

**Special Review of**  
**My Choice Academy, Inc. Charter School**  
**April 10, 2015**

**Report #2015-06**



### **MISSION STATEMENT**

The School Board of Palm Beach County is committed to providing a world class education with excellence and equity to empower each student to reach his or her highest potential with the most effective staff to foster the knowledge, skills, and ethics required for responsible citizenship and productive careers.

E. Wayne Gent  
Superintendent of Schools

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**Special Review of  
My Choice Academy, Inc. Charter School**

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## Special Review of My Choice Academy, Inc. Charter School

### EXECUTIVE SUMMARY

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In response to the request of District staff, we have performed a special review of the financial operations and fiscal management of My Choice Academy, Inc. Charter School (MCA). The primary objectives of this review were to assess the adequacy of MCA's financial management and fulfillment of its fiscal responsibilities with respect to the Florida Education Finance Program (FEFP) funding. MCA received FEFP funding through the District to operate a K-5 charter school during the Fall 2012 semester.

The review of MCA's financial records revealed questionable lease agreements and loan payments which appeared to be related-party transactions between MCA and My Choice Community Development, Inc. (MCCDI) because both MCA and MCCDI were incorporated/founded and operated simultaneously by the same people. Further, it was not clear what role MCCDI had in the daily operations of MCA.

#### 1. QUESTIONABLE OVERALL LEASING ARRANGEMENTS

**Three Lease Agreements for the Same Location.** Based upon inquiry and review, it was determined that MCA had two separate lease agreements for its charter school facility at the same location which was owned by Hurst Chapel A.M.E. Church (Hurst); i.e. Hurst ancillary building located at 1617 Silver Beach Road, Riviera Beach, Florida 33404:

**Table 1 – Three Lease Agreements for the Same Location**

Agreement Date	Initial Leasehold Period	Lessor <sup>(1)</sup>	Lessee	Contracted Monthly Fees (Total Actual Payment)	Lessor's Authorized Signer	Lessee's Authorized Signer	Was Hurst Aware of the Arrangement ?	Was School District Aware of the Arrangement ?
October 11, 2011	10/1/2011 through 9/30/2012	Hurst	MCCDI	\$4,300 (Not available)	Hurst's Representative	MCA's Incorporator/ Founder and Executive Director	Yes	No
July 1, 2012	8/15/2012 through 7/1/2013	MCCDI	MCA	\$33,000 (\$131,500)	MCA's Incorporator/ Founder and Executive Director <sup>(2)</sup>	MCA's Chairman of its Governing Board	No	Yes
August 20, 2012	8/20/2012 through 9/30/2012	Hurst	MCA <sup>(3)</sup>	\$1,500/week (\$27,600)	Hurst's Representative	MCA's Incorporator/ Founder and Executive Director	Yes	No

Notes: (1) Hurst is the facility owner.

(2) The Incorporator/Founder and Executive Director for MCA was also the Executive Director of MCCDI.

(3) MCA did not pay the rentals directly to Hurst. MCCDI paid rentals to Hurst on behalf of MCA.

**Potential Noncompliance with School Board Policy 3.02 Code of Ethics.** MCCDI's March 1, 2013, "Florida Nonprofit Corporation Annual Report" filing was signed by the founder of MCA as the officer/director of MCCDI. Also, the MCCDI's "Articles of Incorporation," dated December 9, 2002, listed the husband of MCA's founder as the incorporator of MCCDI. Additionally, the March 4, 2010, "Amended & Restated Articles of Incorporation" for MCA was signed by the founder/executive director of MCA, who was also the executive director of MCCDI. Given that the same person was both the executive director of MCA and the executive director of MCCDI, the July 1, 2012, Lease Agreement between MCA and MCCDI appeared to be a potential noncompliance with *School Board Policy 3.02, Section (5)(e), Avoidance of Conflicts of Interest*, as required by *Section (X)(B)(3) of the Charter Agreement*.

## 2. ANALYSIS OF LEASING ARRANGEMENT BETWEEN MCA AND MCCDI

- a) **MCA Paid MCCDI \$131,500 in Leasing Facility For a Four Month Period.** MCA had a lease agreement with Hurst for use of Hurst's facility at \$1,500 per week. However, MCA paid MCCDI a total of \$131,500 in rent, through eight payments, for operating the charter school at the same Hurst's facility for four month period during August 20, through December 21, 2012, based on the \$33,000 per month lease agreement between MCA and MCCDI. MCA did not pay the rent to Hurst (the facility owner); instead, the rent was paid by MCCDI.
- b) **No Evidence that MCCDI Fulfilled Leasehold Service Obligations for MCA.** Pursuant to the Lease Agreement between MCA and MCCDI, MCA was to pay MCCDI a monthly fee of \$33,000. In addition to the use of facility for operating the charter school, MCCDI was required to provide the following services and equipment to MCA:
- Two buses for transporting students
  - Support personnel, including bus drivers, bus aides, janitor, crossing guards, and daily food delivery, etc.
  - Equipment and furniture
  - Utility & general services

Based on the review of all available records, our on-site observation, and interview with Hurst's personnel during this special review, we were unable to find any documentation that would support that MCCDI provided the above lease services to MCA Charter School to justify the \$33,000 monthly lease payment to MCCDI. Specifically,

- We were unable to determine if MCCDI had provided the support personnel as stated in the agreement.
- MCA contracted with the District's School Food Service Department for providing breakfast and lunch to the students. According to Food Service, MCA's representatives picked up the meals daily from Lincoln Elementary's cafeteria.
- As stated by Hurst's personnel, (a) MCA used Hurst's desks, chairs, and playground equipment for the school children, and (b) Hurst provided all utility services, general facility maintenance services, and exterior maintenance services to MCA.

- MCA obtained tables, chairs, and two teachers' desks from the School District on June 6, 2012. MCA also used the chapel's office desks, tables, chairs, cafeteria furniture, and playground equipment.

- c) **MCCDI Subleased Hurst's Premises to MCA Without Hurst's Consent.** According to Hurst's personnel, the three lease agreements listed in Table 1 were for leasing the exact same facility at the Hurst Chapel. The October 11, 2011, Lease Agreement between Hurst and MCCDI specifically disallowed subleasing activities by MCCDI without prior written approval from Hurst. However, Hurst's representatives indicated that they were not aware that MCCDI, which operated an afterschool program from Hurst since 2003, had subleased Hurst's facility to MCA Charter School.

### 3. SECOND LEASE AGREEMENT BETWEEN MCA AND HURST

- a) **School District Not Aware of the Lease Agreement.** The District's Charter Schools Department was not aware that MCA had a second lease agreement with Hurst dated August 20, 2012, to rent the same space which MCA was also leasing from MCCDI to operate its charter school program. The second lease agreement with Hurst was for \$1,500 per week, while the lease with MCCDI was for \$33,000 per month.
- b) **MCCDI paid \$27,600 to Hurst on behalf of MCA for MCA's Lease Agreement with Hurst.** Based on review of invoices and cancelled check payments, we noted that Hurst addressed the lease invoices to MCA. The monthly lease invoices were not paid by MCA; instead, they were paid by MCCDI. MCCDI paid a total of \$27,600 to Hurst for the charter school facility lease on behalf of MCA. It was also noted that each MCCDI check payment contained two signatures: (1) the Executive Director of MCCDI / Founder of MCA; and (2) the daughter of the Executive Director of MCCDI, who was the current Principal of MCA.

### 4. OTHERS

- a) **A \$60,000 Loan Agreement Between MCA and MCCDI.** We reviewed MCA's general accounting ledger and noted that numerous bank deposits were recorded as "individual contributions" from MCCDI. In September 2012, seven deposits (totaling \$23,114.15) that were originally recorded as "individual contributions" were later reclassified as "MCCDI loans" in MCA's general ledger. Subsequently, at its November 2012 meeting, the MCA Governing Board approved a loan agreement to ratify the loan arrangement between MCCDI and MCA. The loan agreement was backdated to be effective as of September 1, 2012, with the total loan amount not to exceed \$60,000.

Based on the available information on MCA's general ledger, bank records and other supporting documentation, MCCDI provided \$48,714.15 in loans to MCA during September 7, 2012, through February 21, 2013; and MCA had repaid a total of \$12,000 to MCCDI. It was not clear whether the MCA had repaid the full amount of the loan from MCCDI.

- b) **MCA Charter School Check Payments Issued without Dual Signatures.** MCA's *Charter Agreement* and *Policy and Procedure Manual*, required two signatures on all organizational checks over \$2,500. However, for each of the eight check payments issued to MCCDI for the lease of the school facility and loan repayment totaling \$134,500, there was only one signature noted on all cancelled checks reviewed, which was that of the Chairman of the Governing Board for MCA.





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E. WAYNE GENT, SUPERINTENDENT

## MEMORANDUM

TO: Honorable Chair and Members of the School Board  
E. Wayne Gent, Superintendent of Schools  
Chair and Members of Audit Committee

FROM: Lung Chiu, Inspector General

DATE: April 10, 2015

SUBJECT: Special Review of My Choice Academy, Inc. Charter School

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### PURPOSE AND AUTHORITY

In response to the request of District staff, we have performed a special review of the financial operations and fiscal management of My Choice Academy, Inc. Charter School (MCA). The primary objectives of this review were to assess the adequacy of MCA's financial management and fulfillment of its fiscal responsibilities with respect to the Florida Education Finance Program (FEFP) funding. MCA received \$400,169 in FEFP funding through the District to operate a K-5 charter school during the Fall 2012 semester.

### SCOPE AND METHODOLOGY

The scope of our review covered the time period of July 1, 2012 through March 31, 2013, which coincided with the effective start date of the charter school contract through the last date of financial transactions we examined.

We interviewed MCA officials and District staff, and reviewed the following information:

1. Applicable *Florida Statutes*.
2. MCA *Charter Agreement*.
3. Transcripts of the MCA Charter School Applicant Interview.
4. Lease agreements for MCA school facility and MCA loan agreement.
5. Financial documentation, budgets and financial statements.
6. MCA general ledgers, bank statements, and bank reconciliations.
7. Cash receipts, cash disbursements and supporting documentation.
8. MCA Governing Board meeting minutes for Board approval of financial transactions.

