Dear NCA Family, 04 March 2010

I'm writing to you today so that you all are fully aware of what transpired this afternoon at the bi-monthly meeting of the Idaho Public Charter School Commission (PCSC). Nampa Classical Academy was on the agenda to give the PCSC an update regarding our Corrective Action Plan for the remaining notices of defect. The outcome was not unexpected, but I do want to make sure that you understand exactly what happened, the reasons for it, the ramifications for the Academy, and how we are responding.

First, we received a Notice of Defect for having Mr. Isaac Moffett as the Dean of Students. The PCSC maintained that having anyone involved with student discipline outside of that individual's own classroom requires an Administrators License. I vehemently disagree with the PCSC on this subject, as absolutely all of the considerable research that I have personally done indicates that what we have had Mr. Isaac Moffett doing as our Dean of Students is completely legal, acceptable, and widely practiced throughout the State of Idaho.

In support of my confidence regarding the legitimacy of having Mr. Isaac Moffett as Dean of Students, please consider the following:

1. Last year, Paragon Schools, our management company that is charged with ensuring our compliance with all State and Federal laws, requirements, and regulations, drew up an organization model that had Mr. Isaac Moffett as the Head Teacher for Students (the exact same thing as a Dean of Students, but with a different title) that they believe is in full compliance with State and Federal requirements and law.
2. Mr. Holland Johnson, a certified Administrator in the State of Idaho with 40+ years of educational experience formally recommended to the Board of Directors that Mr. Isaac Moffett be installed as a Dean of Students, believing that having him perform those duties was in full compliance with State and Federal requirements and law.
3. Headmaster Val Bush, a certified Administrator in the State of Idaho with 30+ years of educational experience concurred with Mr. Holland Johnson's formal recommendation, also believing that doing so was in full compliance with State and Federal requirements and law.
4. I have an email thread between NCA and the State Department of Education verifying that these duties would be in full compliance with State and Federal requirements and law. In that email thread the State Department of Education concluded that although the State does not formally recognize a duty title of "Dean of Students", as long as we stayed within certain parameters (which we did), there would be no problem with having him serve in that capacity.
5. We modeled our Dean of Students job description and certification requirements verbatim off of another School District's Dean of Students, and verified that this job description and certification requirements were employed by numerous individuals throughout the State of Idaho as a common and accepted practice.

However, the PCSC communicated to us today that the above research and verification was not be trusted as legitimate or dependable. We were told that we could not rely on information obtained from other Districts, Administrators, or education professionals who disagreed with the

PCSC's position. The PCSC indicated that the only source that we should be trusting as legitimate was the PCSC since they were our authorizing entity.

Additionally, we have had budgetary issues. The Board met in January to amend the budget and was unable to do so due to a considerable lack of information. Over the past 30 or so days, the Board has worked relentlessly, putting in countless hours, and hammered out an acceptable and viable budget that allowed us to cover all of the Academy's expenses and remain "in the black". However, the PCSC was expecting us to provide an amended budget to them by 03 February. As we were did not amend the budget until after that deadline had passed, we obviously did not make that deadline. Since we did not make that deadline, the PCSC views us as being fiscally unsound.

We brought our financial figures to them today, including documentation of our amended budget and financial solvency, but they have a policy of not allowing materials to be distributed during an actual meeting, and instead insisted that all materials must be submitted 30 days prior to the meeting.

As such, they refused to review our amended financial information and supporting documentation. However, we did leave our financial information with them to review.

Instead of reviewing our financial information during today's meeting, they voted 3-2 (a split decision) to issue a Notice of Intent to Revoke Our Charter due to financial insolvency, even though in actuality, we are not insolvent. We just failed to provide that documentation to them 30 days prior, because we were still working on resolving our budgetary issues. This may appear distressing, but allow me to explain a few items to allay any concerns that this may cause.

1. We have already, even before the meeting today, satisfied the cause for the Notice of Intent to Revoke. We had already amended our budget satisfactorily and are "in the black" financially. As preliminary evidence of that fact, a copy of our amended budget is included at the bottom of this letter. Please review it so you are familiar with our current situation. Further documentation of our financial solvency will be provided to you after that documentation has been prepared for the PCSC (see below).
2. During the PCSC's discussion of issuing the Notice of Intent to Revoke, they clearly communicated to us that this was to reinforce upon us as a Board that we needed to submit materials by their deadlines, and that there would be no lee-way in that regard. So this has less to do with whether or not the Academy is financially sound, and more to do with our non-compliance with their 30-day prior deadline. I assure you that we will both remain fiscally sound ***and*** comply with their 30-day prior deadlines.
3. We are preparing additional substantiating documentation and reports that clearly explain our financial condition in minute detail in order to remove from the PCSC all questions of our financial solvency and stability. These documents will, of course, be made available to all of you as well. As part of our controls to ensure that we never have a repeat of this situation (lack of communicated information), this documentation will now be a regular part of our monthly financial reporting.
4. By law, we have a minimum of 30-days to submit documentation that demonstrates our financial solvency and have the Intent to Revoke removed. That documentation has

already been submitted, and the additional documentation (referenced above) will be provided to the PCSC within the next five days.

