

# EXHIBIT A

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Berkeley Unified School District

2020 Bonar Street, Berkeley, CA 94702  
(510) 644-8593 Fax: (510) 644-8885  
www.berkeleyschools.net  
paulinefollansbee@berkeley.net

February 2, 2018

**VIA ELECTRONIC MAIL** -- victor@realmcharterschool.org  
Victor Diaz, Executive Director  
REALM Charter School  
1222 University Ave, Berkeley, CA 94702

Dear Mr. Diaz:

This document constitutes a Notice of Violation ("NOV") issued by the Berkeley Unified School District (the "District") to REALM Middle School ("Charter School") under Education Code § 47607(d). Staff is presenting the NOV to the Board at the February 7, 2017 board meeting, with the recommendation that the Board approve the NOV.

**I. LEGAL BASIS FOR ACTION**

**A. Purpose of Notice of Violation**

As is noted in more detail below, the purpose of the NOV is to commence a process under which the District sets forth findings in support of the NOV, as well as a remedy period. At the end of the remedy period, Charter School shall respond in writing to the findings in the NOV, and identify measures taken to remedy the violations set forth therein. At that time, the District will assess Charter School's response and remedies and will determine whether to pursue revocation of the Charter School's charter through issuance of a Notice of Intent to Revoke.

**B. Education Code Provisions**

The revocation of a charter is governed by Education Code § 47607. Education Code § 47607(c) sets forth the grounds for revocation:

A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following:

- (1) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter;

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- (2) Failed to meet or pursue any of the pupil outcomes identified in the charter;
- (3) Failed to meet generally-accepted accounting principles, or engaged in fiscal mismanagement; or
- (4) Violated any provision of law.

The charter-authorizing agency precedes revocation with a Notice of Violation and a reasonable opportunity to remedy the violation under Education Code § 47607(d):

Prior to revocation, the authority that granted the charter shall notify the charter public school of any violation of this section and give the school a reasonable opportunity to remedy the violation, unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils.

Prior to revocation, the charter-authorizing agency provides the charter school with a Notice of Intent to Revoke, and conducts a public hearing on the potential revocation (Education Code § 47607(e)):

Prior to revoking a charter for failure to remedy a violation pursuant to subdivision (d), and after expiration of the school's reasonable opportunity to remedy, without successfully remedying the violation, the chartering authority shall provide a written notice of intent to revoke and notice of facts in support of revocation to the charter school. No later than 30 days after providing the notice of intent to revoke a charter, the chartering authority shall hold a public hearing, in the normal course of business, on the issue of whether evidence exists to revoke the charter. No later than 30 days after the public hearing, the chartering authority shall issue a final decision to revoke or decline to revoke the charter, unless the chartering authority and the charter school agree to extend the issuance of the decision by an additional 30 days. The chartering authority shall not revoke a charter, unless it makes written factual findings supported by substantial evidence, specific to the charter school, that support its findings.

The charter school may appeal the revocation to the County Board. (Education Code § 47607(f)(1).)

### **C. California Code of Regulations**

Cal. Admin. Code tit. 5, § 11968.5.2, sets forth additional procedures for a school district's revocation of a charter. Subsection (a) of the regulation provides the charter school 72 hours' notice before the board considers issuing a Notice of Violation:

At least 72 hours prior to any board meeting in which a chartering authority will consider issuing a Notice of Violation, the chartering authority shall

provide the charter school with notice and all relevant documents related to the proposed action.

Subsection (c) describes the charter school's obligations once a Notice of Violation is served:

Upon receipt of a Notice of Violation, the charter school's governing body as described in the school's charter, if it chooses to respond, shall take the following actions:

- (1) Submit to the chartering authority a detailed, written response addressing each identified violation which shall include the refutation, remedial action taken, or proposed remedial action by the charter school specific to each alleged violation. The written response shall be due by the end of the Remedy Period identified in the Notice of Violation.
- (2) Attach to its written response supporting evidence of the refutation, remedial action, or proposed remedial action, if any, including written reports, statements, and other appropriate documentation.