We appreciate the courtesy and cooperation extended to us by MCA and District staff during the review. The final draft report was presented to the Audit Committee at its April 10, 2015, meeting.

## **REFERRAL**

Due to the nature of findings identified during our review, on February 21, 2014, we referred our conclusions to School Police for further actions. On November 12, 2014, School Police informed us that, subsequent to discussions with the State Attorney's Office, its investigation has been completed. The Police report indicated that "*no criminal charges are pending*" and "*this case be considered inactive at this time and classified as a suspicious incident.*"

## **BACKGROUND**

On June 20, 2012, the School Board granted My Choice Academy, Inc. a five year Charter Contract (*Charter*) which commenced on July 1, 2012, and would end on June 30, 2017, unless amended or terminated as provided in the *Charter*. MCA served students in grades K-5 and was approved to serve students in grades K-7.

**MCA**. MCA was incorporated in 2009 as a Florida nonprofit corporation for the purpose of operating a school. The incorporator (founder) of MCA was also the executive director of MCA. Prior to establishing MCA, the founder operated a separate Florida nonprofit corporation, called My Choice Community Development, Inc. (MCCDI), which was incorporated on December 6, 2002, by the husband of the founder of MCA. MCCDI provided an afterschool program for children in the Palm Beach County area.

**MCCDI**. Since 2003, MCCDI operated an afterschool program from a rented facility located at the Hurst Chapel A.M.E. Church (Hurst) in Riviera Beach, Florida. In 2009, the owners of MCCDI established MCA in order to provide a day school program for the children who attended the MCCDI afterschool program. In August 2010, MCA submitted its Charter School Application to the School District. This application was denied for reasons that included Governance issues relating to the inter-relationships of the owners of MCA and MCCDI. Subsequently, in August 2011, MCA submitted a second Charter School Application to the School District and was approved to operate the charter school effective July 1, 2012. Thus, both MCCDI and MCA were incorporated/founded and operated simultaneously by the same people.

### ***Management Response from MCA's Founder:***

**MCA** – *MCA was initially established as an extension of My Choice Community Development, Inc. (MCCDI). It was incorporated in 2009 in conjunction with its charter application to PBCSD in the same year submitted by the Executive Director of MCCDI; that charter application was not approved by the Charter Office. In August 2011 another application was submitted to the Charter Office and approved by PBCSB on November 20, 2011. The Charter Office failed to abide by the 90 day rule for completing the contract. This delay limited MCA's deadlines for securing recruitment and financing needs for 330 students. MCCDI was incorporated in 2002 listing Altermease Kendrick as ED and Vincent Kendrick as Board President. MCCDI opened its doors June 1, 2003 with summer camp and in August 2003 MCCDI was licensed to provide after school care in West Palm Beach. In*

2004, Carolyn Williams became President of MCCDI. In 2009 Mr. Kendrick retired from the City of Deerfield Beach and incorporated a for-profit business; Community Learning Outreach Center, LLC. Because of his expertise working with governmental agencies and grant writing success, the MCCDI board gave him authorization to lead the construction of the Community Center in Lake Park. See attached Business Plan.

**MCCDI** –entered a lease agreement with Hurst Chapel AME Church in 2009 to house its year-round afterschool program serving students from eleven Title I Schools in the North County Area. In August 2011, MCCDI submitted another application for a charter school and was approved by School Board in November 2011. However, the contract was not approved by PBCSD until June 20, 2012. A. Kendrick served as Executive Director of MCCDI and Consultant to MCA on the revised application to both the State and the 501c3 [sic] applications. The 501(c)(3) for MCA was approved 2013. See Attached Notice 1382.

(Please see pages 21, and 27-30.)

**Auditor’s Comments:**

On August 2, 2010, MCA submitted its first charter school application to the School District requesting to open the My Choice Academy Charter School (MCA) in Palm Beach County. This application was denied for reasons that included Governance issues relating to the inter-relationships of the owners of the MCA Charter School, MCCDI and the Community Learning Outreach Center, LLC (CLOC) that was to be built by MCCDI.

On August 1, 2011, MCA submitted its second charter school application to the District. The Charter School Application was reviewed and evaluated by the District’s Charter School Department. The review concluded that MCA’s application met the standards according to the Florida Charter School Application Evaluation Instrument and the Model Florida Charter School application criteria. However, the evaluation instrument also indicated that “The proposed Lease, Exhibit I may benefit a prior MCA Board Member and or consultant to the Governing Board of MCA.” This application was subsequently approved by the School Board on June 20, 2012.

**Financial Transactions.** We reviewed bank statements, accounting records, and available supporting documentation for MCA provided by Nonprofits First, its accounting and bookkeeping services company, as well as documents provided by the founder of MCA. Accounting services provided by Nonprofits First to MCA included the monthly profit and loss statements as required by **Section (G)(4)** of the **Charter**.

Total funds deposited into MCA’s bank account during July 1, 2012, through March 31, 2013, were \$482,108, and total banking withdrawals and disbursements were \$481,872. Of the total \$482,108 in bank deposits, \$400,169 (83%) came from the FEFP funding based on projected student enrollment.

**School Facility Lease.** MCA entered into a lease agreement with MCCDI (landlord) on July 1, 2012, at \$33,000 per month for the period August 15, 2012, through July 1, 2013. The leased facility was located at 1617 Silver Beach Road, Riviera Beach, Florida 33404, same location as the Hurst Chapel A.M.E. Church (Hurst) where MCCDI operated its afterschool program since 2003. Additionally, the lease agreement lists MCCDI's principal place of business at the same location.

Moreover, on December 12, 2012, Hurst notified MCA that the school could no longer operate from its facility and requested that MCA be vacated from the premises. According to Hurst's personnel, both MCA and the MCCDI afterschool program vacated the church facility as of December 21, 2012. Thus, MCA operated from the Hurst's facility for a period of four months.

***Management Response from MCA's Founder:***

*MCA had a lease agreement with MCCDI in the amount of \$33,000 per month based on 330 children to be housed at 1045 Watertower Road, Lake Park, FL. Initially the students would be housed in portables on the Lake Park property until the new facility was completed. As the lease agreement with Hurst would expire on October 1, 2012, MCCDI would move its programs to the Watertower site also.*

*To accommodate the team overseeing the construction of the Watertower project, MCCDI leased a small space at 1250 Old Dixie Hwy., Lake Park. However, once the MCA staff were hired, this space was used by them to complete interviews, district training, and front office management. In July, MCCDI was informed by FPL that there would be a delay in power being supplied to the portables until after September 30, 2012. A decision was then made to move quickly to work with Hurst Chapel to house the school until October 1, 2012. Since the financing of the project could not be obtained to complete the transition on time and MCCDI already had office equipment, computers, a copier, bus, PE equipment, and staff support at the Hurst facility, MCCDI allowed those items to be used by MCA in its daily operations.*

*Once the lease expired, the board chair and legal of MCA met with the Pastor and officers of the church to extend the agreement until another location could be identified for MCA. The outcome was that MCA would move out at the beginning of Winter Break (12/22/12) and MCCDI the end of the year; December 31, 2012.*

*(Please see page 21.)*

***Auditor's Comments:***

*Article 2.01 of the July 1, 2012, Lease Agreement between MCA and MCCDI states that,*

*"MCCDI is constructing facilities for the installation of fifteen (15) portable classrooms and one (1) portable office for the purpose of providing classroom facilities for Kindergarten through 5th Grade...MCA is desirous of leasing said school facility and associated spaces from MCCDI at such time as the improvements shown on Exhibit "A" are completed. Until then, MCA will lease space from MCCDI at the Ancillary Building west of The Hurst Chapel at 1617 Silver Beach Road, Riviera Beach Florida 33404."*

*Article 3.03 of the Lease Agreement states,*

*“The term of this lease agreement is from August 15<sup>th</sup> 2012 through July 1<sup>st</sup> 2013, or earlier if the portables shown on Exhibit “A” become available at which time a lease for the portables will be executed. The Tenant, MCA, shall pay to MCCDI a monthly payment of \$33,000.00 per month for the lease. Following this initial lease, MCA’s [sic] is anticipated to lease the portables shown on Exhibit “A”, and the subsequently the 53,000 square foot building to be constructed for school year 2013-2014.”*

*Based on the documentation submitted by the MCA Founder in response to our draft report, the property located at Watertower Road in Lake Park, FL was a 6.22 acre parcel of land owned by the Florida Public Utility Commission (FPUC). On June 14, 2012, FPUC entered into a commercial contract to sell the land parcel for \$2.3 million to the “Community Learning Outreach Center, LCC” (aka “CLOC”), a for-profit corporation founded by Mr. Vincent Kendrick, MCA founder’s husband. This parcel of land was the site where Kendrick’s CLOC (i.e. the Watertower project) was to be built. However, the Kendrick’s were unable to finance the land purchase and the construction of CLOC.*

*Moreover, CLOC was also the facility to be constructed by MCCDI that was referenced in Article 2.01 of the Lease Agreement between MCA and MCCDI. Thus, when school year 2012-2013 began, there was no school facility for MCA to operate from, except for the Hurst Chapel location.*

**School Board Approved Two Corrective Action Plans for MCA.** At the March 6, 2013, School Board Meeting, the Superintendent recommended the termination of MCA’s **Charter** due to alleged financial mismanagement. Instead of terminating the **Charter**, the School Board directed the Superintendent to develop a *Corrective Action Plan* for MCA. The *First Corrective Action Plan* for MCA was approved by the School Board on April 24, 2013, which required MCA to provide the District with MCA’s audited financial statements by July 31, 2013, among other requirements.

The District reviewed MCA’s audited financial statements and concluded that the charter school appeared to be in a state of deteriorating financial condition that met two of the conditions of financial emergency pursuant to **F.S. §218.503 (1)(b) and (c)**. Specifically, as of June 30, 2013, MCA had a deficit General Fund balance of \$100,467, with a payroll tax liability of \$22,309. MCA also owed the School District approximately \$40,000 as of August 13, 2013, for an overpayment of FEFP funds for Fiscal Year 2013.