5. Even if our documentation is somehow not satisfactory to the PCSC, and the PCSC proceeds to vote to actually revoke our charter, there would then be a hearing where we would again present our evidence of financial solvency.
6. Even if the PCSC proceeds to hold that hearing and actually votes to revoke our charter, we have the right to appeal that revocation, and would do so.
7. The PCSC has never revoked a charter, and they communicated to us today that the only reason they voted to issue an Intent to Revoke was to reinforce to us that we must meet their deadlines for submission of materials. As we have already satisfied the cause of the issuance of the Intent to Revoke, I have no doubt that once they review this information, the Intent to Revoke will be removed.

If you have any questions or concerns regarding the above information, please contact me directly at 899-3938. This is my personal cell phone number, and I will be glad to take your calls.

Sincerely,

James Lorenzen
Chairman of the Board | Board of Directors
Nampa Classical Academy, Inc.
(208) 899-3938

Nampa Classical Academy

District **471**

Classification		Amended Budget	Actual	% Complete
	FY 2010 as of 02/24/2010			
Revenue				
Salary Apportionment		$1,397,350	$1,274,667	91%
Benefit Apportionment		$252,082	$226,874	
Entitlement		$638,970	$676,912	106%
State Transportation		$206,000	$-	0%
Federal Startup Grant		$0	$-	#DIV/0!
Lottery		$22,508	$22,508	100%
Other State Funds		$29,702	$29,702	100%
Federal Special Educ Funds Regular Allocation		$57,524	$-	0%
IDEA Part B: Title I		$97,951	$-	0%
Federal Title 1 Funds: ARRA		$68,339		
Medicaid Reimbursement		$50,000		
Line of Credit		$400,000		
Title IIA		$27,024		
Other local revenue		$11,230	$11,230	100%
Expenses	**Total Revenue**	**$3,258,680**	**$2,241,893**	
100 Salaries				
Teachers		$793,000	$406,679	51%
Special Education		$57,000	$14,408	25%
Instructional Aides		$174,000	$55,297	32%
Classified/Office		$66,950	$26,962	40%
Administration		$73,524	$30,635	42%
Director of Operations		$26,700	$28,380	106%
Maintenance/Other		$47,500	$17,381	37%
200 Employee Benefits	**Total Salaries**	**$1,238,674**	**$579,742**	**47%**
PERSI / FICA		$140,000	$99,029	71%
Health / Life Insurance		$147,000	$60,891	41%
Payroll Taxes		$128,822	$65,342	51%
300 Purchased Services	**Total Benefits**	**$415,822**	**$225,262**	**54%**
Management Services		$120,000	$97,478	81%
Title IIA		$15,000		
Staff Development		$30,000	$24,322	81%
Legal Publications/Advertising		$5,000	$2,420	48%
Legal Services		$24,300		
Special Services		$120,000	$77,226	64%
Liability & Property Insurance		$9,857	$9,857	100%
Substitute Teachers		$10,000	$5,040	50%
Board Expenses		$25,000	$9,120	36%
Computer services		$45,000	$37,862	84%
Transportation		$370,000	$187,661	51%
Facilities	**Total Services**	**$774,157**	**$450,986**	**58%**
Facility Lease				
Leased Modulars		$339,600	$206,268	61%
Utilities, Phones, & Landscape		$57,000	$36,082	63%
400 Supplies & Maintenance	**Total Facilities**	**$396,600**	**$242,350**	**61%**
Textbooks		$220,000	$237,794	108%
School Supplies		$88,000	$75,195	85%
Power School		$5,000	$-	0%
Custodial Supplies		$12,000	$7,498	62%
500 Capital Objects	**Total Supplies**	**$325,000**	**$320,487**	**99%**
Furniture		$45,211	$45,211	100%
Furniture - Federal Grant		$36,000	$36,000	100%
School Equipment		$0	$-	#DIV/0!
Music Lab		$500	$456	100%
Science Lab		$0	$-	#DIV/0!
Computer Lab		$16,000	$5,775	36%
Technical AV Equipment		$369	$369	100%
	Total Capital Objects	**$98,080**	**$87,811**	**90%**
	Total Expenses	**$3,248,333**	**$1,906,638**	**59%**
	Reserve/(Deficit)	$10,346.88	$335,254.78	