Once the charter school responds to the Notice of Violation, the District will determine whether to proceed with the revocation process. As set forth in Cal. Admin. Code tit. 5, § 11968.5.2, sections (d) and (e):

- (d) After conclusion of the reasonable opportunity to remedy, the chartering authority shall evaluate the response of the charter school's governing body as described in the school's charter response to the Notice of Violation and any supporting evidence, if submitted, and shall take one of the following actions:
  - (1) If the chartering authority has substantial evidence that the charter school has failed to refute, to the chartering authority's satisfaction, or remedy a violation identified in the Notice of Violation, the district shall continue revocation of the school's charter by issuing a Notice of Intent to Revoke to the charter school's governing body as described in the school's charter; or
  - (2) Discontinue revocation of the school's charter and provide timely written notice of such action to the charter school's governing body as described in the school's charter.
- (e) If the chartering authority does not act, as specified in subdivision (d), within 60 calendar days of the conclusion of the Remedy Period



specified in the Notice of Violation, the revocation process is terminated and the Notice of Violation is void.

If the District proceeds to issue a Notice of Intent to Revoke, the Board will hold a public hearing no later than 30 days thereafter, and take action on a Final Decision in open session within 30 days of the public hearing:

On the date and time specified in the Notice of Intent to Revoke, the chartering authority shall hold a public hearing concerning revocation. No more than 30 calendar days after the public hearing (or 60 calendar days by written mutual agreement with the charter school), the chartering authority shall issue a Final Decision.

The charter school must file any appeal to the County Board within 30 days of Board action. (Cal. Admin. Code tit. 5, § 11968.5.4(a).)

## **II. BACKGROUND**

Budgeted projections at 2017-18 First Interim indicate the REALM Middle School will have a surplus for 2017-18. However, the surplus will not negate the projected negative ending fund balances for 2017-18 and the subsequent two years.

In addition, despite projected surpluses at the 2017-18 First Interim reporting period, the District remains concerned about the fiscal health of the Charter School and commitments made during the renewal process in 2015, have not materialized.

### **A. December 9, 2015 Renewal Staff Report:**

In the Staff Report evaluating the petition to renew the Charter School, issued in connection with the Board's December 9, 2015 renewal action, the District noted that the Charter School's unaudited actuals for 2014-2015 showed that the Charter School was deficit spending in the sum of \$760,000, and maintaining a negative fund balance of \$849,000. The Staff Report also noted that the Charter School adopted budget for 2015-2016 did not call for sufficient ongoing reductions in expenditures to sufficiently address its negative fund balance. (Exhibit A, p. 20.)

Although the Board voted to renew the Charter School on December 9, 2015, it did so with significant fiscal conditions upon the Charter School, including the following:

- Resubmission of multi-year projections for the Charter School.
- Reductions in expenditures in excess of \$673,000 to reduce the Charter School's deficit spending and negative fund balance.
- Submission of monthly budgets to the District, including updates and cash flow, until resolution of the negative fund balance and a 3% reserved was achieved.

- Response to District concerns and request for information expressed in prior fiscal oversight letters.
- No further advances on the payment of REALM's in lieu property taxes under Education Code section 47635. (See, Exhibit A, p. 25.)

**B. January 26, 2017 Notice of Violation:**

REALM's fiscal mismanagement, however, continued, even after the Board renewed the Charter School with conditions to remedy its fiscal mismanagement. The Charter School's continued fiscal problems led the Board to approve a Notice of Violation against it on January 26, 2017. The Notice of Violation was based upon the Charter School's negative fund balance of \$1,146,107, as shown in the 2015-2016 audit report, and failure to reduce expenditures sufficient to eliminate deficit spending. (Exhibit B, p. 11.)

The Notice of Violation directed the Charter School to provide the following information in response:

- An explanation of why the ending balance for 2015-16 did not meet the projected ending fund balance included in the petition for renewal.
- An explanation of the budget to actual variance for fiscal year 2015-2016.
- A demonstration of how the Charter School reached its LCFF calculations for the unaudited actuals, including actual ADA numbers.
- Proof of subsequent receipts of all receivables, by providing the District with the dates, reference numbers and amounts of subsequent receipts.
- A schedule to support Long Term Liabilities totaling \$1.9 million, so the District can ascertain the validity of the amount reported.
- Any additional information on why it engaged in deficit spending as shown in its First Interim Report for Fiscal Year 2016-2017.
- The LCFF calculations for the First Interim Report for Fiscal Year 2016-2017, and which should be submitted with each interim report. (Exhibit B, pp. 16.)