On August 19, 2013, MCA opened its charter school in a temporary facility that was not approved by the School District due to the noncompliance with building codes for educational facilities. In response, the Superintendent recommended an immediate 90-day termination of MCA’s **Charter** because of the danger to the safety and health of the students and in violation of the *First Corrective Action Plan*. On August 21, 2013, the School Board approved a *Second Corrective Action Plan* as recommended by the Superintendent that the District had reached with MCA. The *Second Corrective Action Plan* for MCA was approved by the School Board at its September 11, 2013, Meeting.

In its *Second Corrective Action Plan*, MCA agreed to:

- (1) Suspend its operations.
- (2) Close the school for the entire 2013-14 school year.
- (3) Receive no FEFP funding.

MCA was also required to:

- (1) Hire a management company and submit an executed management contract to the District by March 1, 2014.
- (2) Acquire a suitable school facility.
- (3) Establish meal arrangements for students.
- (4) Obtain the required fire and health inspections.
- (5) Obtain appropriate teaching materials.
- (6) Submit proof to the District no later than March 1, 2014.

If MCA did not comply with the *Second Corrective Action Plan* requirements in a timely manner, there would be no further extensions of time and the **Charter** would be automatically terminated by the District with no right of appeal by MCA.

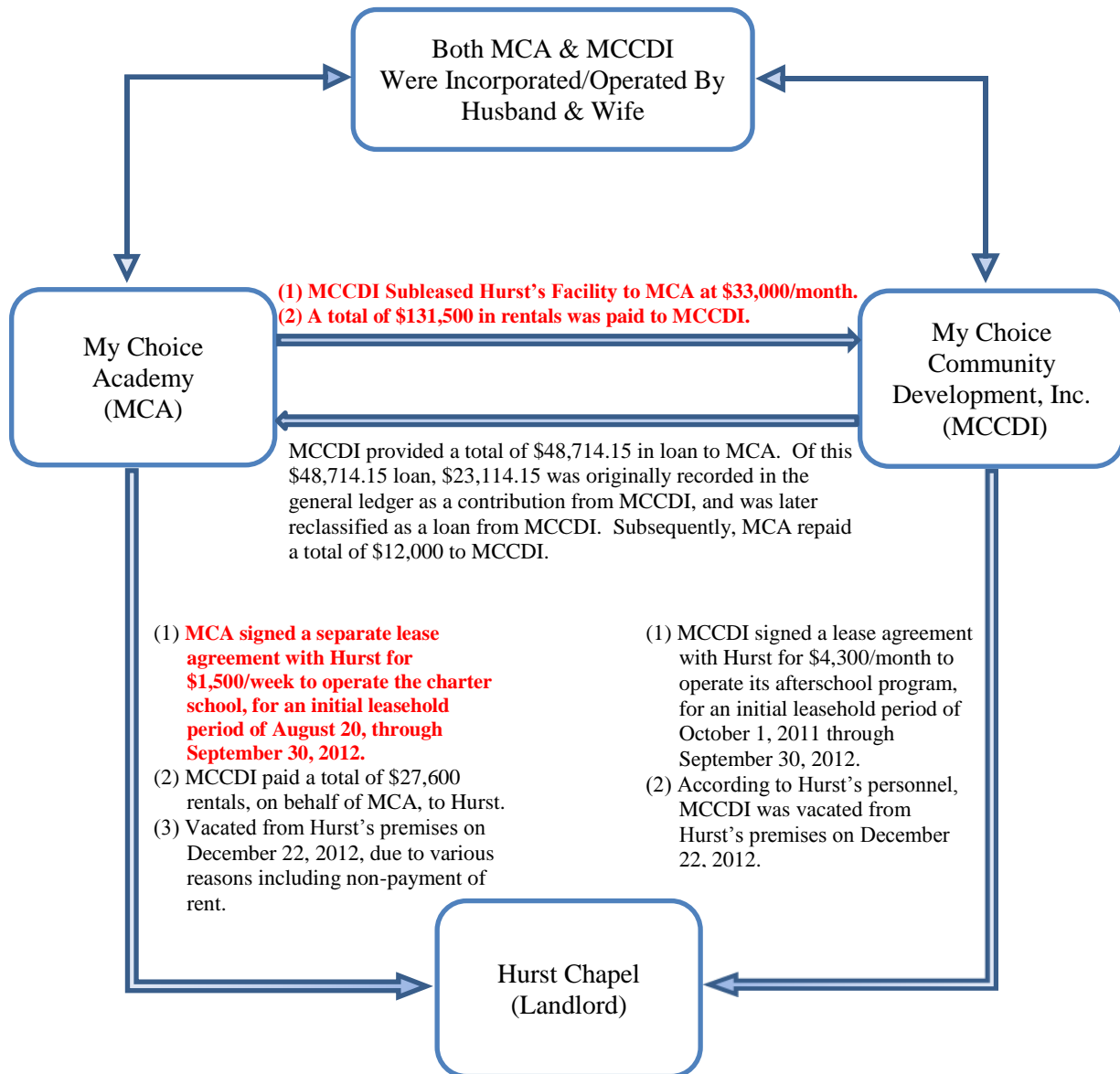
**MCA Charter Terminated.** On June 30, 2014, the District sent MCA a Letter of Termination stating that MCA Charter was voluntarily terminated by the District because MCA did not fully comply with the provisions of the *Second Corrective Action Plan* (CAP). Specifically,

*“In that My Choice has not complied with the items identified above and in the CAP, no further extensions of time will be granted. In keeping with this stated provision of the CAP, the Charter by My Choice is hereby voluntarily terminated. As a result of the voluntary termination of the Charter, the School shall be dissolved under the provisions of law under which the school was organized.”*

## CONCLUSIONS

The review of MCA's financial records revealed questionable lease agreements and loan payments which appeared to be related-party transactions between MCA and MCCDI. Further, it was not clear what role MCCDI had in the daily operations of MCA. Apparently, MCCDI monetarily benefited from MCA.

### Related Party Transactions Between MCA and MCCDI



### ***Management Response from MCA's Founder:***

*MCCDI did not benefit monetarily from MCA, in fact quite the opposite. MCCDI's staff worked diligently to assure that the school was a success, including preconstruction, environmental, and grant writing to meet the requirements of the contract. Over 60% of the*

students were recruited from the afterschool program. Its staff worked tirelessly speaking at community functions, meeting with parents, etc. long before the principal was hired. MCCDI's staff served as bus driver, janitors, meal delivery, classroom and before school support.

(Please see page 22.)

**Auditor's Comments:**

Based on review of documents submitted by the MCA Founder in response to our draft audit report, it appeared that MCCDI intended to use MCA's FTE funding that the MCA Charter School received from the District to purchase a 6 acre parcel of land from Florida Public Utilities Co. Specifically, Article 3.03 of the Lease Agreement between MCCDI and MCA requires MCA to pay \$33,000 per month to MCCDI for "providing a turn-key space at 1045 Watertower Road."

However, MCCDI was unable to finance the land purchase and the construction of facility at 1045 Watertower Road. MCA was actually leasing its school facility from Hurst Chapel during August through December 2012 at \$1,500 per week. Yet, MCCDI was charging MCA \$33,000 per month (a difference of \$27,000 per month in rental cost) to lease a non-existent building that was to be constructed on a parcel land that MCCDI did not own.

**1. QUESTIONABLE OVERALL LEASING ARRANGEMENTS**

Based upon inquiry and review, it was determined that MCA had two separate lease agreements for its charter school facility operated from the same location; i.e. Hurst ancillary building located at 1617 Silver Beach Road, Riviera Beach, Florida 33404:

Agreement Date	Initial Leasehold Period	Lessor <sup>(1)</sup>	Lessee	Contracted Monthly Fees (Total Actual Payment)	Lessor's Authorized Signer	Lessee's Authorized Signer	Was Hurst Aware of the Arrangement ?	Was School District Aware of the Arrangement ?
October 11, 2011	10/1/2011 through 9/30/2012	Hurst	MCCDI	\$4,300 (Not available)	Hurst's Representative	MCA's Incorporator/ Founder and Executive Director	Yes	No
July 1, 2012	8/15/2012 through 7/1/2013	MCCDI	MCA	\$33,000 (\$131,500)	MCA's Incorporator/ Founder and Executive Director <sup>(2)</sup>	MCA's Chairman of its Governing Board	No	Yes
August 20, 2012	8/20/2012 through 9/30/2012	Hurst	MCA <sup>(3)</sup>	\$1,500/week (\$27,600)	Hurst's Representative	MCA's Incorporator/ Founder and Executive Director	Yes	No

Notes: (1) Hurst is the facility owner.

(2) The Incorporator/Founder and Executive Director for MCA was also the Executive Director of MCCDI.

(3) MCA did not pay the rentals directly to Hurst. MCCDI paid rentals to Hurst on behalf of MCA.



- a) October 11, 2011, Lease Agreement. On October 11, 2011, MCCDI entered into a Lease Agreement with Hurst to lease space for \$4,300 per month for the operation of MCCDI's afterschool program. The \$4,300 monthly rental allows MCCDI to use Hurst's classroom facility, basketball courts and audio equipment for its afterschool program. Additionally, Hurst provided at its own expense to MCCDI all utility services, including electricity, municipal water and sewer, trash removal, HVAC service, and gas services for premises. The School District did not have contractual relationship with MCCDI and was not aware of this leasing arrangement.
- b) July 1, 2012, Lease Agreement. As required by MCA's *Charter, Section V. A. 1. "Deadline to Secure Facility,"* MCA was to provide the District with documentation regarding its property interest (owner or lessee) in the property and facility where its school would conduct its operations. Specifically,

*"If the School does not own the property and facility, the School shall provide a fully executed lease at least thirty (30) calendar days before the initial opening day of classes."*

To meet this requirement, on July 1, 2012, MCA entered into a school facility Lease Agreement with MCCDI to lease the Hurst's facility for \$33,000 per month for the period August 15, 2012, through July 1, 2013. Subsequently, MCA filed this Lease Agreement with the District's Charter Schools Department. During July 13, 2012, through January 16, 2013, MCA paid MCCDI a total of \$143,500, which included \$131,500 in rentals and \$12,000 in loan repayments.

