setting, the student remains enrolled in Spero Academy and will receive services, onsite or offsite, based on the IEP team's placement decision.

4. Declination of Admission

If a family declines admission to Spero Academy after an offer of admission is made, the student's name will be removed from the waitlist. If a family declines admission and then chooses to reapply, the Open Enrollment Period criterion applies, and the student will be considered for admission for the next academic year. Spero Academy in no way suggests, urges, nor compels neither declination of admission nor disenrollment of its students.

5. Enrollment Limitations

Enrollment limitations comply with Minn. Stat § 124D.10 subd.9(b) Also, the Spero Academy Board of Directors has determined that only current residents of Minnesota may be included in the lottery.

Legal References:

Minn. Stat. § 363A.13 Minn. Stat. § 363A.14

Title VI of the Civil Rights Act of 1964

Title IX of the Education Amendments of 1972 Section 504 of the Rehabilitation Act of 1973

Title II of the Americans with Disabilities Act of 1990

Part B of the Individuals with Disabilities Education Act (IDEA)



Fraser Academy Student Application Form



Student Information

☐ 2014-2015 School Year

Student's Legal Name: _____

First

Middle

Last

Enrollment Grade: (Circle) K 1 2 3 4 5

Address: _____

Street

Unit #

City

State

Zipcode

Family Data

Parent/Guardian 1

Sibling Currently Enrolled ☐ Yes ☐ No

Parent/Guardian current staff member at Fraser Academy ☐ Yes ☐ No

Print Name: _____

First

MI

Last

Relationship

Home Phone

Cell Phone

Work Phone

Email: _____

Parent/Guardian 2

Print Name: _____

First

MI

Last

Relationship

Home Phone

Cell Phone

Work Phone

Email: _____

I understand the above information and have provided all necessary information for student enrollment at Fraser Academy

Parent/Guardian Signature: _____ Date: _____

Parent/Guardian Signature: _____ Date: _____

Please complete this application and email to: info@fraseracademy.org

Or Mail/Fax to: Fraser Academy Admissions

For office use only

Date Application received