By the end of the remedy period provided in the January 26, 2017 Notice of Violation, the Charter School had failed to cure the fiscal mismanagement set forth in the Notice. Specifically, as noted in the District's August 31, 2017 memorandum to the Charter School:

Based on the projections included in the petition renewal, REALM Middle School projected a surplus of \$70,000 but ended up deficit spending in

2016-17 by \$(174,000). Their fund balance dropped from a negative \$(1,165,000) to a negative \$(1,320,000). This is certainly the definition of fiscal insolvency. (Exhibit C, p. 2.)

The District's August 31, 2017 memorandum to the Charter School concluded it had not "achieved a balanced budget by June 30, 2017" and that "violations still exist and fiscal solvency has not been achieved. (Exhibit C, p. 3.)

### **III. VIOLATIONS GIVING RISE TO THIS NOTICE**

#### **A. Failure to Follow Generally Accepted Accounting Principles and Fiscal Mismanagement (Education Code section 47607(c)(1)(C)) Violation of Terms of the Charter (Education Code section 47607(c)(1)(A))**

The District's oversight responsibility includes monitoring the fiscal condition of the Charter School through review of legally-required financial reports, including the Charter School's adopted budget, interim budget reports and unaudited and audited financial statements.

The Charter School is obligated under the law to avoid fiscal mismanagement and use Generally Accepted Accounting Principles. (Education Code section 47607(c)(1)(C).) Appendix I of the REALM Middle School Charter requires the Charter School to maintain fiscal solvency and a positive ending fund balance, as do conditions of the Board's December 9, 2015 renewal of the charter. (Exhibits A, D)

In accordance with Education Code Section 47604.33, the District reviewed and evaluated the Unaudited Actuals for Fiscal Year 2016-2017 for REALM Middle School in an October 20, 2017 letter to REALM. (Exhibit E.)

#### **B.**

##### **REALM Middle School:**

##### **1. Fiscal Year 2016-2017: Unaudited Actuals**

The District's October 20, 2017 written evaluation concluded that "the middle school charter continues to show an insolvent fiscal position. A review of the Unaudited Actuals for 2016-17 indicates that revenues were \$2.7M and expenditures were \$3.1M, reflecting a deficit of \$(374K), leaving a negative ending fund balance of \$(1,520,000)." (Exhibit E, p. 3.) The District also found that "based on the projections included in the charter petition renewal for the combined unrestricted and restricted general fund, REALM projected a surplus of \$301K for 2016-17 when in fact they ended up deficit spending by \$(374K),

down from the 2016-17 Estimated Actuals submitted with the Adopted Budget in June of \$(174K). In effect, REALM Middle missed the projection by \$(675K)." (Exhibit E. p. 3.) Therefore, the District concluded, "the charter school has not met the conditions of the charter petition renewal by making additional reductions that would balance the negative balance by the end of 2016-17." (Exhibit E, p. 3)

The District concluded that the Charter School took none of the steps identified in its 2015-2016 audited financial statements to continue as an ongoing concern, including:

- "Staffing cuts during 2016-17 to balance the budget and establish a 3% reserve [did not occur]
- Submitting monthly financial budgets to the District to maintain a correct and accurate course of action [did not occur]
- Apply for, and receive, additional multi-year grants. [no evidence this occurred]" (Exhibit E p. 4.)

Also, the budget for the Charter School depended upon \$388,785 of borrowed cash during the month of June 2017 used to prop up its cash balance, and also depended upon selling receivables as a way of generating cash. (Exhibit E., p. 5.) As has been noted above, the Charter School had significant consolidated (*i.e.*, shared jointly between REALM High School and REALM Middle School) accounts payable of \$734K, 80% of which (approximately \$589K) were overdue. The Charter School's unaudited actuals also do not reflect payment to the District of \$136,765 for maintenance and services, so the amount of accounts payable is in fact much higher. The District also received notice of nonpayment by the Charter School from a number of local vendors, and the County of Alameda will cease providing counseling services due to non-payment of bills by the Charter School over the past two years. REALM High School and REALM Middle School also jointly hold balances of \$161,339, \$60,000 and \$1,836,446 on two notes payable, a balance of \$1,836,446 of factored receivables, as well as a \$97,103 balance on a line of credit with Wells Fargo Bank. (Exhibit E, p. 5.)