However, the *Lease Agreement between Hurst and MCCDI* disallowed subleasing activities by MCCDI without the prior written approval from Hurst. According to Hurst's representatives, they were not aware that MCCDI had subleased Hurst's facility to MCA.

- c) August 20, 2012, Lease Agreement. On August 20, 2012, MCA entered into a separate Lease Agreement with Hurst to lease the same facility for operating its K-5 charter school for a maximum of 120 students. The initial term of the Lease Agreement commenced on August 20, 2012, and ended on September 30, 2012 (for a total of six week period). Per the Lease Agreement, MCA would pay Hurst \$1,500 per week in advance, with the first payment in the amount of \$3,000 due on August 20, 2012. Rent in the amount of \$6,000 for September 1, through 30, 2012 was due on September 1, 2012. However, MCA did not notify the School District of this secondary Lease Agreement with Hurst to lease the same school facility space for \$1,500 per week, which MCA was simultaneously leased from MCCDI for \$33,000 per month. MCA did not pay the \$1,500 weekly rentals directly to Hurst. Instead, MCA paid a total of \$131,500 in rent to MCCDI during July 13, 2012, through January 16, 2013, under its *July 1, 2012, Agreement* with MCCDI; and MCCDI were to pay both its own afterschool program's rentals and MCA's rentals to Hurst.

***Management Response from MCA's Founder:***

*The lease agreement with Hurst was only to be through October 1, 2012 once the utilities were connected at the Watertower site. A. Kendrick did not serve as ED for both organizations, only for MCCDI.*

*a) October 11, 2011 MCCDI renewed its lease agreement with Hurst to continue using the 5,000 sq. ft. space at a cost of \$4,300 per month. The agreement continued to include: the space in the fellowship hall, office, kitchen, audio equipment, electric, water and sewer and trash removal.*

*The lease agreement that MCA had with MCCDI was included in the charter application, which listed the services MCCDI would provide to the school. Once it was made known that the Watertower site would be delayed. Junaita [sic] Edwards was contacted and informed of the temporary change in location. Pam McCoy and Jeanette Merced came out to the site and did a walk through. A. Kendrick worked diligently with the PBC Health Department and RB Fire Department to insure the necessary clearances to open the school at the Hurst Chapel location.*

*b) July 1, 2012 Lease Agreement. MCA was already out of compliance with Charter, Section V. A. I. "Deadline to Secure Facility" since MCA was not on the agenda with the District until June 20, 2012 and did not receive the signed contract until July 20, 2012.*

*There was **never an agreement to lease the Hurst facility at the cost of \$33,000** per month. This cost was to MCCDI for providing turn-key space at 1045 Watertower Road. It is evident that both lease agreements are at your disposal as you are pulling information from both and yet not viewing them as individual documents. In one instance you state that the District was unaware of a lease agreement while at the same time quoting from the agreement that was on file at the charter office.*

*It was only after receiving information from FPL that the services to the portables would be delayed, that an agreement to use the space at Hurst was initiated. Although there was an agreement with MCCDI and Hurst, they opted to allow the school usage on top of the MCCDI's agreement. There was no subleasing as their agreement indicates that it will use the security deposit already paid by MCCDI in 2009.*

*c) August 20, 2012 Lease Agreement. As stated, MCA entered into a lease agreement with Hurst to lease space already leased by MCCDI to include the use of the reception area including the office behind the desk and two additional classrooms at a cost of \$1,500 for the day school. Since MCCDI was not renewing its lease with Hurst and also moving to the 1045 Watertower facility, the agreement extended to the end of the MCCDI's lease with Hurst – October 1, 2012. Since the original lease agreement between MCA and MCCDI indicates checks were to be paid to MCCDI (facility owner) for consistency only, the checks were payable to MCCDI during the transition period.*

*(Please see page 22.)*

***Auditor's Comment:***

*It should be noted that the August 20, 2012, Lease Agreement between Hurst and MCA was signed by the MCA Founder, Mrs. Altermease Kendrick, who signed the MCA / Hurst lease agreement as the "Board Chair for My Choice Charter School, Inc." (i.e. MCA).*

- d) Potential Noncompliance with School Board Policy 3.02 Code of Ethics.** MCCDI's March 1, 2013, "Florida Nonprofit Corporation Annual Report" filing was signed by the founder of MCA as the officer/director of MCCDI. Also, the MCCDI's "Articles of Incorporation," dated December 9, 2002, listed the husband of MCA's founder as the incorporator of MCCDI. Additionally, the March 4, 2010, "Amended & Restated Articles of Incorporation" for MCA was signed by the founder/executive director of MCA, who was also the executive director of MCCDI.

Given that the same person was both the executive director of MCA and the executive director of MCCDI, the July 1, 2012, Lease Agreement between MCA and MCCDI appeared to be a potential noncompliance with ***School Board Policy 3.02, Code of Ethics***, as required by ***Section (X)(B)(3) of the Charter Agreement***.

Specifically, ***School Board Policy 3.02, Section (5)(e), Avoidance of Conflicts of Interest***, states:

*"[...] A conflict of interest shall be defined as a situation in which the employee's regard for a private interest tends to lead to a disregard of the employee's public duty or interest [...] Unethical conduct includes, but is not limited to, the employee [...] participating in the decision to make a contract between the School [Board] and a business or entity in which the employee has a personal or financial interest. This includes contractual relationships with units of government as well as for profit and not for profit organizations such as charter schools."*

***Management Response from MCA's Founder:***

*Yes, MCCDI's "Florida' Nonprofit Corporation Annual Report" filing was signed by the founder of MCA and listed along with the officers of MCCDI. Please note however that the title is Executive Director (ED) a paid staff person of MCCDI. As Executive Director with authority to renew the application each year, that person's name had to be listed with the State.*

*As mentioned before, Mr. Kendrick no longer served on the MCCDI Board after 2004. Also when the application for the Charter was initially submitted in 2009 and 2010 the applications listed MCCDI as the founding organization. However, in the 2011 charter application, MCCDI was a supportive partner to MCA and run by a separate board of directors.*

*(Please see page 23.)*

**Auditor's Comments:**

The analysis of the MCA and MCCDI's bank records provided by Wells Fargo Bank, N.A. revealed that both the MCA bank account and MCCDI bank account were under the control of MCA founder, Mrs. Altermease Kendrick. Mrs. Kendrick had bank signature authority on the MCA Charter School bank account, which Mrs. Kendrick opened on June 1, 2012, and was listed by Wells Fargo bank as the account's "sole owner." The customer address listed on the bank account was also the Hurst Chapel address, which was 1617 Silver Beach Road; Riviera Beach, FL 33404.

The MCA Founder, Mrs. Altermease Kendrick, also had bank signature authorization on the MCCDI bank account with Wells Fargo, N.A. and signed the majority of MCCDI check payments to MCA Charter School, such as the payroll loans MCCDI paid to MCA Charter School.

**2. ANALYSIS OF LEASING ARRANGEMENT BETWEEN MCA AND MCCDI**

- a) **MCA Paid MCCDI \$131,500 in Leasing School Facility for a Four Month Period.** MCA Charter School operated from Hurst's facility for a four month period during August 20, 2012, through December 21, 2012. Review of MCA check payments and supporting documentation indicated that during July 13, 2012, through January 10, 2013, MCA paid a total \$131,500 in rent to MCCDI to lease the Hurst's facility.

**MCA Payments to MCCDI**

MCA Checks				For Payment of	
Date	Number	Purpose *	Amount	Rent	Loan Repayment
07/13/12	2009	Invoice #3236 July/Aug.	\$60,500.00	\$60,500.00	-
08/01/12	3009	Rent	\$17,546.80	\$17,546.80	-
08/02/12	3012	Rent	\$12,453.20	\$12,453.20	-
08/16/12	3021	Rent	\$10,000.00	\$10,000.00	-
11/18/12	3125	Supported by a Lease Service Invoice	\$5,000.00	\$5,000.00	-
11/28/12	3159	Loan Payment	\$9,000.00		\$9,000.00
12/10/12	3149	Rent	\$10,000.00	\$10,000.00	-
12/27/12	3169	Supported by a Lease Service Invoice	\$6,000.00	\$6,000.00	-
01/10/13	3170	January Rent & Loan Payment	\$13,000.00	\$10,000.00	\$3,000.00
<b>Total</b>			<b>\$143,500.00</b>	<b>\$131,500.00</b>	<b>\$12,000.00</b>

\* Sources: MCA's general ledger, cancelled checks, and supporting documentation for disbursements.

**Management Response from MCA's Founder:**

If you will notice the dates on the checks, you will see that \$60,500 was written to MCCDI for the first two months to secure the space at 1045 Watertower all within the acceptable allowance for 330 students and two months prior to opening within the contract regulations.

(Please see page 23.)

