

FAMILY FOUNDATIONS ACADEMY

Families Focused on Achievement

March 31, 2015

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Delaware Department of Education
Charter School Office
401 Federal St., Suite 2
Dover, DE 19901
Attention: Jennifer Nagourney

Ladies and Gentlemen:

By letter of March 24, 2015, Family Foundations Academy was formally advised that the Department of Education, with the assent of the State Board of Education, had determined that, as the result of Formal Review proceedings, the criteria for remedial action under Title 14, Delaware Code, Section 516, have been satisfied and that FFA has been placed on probation for 6 months, subject to certain conditions, one of which is a monthly report to DOE outlining FFA's progress on each of the identified violations of the School's charter. The violations of the charter that were identified in the Charter School Accountability's final report regarding the formal review proceedings were board governance, board oversight and conflicts of interest, financial operations and administrative operations. This is FFA's first such monthly report due April 1, 2015.

Board Governance. Please see FFA's responses in its letter reports to the CSAC dated January 30 and February 24, 2015 and its email report on March 6 regarding Board activities. Since the last report, the Board has elected an additional new member, Geneer Johnson, who is a parent of two students at FFA.

We are aware of two open issues with regard to board governance. One is for one of our Board members to attend a Public Integrity Commission training when next offered. A second is to take steps if any matter involving a possible conflict between FFA and EastSide Charter should arise so that all EastSide connected Board members could recuse themselves without depriving the Board of a quorum. We do not see on the immediate horizon any opportunity for a conflict between FFA and EastSide but nevertheless we do plan to take steps in the next several months to address this concern. Please advise of any other open issues of which you are aware.

Board Oversight and Conflicts of Interest. Please see FFA's responses in its letter reports to the CSAC dated January 30 and February 24, 2015. Since that time the Public Integrity Commission has opined that FFA and EastSide should not commingle finances. This has never been suggested by FFA or EastSide so we can state that FFA, as a separate charter, will maintain its



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finances separate from EastSide.

We are not aware of any open issues with regard to this matter other than perhaps the routine compliance with public reporting by the Board of its activities. FFA is in compliance with all such public reporting requirements. Please advise of any open issues of which you are aware.

Financial Operations. Please see FFA's responses in its letter reports to the CSAC dated January 30, February 24, and February 26, 2015. The web financial report for the period ending February 28, 2015 has been posted to FFA's website. Based on conservative projections, we now project a year end deficit of \$44,539. The deficit is of course primarily attributable to the extraordinary, non-recurring, expenses incurred by the prior management. Even with those extraordinary expenses we would have ended the year with a small surplus except that we have recently hired new principals who will lead the Elementary and Middle Schools with an immediate start date rather than waiting for the new school year to begin. The deficit will in any event be easily absorbed by more than \$2.8MM of carryover funds from prior years. We do not expect a deficit budget for next year. We have been working with Maillie, a consulting accounting firm, to provide us with recommendations on all our internal controls. They have provided us with a draft of our internal controls and have included their recommendations. Our credit card protocol has undergone two sets of revisions and will soon be finalized. Once completed, we will forward the protocol to the Division of Accounting to begin the process of having cards reissued to FFA.

There are two open issues in this area of which we are aware. One is the conduct of the annual financial audit by a firm different from last year and different from any consultants working with us on financial matters. This will be completed in the ordinary course by September or October. The second is the commencement of operation of a properly selected and constituted Citizen Budget Oversight Committee. We expect the first meeting to occur before May 1. Please advise of any other open issues of which you are aware.

Administrative Operations. Please see FFA's responses in its letter reports to the CSAC dated January 30 and February 24, 2015. As noted above, since the last update report to the CSAC, FFA has hired new principals for its Elementary and Middle Schools. All faculty are being reviewed in order to make rehiring decisions for next year. Operations pursuant to the Consulting Agreement with Eastside Charter are proceeding as planned and plans are being developed for the expansion of services to be made available to both schools.

We are not aware of any open issues here. Please advise of any open issues of which you are aware.

Very truly yours,



Charles S. McDowell
Board President



Lamont W. Browne, Ed.D.
Executive Director