The District also had concerns regarding the accuracy of the Charter School's 2017-2018 adopted budget. For example, the budgeted deficit as of the 2016-17 Second Interim report was \$(149K), whereas the actual deficit was \$225K larger, a total of \$(374K), once the books were closed. (Exhibit E, p 4.)

## **2. Fiscal Year 2017-2018: Adopted Budget**

Even though the 2017-2018 adopted budget for the Charter School projected an operating surplus of \$309K, it still contained a negative ending fund balance of \$1M. (Exhibit E, p. 1.) The Charter School had projected an operating surplus for Fiscal Year 2016-2017 as well, and ended up deficit spending by \$(374K), missing its projection by \$(675K). (Exhibit E, p. 2.) In sum, the District found the following:

- “2016-17 estimated deficit spending of \$(174,000)
- June 30, 2017 estimated ending balance of \$(1,320,000)
- In the MYP, LCFF revenues increased 29% and 13% in the two out years, in an environment of declining enrollment and small levels of gap funding and COLAs. There is no documentation provided to explain these huge increases in LCFF funding.
- Ending fund balances in 2017-18 of (1,010,000) and in 2018-19 of \$(566,000) show improvement with no explanation regarding the turn-around related to the large surpluses that are shown each year.” (Exhibit E, p. 2.)

The Charter School's adopted budget for 2017-2018 projected a drop in salaries/benefits in the sum of \$482K, and an unexplained drop in rents, leases and professional fees in the sum of \$348K. However, there is no detailed explanation for significant decrease in expenditures, and, even with the decrease, the budget still projects a negative ending fund balance. (Exhibit E. p. 2.)

All of the findings contained in the District's October 20, 2017 written fiscal evaluation sent to REALM, and contained in Exhibit E, are incorporated by reference as if set forth explicitly herein.

### **3. Fiscal Year 2017-2018: First Interim Report**

The District issued a written evaluation of REALM Middle School's First Interim Report on December 19, 2017. (Exhibit F.) The District noted that the Charter School's First Interim Report projected a negative ending fund balance of \$1.25 million. (Exhibit F., p. 1.). The District noted, “the charter school has not met the conditions of the charter petition renewal by making additional reductions that would balance the negative balance by the end of 2016-17. In fact, their multi-year projection fails to eliminate the negative fund balance by June 2020.” (Exhibit F. p. 1.) The June 30, 2017 audit report stated that “the Schools experienced an operating deficit, cash flow difficulties, and did not have adequate cash reserves or accounts receivable to meet its current obligations without obtaining additional financing or funding. The Schools increased the deficit for the year ended June 30, 2017 and required substantial financing to meet its current obligations. These factors cause substantial doubt about the Schools' ability to continue as a going concern.” (Exhibit F, p. 2.)

The District's December 19, 2017 evaluation noted that “there are concerns as to the accuracy of the submitted budget for 2017-18 as well as the ability of the School to stay within budget.” (Exhibit F, p. 3.) While it is encouraging that the first interim report reflects a surplus for the year, the Charter has a history of ending the year in a worse financial position than projected in the interim reports. Last year, the Charter projected ending with a \$301K surplus, yet ended the year with a \$(374K) deficit.

As of first interim, revenues were lower than the adopted budget by \$67K due to lower-than-projected enrollment. (Exhibit F, p. 3.) Projected expenditures were increased over

adopted budget, but most significantly, almost \$200K of Restricted expenditures were reclassified as Unrestricted, materially reducing the unrestricted projected surplus. Although the Charter School is projecting a surplus for the year, the ending fund balance is still negative. (Exhibit F, p. 3.) Due to decreased revenue and increased expenditure, plus a drop in the beginning fund balance once the books were closed, the projected ending fund balance as of first interim was lower by \$435K than that projected in the adopted budget. (Exhibit F, p. 3-4.)

REALM Middle School projects enrollment growth of 60 next year, and 25 in the following year, even though it has declined in enrollment by 125 students in the past 3 years. (Exhibit F, p. 4.) If this projected growth does not materialize, LCFF revenues could be overstated by \$1.2 million in the MYP. (Exhibit F, p. 4.)