**b) No Evidence that MCCDI Fulfilled Leasehold Service Obligations for MCA.**

Pursuant to the Lease Agreement between MCA and MCCDI, MCA was to pay MCCDI a monthly fee of \$33,000. In addition to the use of facility for operating the charter school, MCCDI was required to provide the following services and equipment to MCA:

Description	Obligations Fulfilled?
<p><u>Vehicles</u></p> <ul style="list-style-type: none"> <li>• Two buses with a capacity of 75 passengers each with wheelchair accessibility</li> </ul>	<p>Unable to confirm.</p>
<p><u>Personnel</u></p> <ul style="list-style-type: none"> <li>• 2 bus drivers</li> <li>• 1 assistant bus driver</li> <li>• 1 janitor</li> <li>• 4 crossing guards</li> <li>• Daily food delivery and associated condiments, utensils, etc.</li> </ul>	<p>Unable to confirm.</p>
<p><u>Equipment and Furniture</u></p> <ul style="list-style-type: none"> <li>• Student / teachers’ desks and chairs</li> <li>• Office desks, chairs, filing cabinets</li> <li>• Playground equipment</li> <li>• 24 computers, software, and computer service</li> <li>• 10 printers/copiers</li> <li>• Miscellaneous supplies</li> </ul>	<p>MCCDI did not provide the equipment and furniture to MCA. Instead,</p> <ul style="list-style-type: none"> <li>• Hurst provided office furniture and playground equipment for MCA’s use.</li> <li>• MCA also obtained some tables, chairs, and two teachers’ desks from the School District on June 6, 2012.</li> </ul>
<p><u>Utility &amp; General Services</u></p> <ul style="list-style-type: none"> <li>• Water and sewer services, and electricity</li> <li>• Waste management services</li> <li>• Air conditioning service</li> <li>• General building maintenance</li> <li>• Exterior maintenance, which included lawn, irrigation, and landscaping</li> <li>• Exterior lighting and security</li> <li>• Garbage collection and disposal</li> <li>• Fire alarm monitoring</li> <li>• Pest control</li> <li>• Window cleaning</li> </ul>	<p>All the utility and general services were provided by Hurst.</p>

Vehicles and Personnel Services to MCA Could Not Be Substantiated. Based on the review of all available records we obtained during this special review, we were unable to determine if MCCDI had provided the following items to MCA as required by the Agreement:

- Two buses with a capacity of 75 passengers each with wheelchair accessibility
- 2 bus drivers
- 1 assistant bus driver
- 1 janitor
- 4 crossing guards

Daily Food Delivery Service. MCA entered into a Charter School “School Food Service Agreement” with the District on July 1, 2012. MCA elected to partake in this food service program that included the provision of breakfast and lunch on a daily basis to the MCA Charter School students. This food services agreement also included the ordering of food and supplies by the District’s School Food Service Department on an as-needed basis. Moreover, the cost of this meal program was fully paid for by the District with funds provided by the United States Department of Agriculture. According to School District’s Food Service Department, MCA’s representatives picked up the meals daily from Lincoln Elementary’s cafeteria. Based on the available records, we were unable to determine if the MCA’s representatives were employees of MCA or MCCDI.

Hurst Provided Furniture For MCA Operations. The Lease Agreement between MCCDI and MCA requires MCCDI to provide the following to MCA:

- Student / teachers’ desks and chairs
- Office desks, chairs, filing cabinets
- Playground equipment
- 23 computers and 1 District computer
- 10 printers/copiers

On April 28, 2013, we visited the MCA facility. We observed that there were tables and chairs in the classrooms as well as office desks in the Hurst’s reception area where both MCCDI and MCA personnel worked. We also observed the gymnasium area, which had basketball courts and also served as Hurst’s auditorium.

As stated by Hurst’s personnel, MCA used Hurst’s desks and chairs for the school children as well Hurst’s playground equipment. Specifically, the charter school also used the chapel’s office desks, tables, chairs, cafeteria furniture as well as the chapel’s playground equipment. A review of School District’s records indicated that MCA obtained tables, chairs, and two teachers’ desks from the School District on June 6, 2012.

Thus, it was questionable whether MCCDI actually purchased any school furniture used by MCA Charter School given that both Hurst and the School District provided the school with furniture to use in its daily operations. We also did not find any receipts

which would provide evidence that MCCDI purchased furniture and equipment for MCA Charter School.

No Evidence that MCCDI Provided Utility Service & General Maintenance to MCA. Per lease agreement between MCA and MCCDI, MCA was to pay MCCDI a monthly rental of \$33,000, which also included the following services:

- Water and sewer services, and electricity
- Waste management services
- Air conditioning service
- General building maintenance
- Exterior maintenance, which included lawn, irrigation, and landscaping
- Exterior lighting and security
- Garbage collection and disposal
- Fire alarm monitoring
- Pest control
- Window cleaning

As indicated by Hurst's representatives, all utility services, general facility maintenance services, and exterior maintenance services were provided by Hurst to MCA. We also reviewed records provided by MCA, and we were unable to find any documentation that would support that MCCDI provided the above lease services to the MCA Charter School to justify the \$33,000 monthly lease payment to MCCDI.

***Management Response from MCA's Founder:***

*This statement is the evidence that you have access to both leases agreements; MCA and MCCDI and MCA and Hurst. The \$33,000 per month was for turn-key facility and support services at Watertower. Once we were informed of the facility delay, MCCDI allowed MCA to use the space leased for the construction team for interviews and training of administrative staff.*

*(Please see pages 23-25 for Management Response in its entirety.)*

- c) **MCCDI Subleased Hurst's Premises to MCA Without Hurst's Consent.** According to Hurst's personnel, MCA Charter School was leasing the exact same facility from Hurst which MCA was also leasing from MCCDI. Hurst's representatives were not aware that MCCDI, which operated an afterschool program from Hurst since 2003, had subleased the Hurst's facility to the MCA Charter School.

There was a separate lease agreement between Hurst (Lessor) and MCCDI (Lessee) dated October 11, 2011. This agreement was for MCCDI to lease space from Hurst for the operation of its afterschool program at the church facility. MCCDI's Executive Director, who was also the Executive Director of MCA, signed the lease agreement on behalf of MCCDI, the Lessee, as "Director/Designee My Choice Community Development, Inc."

The Lease Agreement was for \$4,300 per month also allowed MCCDI's use of classroom facility, basketball courts and audio equipment. Additionally, Hurst provided at its own expense to MCCDI all utility services, including electricity, municipal water and sewer, trash removal, HVAC service, and gas services for Premises.

The Lease Agreement between Hurst and MCCDI, however, disallowed subleasing activities by the lessee without the prior written approval from Hurst. Specifically **Section 14, Subletting Assignment**, which stated as follows:

*“The Premises shall not be sublet in whole or in part to any person other than Lessee. Lessee shall not assign this Agreement, or permit an assignment to take place by any act or default of Lessee or any person within Lessee’s control, or permit any transfer of Lessee’s interest under this Agreement or by operation of law, or offer for lease the Premises or any portion thereof by displaying notices or signs in any place, or by advertising the same in any newspaper or in any manner whatsoever, without in each case, obtaining the Lessor’s prior written consent.”*

Hurst’s representatives stated that the church did not authorize or provide written consent to MCCDI to sublease its facility to MCA. As a result, it was questionable whether the Lease Agreement between MCCDI and MCA, which was filed with the District’s Charter Schools Department, was an enforceable legal contract.

***Management Response from MCA’s Founder:***

*This statement doesn’t make sense even in your own words; either MCA had a lease agreement with Hurst or it didn’t. It truly can’t be both ways. For someone to state that they were unaware that the school was operating in the same space is ridiculous. **The Lessor’s prior** written consent is in fact the lease agreement for an additional \$1500 per week.*

*(Please see page 25.)*

**3. SECOND LEASE AGREEMENT BETWEEN MCA AND HURST**

- a) **School District Not Aware of the Lease Agreement.** The District’s Charter Schools Department was not aware that MCA had a second lease agreement with Hurst to rent the same space which MCA was also leasing from MCCDI to operate its charter school program. On August 20, 2012, MCA entered into a Lease Agreement with Hurst to lease space for operating its K-5 charter school for a maximum of 120 students.

The initial term of the Lease Agreement commenced on August 20, 2012, and ended on September 30, 2012. The Agreement did provide for an extension of the contract beyond September 30, 2012, if the Lessee gave two weeks advanced notice to Hurst. As stated by Hurst’s representatives, MCA was allowed to lease Hurst’s facility beyond September



30, 2012; however, there was no written agreement for the lease extension between Hurst and MCA.

Per the Lease Agreement, MCA would pay \$1,500 per week in advance to Hurst, with the first payment in the amount of \$3,000 due on August 20, 2012, which would cover rent for the two-week period of August 20, through 31, 2012. Rent in the amount of \$6,000 for September 1, through 30, 2012, was due on September 1, 2012. Hurst also provided for a 10 day grace period before a 5% late payment fee would apply.

***Management Response from MCA’s Founder:***

*This is untrue, (Pam McCoy and Jeannette Merced) staff from the Charter office visited the school prior to August 20th and Junaita [sic] Edwards visited the first day of school. How would they have known where the students were housed? The lease, fire and health inspections were all forwarded to the Charter office on August 17th to the attention of Pam McCoy.*

*(Please see page 25.)*

- b) **MCCDI Paid \$27,600 to Hurst on behalf of MCA for MCA’s Lease Agreement With Hurst.** Based on review of invoices and cancelled check payments, we noted that Hurst addressed the lease invoices to MCA. However, the monthly lease invoices were paid by MCCDI. MCCDI paid a total of \$27,600 to Hurst for the charter school facility lease on behalf of MCA.

It was also noted that each MCCDI check payment contained two signatures: (1) the Executive Director of MCCDI / Founder of MCA; and (2) the daughter of the Executive Director of MCCDI, who was the current Principal of MCA.

The table below summarized the \$27,600 in check payments paid by MCCDI to Hurst for MCA’s use of Hurst’s facility:

**MCCDI Payments to Hurst**

<b>Check Date</b>	<b>Check No.</b>	<b>Check Amount</b>	<b>Check Memo Notation</b>
08/29/12	4231	\$3,000	Charter school rent for 2 weeks (8/20/12 to 8/31/12)
09/18/12	4259	\$6,000	-
10/09/12	4314	\$3,000	MCA rent
12/10/12	4374	\$5,000	Partial payment
12/17/12	4379	\$5,000	Rent
01/10/13	4383	\$5,600	MCA rent
	<b>Total</b>	<b>\$27,600</b>	

**Management Response from MCA’s Founder:**

*This is another indication of misinformation as there were invoices submitted and paid on behalf of MCA. As stated the rationale for MCCDI making the payments on MCA’s behalf is in agreement with the original lease with MCCDI, since this was a temporary site.*

*Yes, MCCDI checks to Hurst contained two signatures; one the executive director and the program director. Once the school was to reopen in 2013, the MCA board chose Alexis Hunter to serve in the Office Management capacity to meet the training needs of the school. Ms. Hunter is well qualified and filled the needs of MCA as required by the Board. MCCDI at that time was temporarily closed and Ms. Hunter had no signing privileges for MCA and was most familiar with the contract as she was instrumental in writing components of the application.*

*(Please see page 25.)*

**4. OTHERS**

- a) **A \$60,000 Loan Agreement Between MCA and MCCDI.** We reviewed MCA’s accounting general ledger and noted that numerous bank deposits were recorded as “individual contributions” from MCCDI. In September 2012, seven deposits (totaling \$23,114.15) that were originally recorded as “individual contributions” were later reclassified as “MCCDI loans” in MCA’s general ledger.

Subsequently, at its November 2012 meeting, the MCA Governing Board approved a loan agreement to ratify the loan arrangement between MCCDI and MCA. The loan agreement was backdated to be effective as of September 1, 2012, with the total loan amount not to exceed \$60,000. The loan agreement required MCA to repay MCCDI in monthly installments of \$5,000 on the 10<sup>th</sup> day of each month, beginning on November 10, 2012, and ending on July 31, 2013. The loan to MCA was interest free.

Based on our review of MCA’s general ledger, bank records and other supporting documentation, MCCDI provided \$48,714.15 in loans to MCA during September 7, 2012, through February 21, 2013. The deposit slips and bank’s receipts for two of the deposits indicated that \$16,900 in cash (\$16,000 on October 6, 2012, and \$900 on February 1, 2013) received from MCCDI was deposited into MCA’s checking account.

**MCCDI’s Loans to MCA**

<b>MCCDI Check Date</b>	<b>MCCDI Check No.</b>	<b>MCCDI Check Amount</b>	<b>Purpose of Loan</b>
09/07/12	4248	\$3,500	“MCCD Loan” per G/L
09/13/12	4252	\$2,000	6370 Miscellaneous
09/27/12	4282	\$3,914.15	Loan from MCCDI/Bill
09/21/12	4275/4276	\$7,200	Payroll expenses

MCCDI Check Date	MCCDI Check No.	MCCDI Check Amount	Purpose of Loan
09/21/12	4274	\$1,300	"MCCD Loan" per G/L
09/24/12	4277	\$4,000	"Bill" noted on check
09/25/12	4281	\$1,200	"Due from MCA Building" noted on check
10/06/12	<i>CASH</i>	\$16,000	Source of cash deposit was MCCDI
10/30/12	4336	\$3,000	Loan for partial payroll
-	-	\$4,000	<i>Date of deposit 01/29/2013</i>
02/01/13	<i>CASH</i>	\$900	Source of cash deposit was MCCDI
02/21/13	4482	\$1,700	"Loan" noted on the check
		<b>\$48,714.15</b>	

Based on review of MCA's general ledger, bank records and supporting documentation, we did not find any monthly installment payments of \$5,000 per month for the repayment of the funds borrowed from MCCDI by MCA. We located records for only two payments, totaling \$12,000, as loan repayments to MCCDI: (1) check #3159 (for \$9,000) was recorded in the general ledger on November 28, 2012, as a loan repayment to MCCDI; and (2) check #3170 (for \$13,000) dated January 10, 2013, was supported by an MCCDI lease invoice which noted that \$3,000 of the \$13,000 check payment was for repayment of the MCCDI Loan. Therefore, it was not clear whether the MCA had repaid the full amount of the loan from MCCDI which was for MCA's operations.

***Management Response from MCA's Founder:***

*No, MCA did not repay the full amount loaned by MCCDI. Once it was determined that the Watertower facility would be delayed further, MCCDI did not request repayment. The Nonprofit staff responsible for MCA's bookkeeping became ill and someone else provided data entry; once the error was noticed, the corrections were made.*

*(Please see page 26.)*

- b) **MCA Charter School Check Payments Issued without Dual Signatures.** *Charter Section IV. Financial Accountability, G (3) Disbursement Authorization,* states as follows:

*"All disbursements, above an established and approved threshold, of the School must contain two authorized signatures...The School may establish a threshold amount for those checks that may contain one signature. The threshold must be included in the School's Bylaws and Accounting and Reporting Policies."*

**Section V. "Financials"** of *MCA's Policy and Procedure Manual* requires two signatures on all organizational checks over \$2,500. For each of the eight check payments issued to MCCDI for the lease of the school facility and loan repayment totaling \$134,500, there was only one signature noted on all cancelled checks reviewed, which was that of the Chairman of the Governing Board for MCA.

***Management Response from MCA's Founder:***

*Section IV. Financial Accountability, G (3) Disbursement Authorization, states as follows:*

*Section V. Financials of MCA's Policy and Procedure Manual requires two signatures on all organizational checks over \$2500.*

*Yes, there were numerous checks issued with only one signature when there should have been two. Initially the principal and chairman were the signers on the account. Once the principal resigned, it left only the one signer.*

*(Please see page 26.)*

***Management Responses from School District's Administrative Departments:***

***Department of Charter Schools:*** *The Special Review of My Choice Academy, Inc. Charter School (MCA) has been received and reviewed by the Director of the Department of Charter Schools.*

*The response for the management of MCA provides some explanation of staff members of the Department of Charter Schools having some previous knowledge of lease agreements that MCA had entered into with other parties. Since those staff members of the Department of Charter Schools named in the management of MCA's explanation are no longer employed with the School District of Palm Beach County and left no records regarding this knowledge of the lease agreements accessible to the current Director and staff, this department has no basis for agreeing with or contesting this specific explanation made by the management of MCA.*

*The Director is in agreement with the content of the Special Review and sees no further need to provide additional comments or information for the Special Review other than to the specific explanation made by the management of MCA noted above.*

*(Please see page 31.)*

***Chief Operating Officer:*** *I have reviewed your report on the Special Review of My Choice Academy, Inc. Charter School and agree with your conclusions. Since I agree with your conclusions, there is no need to rebut any specific responses provided by the charter school.*

*(Please see page 32.)*

– End of Report –

**Management's Response**  
**Founder of My Choice Academy Charter School**

**Management's response to the special review report of My Choice Academy Charter School**

**BACKGROUND**

**MCA** – MCA was initially established as an extension of My Choice Community Development, Inc. (MCCDI). It was incorporated in 2009 in conjunction with its charter application to PBCSD in the same year submitted by the Executive Director of MCCDI; that charter application was not approved by the Charter Office. In August 2011 another application was submitted to the Charter Office and approved by PBCSB on November 20, 2011. The Charter Office failed to abide by the 90 day rule for completing the contract. This delay limited MCA's deadlines for securing recruitment and financing needs for 330 students.

MCCDI was incorporated in 2002 listing Altermease Kendrick as ED and Vincent Kendrick as Board President. MCCDI opened its doors June 1, 2003 with summer camp and in August 2003 MCCDI was licensed to provide after school care in West Palm Beach. In 2004, Carolyn Williams became President of MCCDI. In 2009 Mr. Kendrick retired from the City of Deerfield Beach and incorporated a for-profit business; Community Learning Outreach Center, LLC. Because of his expertise working with governmental agencies and grant writing success, the MCCDI board gave him authorization to lead the construction of the Community Center in Lake Park. See attached Business Plan.

**MCCDI** – entered a lease agreement with Hurst Chapel AME Church in 2009 to house its year-round afterschool program serving students from eleven Title I Schools in the North County Area. In August 2011, MCCDI submitted another application for a charter school and was approved by School Board in November 2011. However, the contract was not approved by PBCSD until June 20, 2012. A. Kendrick served as Executive Director of MCCDI and Consultant to MCA on the revised application to both the State and the 501c3 applications. The 501 (c) (3) for MCA was approved 2013. See Attached Notice 1382.

**School Facility Lease** – MCA had a lease agreement with MCCDI in the amount of \$33,000 per month based on 330 children to be housed at 1045 Watertower Road, Lake Park, FL. Initially the students would be housed in portables on the Lake Park property until the new facility was completed. As the lease agreement with Hurst would expire on October 1, 2012, MCCDI would move its programs to the Watertower site also.

To accommodate the team overseeing the construction of the Watertower project, MCCDI leased a small space at 1250 Old Dixie Hwy., Lake Park. However, once the MCA staff were hired, this space was used by them to complete interviews, district training, and front office management. In July, MCCDI was informed by FPL that there would be a delay in power being supplied to the portables until after September 30, 2012. A decision was then made to move quickly to work

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**Management's Response**  
***Founder of My Choice Academy Charter School***

with Hurst Chapel to house the school until October 1, 2012. Since the financing of the project could not be obtained to complete the transition on time and MCCDI already had office equipment, computers, a copier, bus, PE equipment, and staff support at the Hurst facility, MCCDI allowed those items to be used by MCA in its daily operations.

Once the lease expired, the board chair and legal of MCA met with the Pastor and officers of the church to extend the agreement until another location could be identified for MCA. The outcome was that MCA would move out at the beginning of Winter Break (12/22/12) and MCCDI the end of the year; December 31, 2012.

**Conclusions**

MCCDI did not benefit monetarily from MCA, in fact quite the opposite. MCCDI's staff worked diligently to assure that the school was a success, including preconstruction, environmental, and grant writing to meet the requirements of the contract. Over 60% of the students were recruited from the afterschool program. Its staff worked tirelessly speaking at community functions, meeting with parents, etc. long before the principal was hired. MCCDI's staff served as bus driver, janitors, meal delivery, classroom and before school support.

**1. QUESTIONABLE OVERALL LEASING ARRANGEMENTS**

The lease agreement with Hurst was only to be through October 1, 2012 once the utilities were connected at the Watertower site. A. Kendrick did not serve as ED for both organizations, only for MCCDI.

a) October 11, 2011 MCCDI renewed its lease agreement with Hurst to continue using the 5,000 sq. ft. space at a cost of \$4,300 per month. The agreement continued to include: the space in the fellowship hall, office, kitchen, audio equipment, electric, water and sewer and trash removal.