The District's December 19, 2017 evaluation noted that actual cash balance was \$157K, as opposed to the \$305K projected in the adopted budget. (Exhibit F, p. 5.) REALM Middle School also continues to rely upon selling receivables, as well as maintaining significant accounts payable, notes payable and a line of credit. (Exhibit F, p. 6.) The district also noted that the Charter School's 2017-18 first interim report shows a negative ending fund balance for fiscal years ending 2018 and 2019. (Exhibit F, p. 6.)

#### **4. Summary**

The District continues to have serious concerns about the fiscal health of REALM Middle School and its ability to meet financial obligations and continue as a going concern. The Charter School has also not met the conditions of the charter petition renewal by making additional reductions that would balance the negative ending balance by the end of fiscal year 2017-18 and the Charter School has not provided monthly budget and cash flow reports. The District acknowledges that the projected surplus in REALM's 2017-18 First Interim is a step in the right direction toward financial recovery. However, the projected negative ending fund balance for 2017-18 and subsequent two years concerns the District.

In addition, if projected growth does not materialize, revenues could be overstated by \$1.2 million in the Multi Year Projections.

#### **IV. REMEDIES TO BE TAKEN BY REALM**

The District provides the Charter School with a **remedy period ending April 11, 2018** in which to provide a written response to this Notice of Violation. In their written response, the Charter School must address the violations addressed herein and identify remedial steps in all of the areas raised in the Notice of Violation, including but not limited to responses to the following directives made to REALM Middle School:

- Submission of all financial reports required by law, including but not limited to those listed in Education Code section § 47604.33, showing that the Charter School, during the current and future fiscal years, will ensure that revenues exceed expenditures, that the Charter School will finish the Fiscal Years with a positive fund balance, and that Charter School will avoid deficit spending.
- Demonstrate that the Charter School has made the cuts necessary to reduce ongoing expenditures on a multi-year basis.
- Demonstrate that the Charter School will be able to achieve fiscal solvency such that they no longer need to rely upon selling their receivables.
- Demonstrate that the Charter School will have paid off all promissory notes, lines of credits, and all other means of financing and financial obligations by the end of the current Fiscal Year. The District will also take into consideration significant gains to achieving these goals.
- Provide an adopted budget for Fiscal Year 2018-2019, as well as financial plans and cash flow for the following three (3) fiscal years, demonstrating positive ending fund balances, the absence of deficit spending, and realistic and supported cuts in expenditures, ADA and attendance levels, and revenue sources. The District will also take into consideration significant gains to achieving these goals.

Please take notice that the District reserves the right to pursue revocation if the Charter School fails to remedy any or all of the violations listed above. Therefore, the District intends to issue a Notice of Intent to Revoke in the event that the Charter School fails to remedy any or all of the violations set forth in this notice.

Under Cal. Admin. Code tit. 5, §11968.5.2(c) and (d), the District will evaluate the Charter School's written response to this Notice of Violation, and, in light of Charter School's identified remedial measures, will consider whether to proceed with the revocation of the Charter School's charter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Donald Evans", with a stylized flourish at the end.

Donald Evans Ed.D.  
Superintendent  
Berkeley Unified School District

# EXHIBIT A

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----- Forwarded message -----

From: **Steve Giguere** <[sgiguere@acoe.org](mailto:sgiguere@acoe.org)>

Date: Thu, Jan 31, 2019 at 8:50 AM

Subject: RE: PROBLEM RE: 112-RLM\_ Total Due For DEC 2018 STRS (and Nov 2018 STRS Deposit)

To: Brenda Olson <[bolson@csmci.com](mailto:bolson@csmci.com)>, Kweli Sessions <[ksessions@acoe.org](mailto:ksessions@acoe.org)>, Brenda Seidman <[bseidman@csmci.com](mailto:bseidman@csmci.com)>, Lorrina Thorp <[lthorp@csmci.com](mailto:lthorp@csmci.com)>, Patricia Robinson <[probinson@csmci.com](mailto:probinson@csmci.com)>, Eva Padilla <[epadilla@realmcharterschool.org](mailto:epadilla@realmcharterschool.org)>, Victor Diaz <[victor@realmcharterschool.org](mailto:victor@realmcharterschool.org)>