The lease agreement that MCA had with MCCDI was included in the charter application, which listed the services MCCDI would provide to the school. Once it was made known that the Watertower site would be delayed. Junaita Edwards was contacted and informed of the temporary change in location. Pam McCoy and Jeanette Merced came out to the site and did a walk through. A. Kendrick worked diligently with the PBC Health Department and RB Fire Department to insure the necessary clearances to open the school at the Hurst Chapel location.

b) July 1, 2012 Lease Agreement. MCA was already out of compliance with Charter, Section V. A. I. "Deadline to Secure Facility" since MCA was not on the agenda with the District until June 20, 2012 and did not receive the signed contract until July 20, 2012.

There was never an agreement to lease the Hurst facility at the cost of \$33,000 per month. This cost was to MCCDI for providing turn-key space at 1045 Watertower Road. It is evident

**Management's Response**  
***Founder of My Choice Academy Charter School***

that both lease agreements are at your disposal as you are pulling information from both and yet not viewing them as individual documents. In one instance you state that the District was unaware of a lease agreement while at the same time quoting from the agreement that was on file at the charter office.

It was only after receiving information from FPL that the services to the portables would be delayed, that an agreement to use the space at Hurst was initiated. Although there was an agreement with MCCDI and Hurst, they opted to allow the school usage on top of the MCCDI's agreement. There was no subleasing as their agreement indicates that it will use the security deposit already paid by MCCDI in 2009.

c) August 20, 2012 Lease Agreement. As stated, MCA entered into a lease agreement with Hurst to lease space already leased by MCCDI to include the use of the reception area including the office behind the desk and two additional classrooms at a cost of \$1,500 for the day school. Since MCCDI was not renewing its lease with Hurst and also moving to the 1045 Watertower facility, the agreement extended to the end of the MCCDI's lease with Hurst – October 1, 2012. Since the original lease agreement between MCA and MCCDI indicates checks were to be paid to MCCDI (facility owner) for consistency only, the checks were payable to MCCDI during the transition period.

**Potential Noncompliance with School Board Policy 3.02 Code of Ethics.** Yes, MCCDI's "Florida' Nonprofit Corporation Annual Report" filing was signed by the founder of MCA and listed along with the officers of MCCDI. Please note however that the title is Executive Director (ED) a paid staff person of MCCDI. As Executive Director with authority to renew the application each year, that person's name had to be listed with the State.

As mentioned before, Mr. Kendrick no longer served on the MCCDI Board after 2004. Also when the application for the Charter was initially submitted in 2009 and 2010 the applications listed MCCDI as the founding organization. However, in the 2011 charter application, MCCDI was a supportive partner to MCA and run by a separate board of directors.

**2. ANALYSIS OF LEASING ARRANGEMENT BETWEEN MCA AND MCCDI**

**a) MCA Paid MCCDI \$141,500 in Leasing School Facility for a Four Month Period.**

If you will notice the dates on the checks, you will see that \$60,500 was written to MCCDI for the first two months to secure the space at 1045 Watertower all within the acceptable allowance for 330 students and two months prior to opening within the contract regulations.

**b) No Evidence that MCCDI Fulfilled Leasehold Services Obligations for MCA.**

This statement is the evidence that you have access to both leases agreements; MCA and

**Management's Response**  
**Founder of My Choice Academy Charter School**

MCCDI and MCA and Hurst. The \$33,000 per month was for turn-key facility and support services at Watertower. Once we were informed of the facility delay, MCCDI allowed MCA to use the space leased for the construction team for interviews and training of administrative staff.

Description (based on 330 students)	Obligation Fulfilled?
<u>Vehicles</u> Two buses with a capacity of 75 Passengers each with wheelchair accessibility	Used MCCDI's 22 passenger bus for transportation needs as 40% of students did not require transportation as they lived less than two miles from the Hurst site.
<u>Personnel</u> 2 bus drivers 1 assistant bus driver 1 janitor 4 crossing guards Daily food delivery and associated condiments, utensils, etc.	Personnel 1 bus driver – Frank Grant/Justin Brown 1 Janitor – Robert Jordan 2 Traffic Assistants – Charles Bostic and Charles Williams Daily meal pickups – Robert Jordan
<u>Equipment and Furniture</u> Student/teacher' desk and chairs Office desks, chairs, filing cabinets Playground equipment 24 computers, software, and computer service 10 Printers/copiers Miscellaneous supplies	MCCDI was contacted by LeMenza Charter (6/6/12) School offering furnishings that would be returned to the furnishings from the school.  Since Hurst Chapel had no place to store their furnishings, MCCDI used their tables and chairs for the afterschool program while MCCDI's furniture was in storage. MCA used a combination of District's desk and chairs and MCCDI's chairs for the lower grades.  All of the <u>office furniture</u> belonged to MCCDI including: filing cabinets, copier, 3 printers, and office supplies.  MCCDI has provided afterschool programming since 2003 and has collected over the years recreational equipment that was used by MCA. (Ex. balls, bats, bases, ropes, puzzles, blocks, exercise equipment, etc.)
<u>Utility and General Services</u> Water and sewer services and electricity Waste management services Air Conditioning service General building maintenance, which include lawn irrigation and landscaping Exterior lighting and security Garbage collection and disposal Fire alarm monitoring	<i>These services were for the Watertower facility.</i>  Health Department regulations required that MCCDI provide additional water because the fountain at Hurst did not provide sufficient water for the number of students. Therefore additional service was provided by MCCDI via Aqua Springs Water Company.



**Management's Response**  
**Founder of My Choice Academy Charter School**

Pest control	
Window cleaning	

Vehicles and Personnel Services to MCA Could Not Be Substantiated. See explanation above.

Food Delivery Service – Our agreement was initially set up for Lake Park Elementary to provide these services. However, once the temporary location was set, Lincoln became the pickup site. Mr. Jordan was the designated person to pick up meals daily. If Mr. Jordan was not available, another MCCDI staff person would pick up the meals using MCCDI's transportation and gasoline paid for by MCCDI.

Hurst Provided Furniture For MCA Operations. See explanation above.

MCA and MCCDI moved out of Hurst (furnishings) by January 5<sup>th</sup>. If the District visited the Hurst Chapel facility after that time, the office space was already leased out to Jim Brown and one of the classrooms already returned to the church' staff.

The church never had a recreation program other than the hall used for various programs, i.e., banquets, auditorium, basketball games and large meetings.

No Evidence that MCCDI Provided Utility Service & General Maintenance to MCA. See explanation above.

c) **MCCDI Subleased Hurst's Premises to MCA without Hurst's Consent.** This statement doesn't make sense even in your own words; either MCA had a lease agreement with Hurst or it didn't. It truly can't be both ways. For someone to state that they were unaware that the school was operating in the same space is ridiculous. **The Lessor's prior** written consent is in fact the lease agreement for an additional \$1500 per week.

3. **SECOND LEASE AGREEMENT BETWEEN MCA AND HURST**

a) **School District Not Aware of the Lease Agreement.** This is untrue, (Pam McCoy and Jeannette Merced) staff from the Charter office visited the school prior to August 20<sup>th</sup> and Junaita Edwards visited the first day of school. How would they have known where the students were housed? The lease, fire and health inspections were all forwarded to the Charter office on August 17<sup>th</sup> to the attention of Pam McCoy.

b) **MCCDI paid \$27,600 to Hurst on behalf of MCA for MCA's Lease Agreement with Hurst.** This is another indication of misinformation as there were invoices submitted and paid on behalf of MCA. As stated the rationale for MCCDI making the payments on MCA's behalf is in agreement with the original lease with MCCDI, since this was a temporary site.

**Management's Response**  
***Founder of My Choice Academy Charter School***

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Yes, MCCDI checks to Hurst contained two signatures; one the executive director and the program director. Once the school was to reopen in 2013, the MCA board chose Alexis Hunter to serve in the Office Management capacity to meet the training needs of the school. Ms. Hunter is well qualified and filled the needs of MCA as required by the Board. MCCDI at that time was temporarily closed and Ms. Hunter had no signing privileges for MCA and was most familiar with the contract as she was instrumental in writing components of the application.

4. OTHERS

a) **A \$60,000 Loan Agreement between MCA and MCCDI.**

No, MCA did not repay the full amount loaned by MCCDI. Once it was determined that the Watertown facility would be delayed further, MCCDI did not request repayment. The Nonprofit staff responsible for MCA's bookkeeping became ill and someone else provided data entry; once the error was noticed, the corrections were made.

b) **MCA Charter School Check Payments Issued without Dual Signatures.** Charter Section IV. Financial Accountability, G (3) Disbursement Authorization, states as follows:

Section V. Financials of MCA's Policy and Procedure Manual requires two signatures on all organizational checks over \$2500.

Yes, there were numerous checks issued with only one signature when there should have been two. Initially the principal and chairman were the signers on the account. Once the principal resigned, it left only the one signer.

**Management's Response**  
**Founder of My Choice Academy Charter School**

***My Choice Community Development, Inc.***

**Executive Summary**

In his book *Children in Jeopardy: Can We Break the Cycle*, Irving B. Harris discusses ways in which the cycle of poverty can be broken when helping children. He emphasizes the importance of starting early and teaching children the significance of education at a very young age while making sure these children have access to the same educational opportunities as those who do not live in poverty. Harris also discusses the importance of discouraging teenage pregnancy and finding ways to decrease this phenomenon; so that all births are planned and wanted and thus children will have a better chance at breaking the cycle of poverty.

The Harlem Children's Zone is working to end generational poverty within a 100-block section of Harlem using an approach that provides educational support and services for children and their families from birth through college. This approach has been recognized as a model by the Obamaadministration's anti-poverty program.

My Choice Community Development, Inc. (MCCD)) is focused on expanding and enhancing this community education model and its proven results in the communities of Lake Park, Riviera Beachand beyond.

MCCD'splan is to construct a state of the art community facility that will provide educational and workresources and opportunities through a Public Charter School, a proven after-school program, comprehensive family support services and an alternative energy jobs work program for the underserved families living in Lake Park, Riviera Beach and the surrounding communities of Palm Beach County, Florida.

The MCCD complex of four acres is designed to meet the "Gold LEED" Certification of the U.S. Green Building Council and will represent only one of 20 Certified Green Schools in the State of Florida. The finished complex of over 53,000square feet will be constructed in less than 1 year. Currently, there are only 275 certified green schools registered in the country and very few are located in an improvised area similar to the proposed site in Lake Park, Florida.

The MCCD center is the first phase of a\$20,000,000.00economic development program that has been developed for the target site and surrounding communities that is focused on education, job creation, environmentally friendly housing and alternative energy jobs. The overall economic development plan has been created to leverage the needs of the community and the resources and priorities of the County, State and the Federal Government. The plan calls for a community green retrofitting venture. The Economic development program will create 750 new jobs of which 400 will be long term jobs.

**Mission:** To create a comprehensive educational environment that will generate opportunities for underserved families to achieve self-worth, by instilling, values, integrity and education that will enrich the child, the family, and the community.

The Community Learning Outreach Center, LLC is a subsidiary of MCCD with a vision to: "plan, design, build and manage the community center. The facility will provide a comprehensive educational environment and work opportunities to underserved residents of Lake Park, Riviera

P. O. Box 9786 Riviera Beach, Florida 33419

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INSPECTOR GENERAL

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**Management's Response**  
**Founder of My Choice Academy Charter School**

***My Choice Community Development, Inc.***

Beach and surrounding communities.

Its purpose is to create a low cost, high quality, environmentally friendly sustainable facility that will offer superior educational, housing and economic (jobs) resources and opportunities to the community. MCCD projects that it can deliver a completed "Gold Leeds Certified Facility" in less than 12 months, 50% faster than traditional facilities and with a total cost of ownership 40% less than similar, non-Leeds certified facilities, constructed recently in Broward and Palm Beach counties.

The construction of the facility will be accomplished by leveraging the founder's experience and expertise in construction projects, utilizing Government and State Energy grants, New Market tax credits, private investments, SBA 504 loans and educational grants.

**Objectives:** CLOC, LLC's initial objective is to construct and manage the MCCD facility that will house a charter school, after-school programs and provide support to other non-profit community based organizations. Under this umbrella, MCCD will also provide customized green job training programs to both private and public sector clients, creating skilled paying jobs in the community.

**Targeted Market:** MCCD will be centrally located to serve Riviera Beach, and Lake Park which is plagued with a variety of problems, the most crippling of which are physical blight, social decay and economic distress. The City of Riviera Beach/Lake Park where the center will be constructed, is made up of 68% Blacks, 29% White, and 2.6% Hispanics. An estimated 22.6% of the residents are below the poverty level compared to 11.9% for Palm County. The unemployment rate in these two communities is 12.10 % (U.S. avg. is 9.6%). Recent job growth is negative. Riviera Beach jobs have decreased by 5.18 % in 2010.

Department of Law Enforcement, Palm Beach County had the ninth highest crime rate among the State's 67 counties in 2003. Within the County, the City of Riviera Beach ranked number one with 10 murders, 23 rapes, and 233 robberies. These rates were reported despite of an overall decrease in crime rates throughout Palm Beach County in 2003.

In addition to the threat to resident's quality of life, these conditions also underscore the need for quality educational programs for school-aged youth living in the target area. A significant number of these children are below grade levels in core subjects, return to empty homes after school each day and do not live in safe communities. Parents, who work outside the home are worried about their children's safety, their susceptibility to drugs, crime, and other risky behaviors on a daily bases.

In short, quality educational programs can fill the needs of families, youth, and communities. This includes learning environments, adult supervision and healthy alternatives and insulation from risk-taking and delinquent behavior. In response to this pressing concern, My Choice Community Development, Inc. will expand its after-school component to offer more comprehensive academic support to children grades Pre K-8<sup>th</sup> and their families.

**Competitive Advantage:** MCCD's competitive advantage is our holistic approach to meeting the needs of the entire family. With a proven record of serving this target area MCCD will provide a quality learning environment grades Pre-K-8<sup>th</sup>, after school opportunities for children and youth ages 4-13 year old. Through its subsidiary an alternative energy jobs program will be conducted while making an impact on the educational and economic services in the community.

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**Management's Response**  
**Founder of My Choice Academy Charter School**

***My Choice Community Development, Inc.***

This will be a public (Gold LEED Certified) community center that will house a charter school and after-school program. The competition is limited because few schools provide quality educational services before and after school to both the children and the parents seamlessly.

The community lacks quality sufficient educational facilities that meet local and state requirements regarding codes and regulations. According to School Digger, Riviera Beach is ranked 322 out of 380 Florida School districts and Lake Park ranks 375 of 380. M CCD's state of the art Gold LEED facility will provide a quality educational environment for grades K-8<sup>th</sup> and before and after school programming. The center will also provide adult educational and alternative energy job training opportunities. These extensive and comprehensive programs will guarantee a minimum of 95% facility utilization after the first year. There are no other facilities in the community offering the depth and breadth of services offered by M CCD.

**CLOC's Credentials:** The developer and manager of the community center is Vincent Kendrick, Sr. He has an excellent history of developing joint partnerships with Governments/Private Sector and Government/School Boards, to build quality capital projects. Mr. Kendrick has developed and managed capital projects totaling over \$40 million and has secured grants and bonds totaling over \$20 million.

In addition Mr. Kendrick has assembled a proven pre-construction team to insure the project will be built on time and under budget. This team is headed by Steve Yohe, Director of Engineering, Stonehenge Capital, Natural Capital Group, International Renewable Energy Distribution and Jim Brown of Med-Consulting Group. The combination of a proven owner developer and a seasoned team of experts with knowledge and expertise will insure an on time delivery of the project.

**Sources of Revenue:** The revenue to support the operational expense of the facility will be secured by three major anchor tenants:

- My Choice Community Development (M CCD) established in 2003, non-profit 501C that currently provides after school services to over 120 children in a size limited facility. M CCD currently has an extensive waiting list and with the new facility expects to provide services to 250 students.
- My Choice Academy, a public PreK-8 charter school that is projected to have 216 students in its first year of operation with a capacity of 450 students.
- My Choice Academy Pre K program that is projected to have 36 students in its first year of operations
- Adult and Community Services Programs that is projected to attract 5 additional community based nonprofit organizations that is projected to provide education and job services and programs to 100 families in the its first year of operation.

The contribution of each Tenant will be detailed in the attached financial plan.

*Startup Funding and use of Funds: Mr. Kendrick has invested \$300,000 dollars into the initial Start-up of the building project and has submitted financing applications for tax-exempt bonds for the land acquisition, construction of the M CCD facility and economic community impact.*

P. O. Box 9786 Riviera Beach, Florida 33419

**Management's Response**  
**Founder of My Choice Academy Charter School**

***My Choice Community Development, Inc.***

*MCCD will accumulate a projected \$2,900,000.00 in tax and energy credits the first year through the Federal stimulus programs.*

Facility Expenses	Projected Cost	Status	Funding Breakdown	Amount	Status
Land Cost	\$1,100,000	Under Contract	New Market Tax Credits	\$ 2,675,757	Project Qualifies
Soft Cost/site development	\$1,898,854	30% Complete	Solar Tax Credit/PPA financing	\$ 900,000	Project Qualifies
A&B Hard cost /vertical construction	\$5,788,872	Design phase/site plan submitted review	Investment	\$ 300,000	Invested
Contingency	\$ 175,610	% cost over-runs/misc	Tax-free Bonds	\$ 11,000,000	Commitment
Program Management	\$ 263,415	% of total project	Grants/Donations/rebates	\$ 1,000,000	On-going
<b>Total</b>	<b>\$9,226,751</b>		<b>Total</b>	<b>\$15,875,757</b>	

P. O. Box 9786 Riviera Beach, Florida 33419

**Management's Response**  
**School District's Department of Charter Schools**



THE SCHOOL DISTRICT OF  
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JAMES T. PEGG  
Director

JOSEPH M. LEE, Ed.D.  
Assistant Superintendent

**MEMORANDUM**

**TO:** Lung Chiu  
Inspector General

**FROM:** James Pegg, Director  
Department of Charter Schools

**DATE:** March 18, 2015

**SUBJECT:** Special Review of My Choice Academy, Inc. Charter School

**RECEIVED**  
MAR 18 2015  
INSPECTOR GENERAL

The Special Review of My Choice Academy, Inc. Charter School (MCA) has been received and reviewed by the Director of the Department of Charter Schools.

The response for the management of MCA provides some explanation of staff members of the Department of Charter Schools having some previous knowledge of lease agreements that MCA had entered into with other parties. Since those staff members of the Department of Charter Schools named in the management of MCA's explanation are no longer employed with the School District of Palm Beach County and left no records regarding this knowledge of the lease agreements accessible to the current Director and staff, this department has no basis for agreeing with or contesting this specific explanation made by the management of MCA.

This Director is in agreement with the content of the Special Review and sees no further need to provide additional comments or information for the Special Review other than to the specific explanation made by the management of MCA noted above.

Please contact me at PX 47460 or via email at [jim.pegg@palmbeachschools.org](mailto:jim.pegg@palmbeachschools.org) should you have need for further information regarding this Special Review.

C: Joseph M. Lee, Assistant Superintendent Educational Alternatives & Interventions

*M*

**Management's Response**  
*School District's Chief Operating Officer*



**THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FL**

**MICHAEL J. BURKE**  
CHIEF OPERATING OFFICER

**E. WAYNE GENT**  
SUPERINTENDENT

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**MEMORANDUM**

**TO:** Lung Chiu  
Inspector General

**FROM:** Michael J. Burke *MJB*  
Chief Operating Officer

**DATE:** March 13, 2015

**SUBJECT: SPECIAL REVIEW OF MY CHOICE ACADEMY, INC. CHARTER SCHOOL**

**RECEIVED**  
MAR 13 2015  
INSPECTOR GENERAL

I have reviewed your report on the Special Review of My Choice Academy, Inc. Charter School and agree with your conclusions. Since I agree with your conclusions, there is no need to rebut any specific responses provided by the charter school. An electronic version of my response will also be emailed to your attention.

If you should have any questions or require additional information, please do not hesitate to contact me at PX48584.

MJB/ac