Cc: [nicolecaldwell@berkeley.net](mailto:nicolecaldwell@berkeley.net) <[nicolecaldwell@berkeley.net](mailto:nicolecaldwell@berkeley.net)>, Pauline Follansbee-External <[paulinefollansbee@berkeley.net](mailto:paulinefollansbee@berkeley.net)>, Kayla Tocco <[ktocco@csmci.com](mailto:ktocco@csmci.com)>, Adrienne Barnes <[abarnes@csmci.com](mailto:abarnes@csmci.com)>, Cynthia Jenkins <[cjenkins@acoe.org](mailto:cjenkins@acoe.org)>

Hello All,

Checking in to see if there has been any update on when we our office will receive payment for the November & December files.

November - \$43,855.23

December - \$44,267.37

BUSD000013

Thanks,

Steve

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**From:** Steve Giguere  
**Sent:** Tuesday, January 22, 2019 8:09 AM  
**To:** 'Brenda Olson' <[bolson@csmci.com](mailto:bolson@csmci.com)>; Kweli Sessions <[ksessions@acoe.org](mailto:ksessions@acoe.org)>; Brenda Seidman <[bseidman@csmci.com](mailto:bseidman@csmci.com)>; Lorrina Thorp <[lthorp@csmci.com](mailto:lthorp@csmci.com)>; Patricia Robinson <[probinson@csmci.com](mailto:probinson@csmci.com)>; Eva Padilla <[epadilla@realmcharterschool.org](mailto:epadilla@realmcharterschool.org)>; Victor Diaz <[victor@realmcharterschool.org](mailto:victor@realmcharterschool.org)>  
**Cc:** [nicolecaldwell@berkeley.net](mailto:nicolecaldwell@berkeley.net); Pauline Follansbee-External <[paolinefollansbee@berkeley.net](mailto:paolinefollansbee@berkeley.net)>; Kayla Tocco <[ktocco@csmci.com](mailto:ktocco@csmci.com)>; Adrienne Barnes <[abarnes@csmci.com](mailto:abarnes@csmci.com)>  
**Subject:** RE: PROBLEM RE: 112-RLM\_ Total Due For DEC 2018 STRS (and Nov 2018 STRS Deposit)

If we end up pulling the December report, we will have to escalate the matter to our executive management. I know it's out of our hands, but we have to let our executive staff know what is going on.

Thanks,

Steve

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**From:** Brenda Olson <[bolson@csmci.com](mailto:bolson@csmci.com)>  
**Sent:** Tuesday, January 22, 2019 8:05 AM  
**To:** Steve Giguere <[sgiguere@acoe.org](mailto:sgiguere@acoe.org)>; Kweli Sessions <[ksessions@acoe.org](mailto:ksessions@acoe.org)>; Brenda Seidman <[bseidman@csmci.com](mailto:bseidman@csmci.com)>; Lorrina Thorp <[lthorp@csmci.com](mailto:lthorp@csmci.com)>; Patricia Robinson <[probinson@csmci.com](mailto:probinson@csmci.com)>; Eva Padilla <[epadilla@realmcharterschool.org](mailto:epadilla@realmcharterschool.org)>; Victor Diaz <[victor@realmcharterschool.org](mailto:victor@realmcharterschool.org)>  
**Cc:** [nicolecaldwell@berkeley.net](mailto:nicolecaldwell@berkeley.net); Pauline Follansbee-External <[paolinefollansbee@berkeley.net](mailto:paolinefollansbee@berkeley.net)>; Kayla Tocco <[ktocco@csmci.com](mailto:ktocco@csmci.com)>; Adrienne Barnes <[abarnes@csmci.com](mailto:abarnes@csmci.com)>  
**Subject:** RE: PROBLEM RE: 112-RLM\_ Total Due For DEC 2018 STRS (and Nov 2018 STRS Deposit)

Hi Steve:

BUSD000014

I have not been directed to make either November or December STRs payments yet.

Thank you,

Brenda Olson, Senior Account Manager

CSMC, Inc.

43460 Ridge Park Drive # 100

Temecula, CA 92590

951-694-3050 x 225

951-257-7471 Fax

*Note: CSMC Offices will be closed on Monday, January 21<sup>st</sup> for the holiday.*

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**From:** Steve Giguere <[sgiguere@acoe.org](mailto:sgiguere@acoe.org)>

**Sent:** Tuesday, January 22, 2019 8:04 AM

**To:** Brenda Olson <[bolson@csmci.com](mailto:bolson@csmci.com)>; Kweli Sessions <[ksessions@acoe.org](mailto:ksessions@acoe.org)>; Brenda Seidman <[bseidman@csmci.com](mailto:bseidman@csmci.com)>; Lorrina Thorp <[lthorp@csmci.com](mailto:lthorp@csmci.com)>; Patricia Robinson <[probinson@csmci.com](mailto:probinson@csmci.com)>; Eva Padilla <[epadilla@realmcharterschool.org](mailto:epadilla@realmcharterschool.org)>; Victor Diaz <[victor@realmcharterschool.org](mailto:victor@realmcharterschool.org)>

**Cc:** [nicolecaldwell@berkeley.net](mailto:nicolecaldwell@berkeley.net); Pauline Follansbee-External <[paulinefollansbee@berkeley.net](mailto:paulinefollansbee@berkeley.net)>; Kayla Tocco <[ktocco@csmci.com](mailto:ktocco@csmci.com)>; Adrienne Barnes <[abarnes@csmci.com](mailto:abarnes@csmci.com)>

**Subject:** RE: PROBLEM RE: 112-RLM\_ Total Due For DEC 2018 STRS (and Nov 2018 STRS Deposit)

Hi Brenda,

BUSD000015

Hone vou had a nice weekend.

Any update if REALM has made either deposit? Our December report is due tomorrow. Without secured funding we will be unable to remit the December report. If they are unable to remit the November payment soon, we will have to back-out all reported lines for November until funding is secured and re-report. This will cause the district to incur thousands of dollars in penalties & interest that STRS will charge, which we hope to avoid.

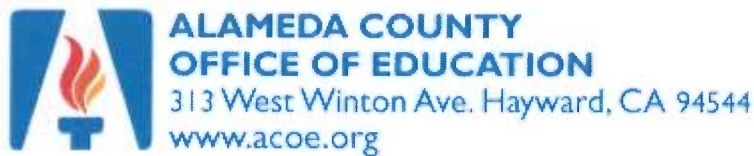
Please let us know as soon as possible.

Thanks so much,

Steve Giguere

Retirement Accountant

510-670-4126



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**From:** Brenda Olson <[bolson@csmci.com](mailto:bolson@csmci.com)>

**Sent:** Thursday, January 17, 2019 2:46 PM

**To:** Kweli Sessions <[ksessions@acoe.org](mailto:ksessions@acoe.org)>; Brenda Seidman <[bseidman@csmci.com](mailto:bseidman@csmci.com)>; Lorrina Thorp <[ltthorp@csmci.com](mailto:ltthorp@csmci.com)>; Patricia Robinson <[probinson@csmci.com](mailto:probinson@csmci.com)>; Eva Padilla <[epadilla@realmcharterschool.org](mailto:epadilla@realmcharterschool.org)>; Victor Diaz <[victor@realmcharterschool.org](mailto:victor@realmcharterschool.org)>

**Cc:** [nicolecaldwell@berkeley.net](mailto:nicolecaldwell@berkeley.net); Pauline Follansbee-External <[paulinefollansbee@berkeley.net](mailto:paulinefollansbee@berkeley.net)>; Steve Giguere <[sgiguere@acoe.org](mailto:sgiguere@acoe.org)>; Kayla Tocco <[ktocco@csmci.com](mailto:ktocco@csmci.com)>; Adrienne Barnes <[abarnes@csmci.com](mailto:abarnes@csmci.com)>

**Subject:** RE: PROBLEM RE: 112-RLM\_ Total Due For DEC 2018 STRS (and Nov 2018 STRS Deposit)

Hello Kweli:

BUSD000016

Unfortunately, CSMC is unable to decide when to make payments on amounts due for STRS or any other vendor payments. Victor, the Educational Director of Realm Charter, would need to advise CSMC to remit the November (and December) STRs payment.

Thank you,

Brenda Olson, Senior Account Manager

CSMC, Inc.

43460 Ridge Park Drive # 100

Temecula, CA 92590

951-694-3050 x 225

951-257-7471 Fax

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**From:** Kweli Sessions <[ksessions@acoe.org](mailto:ksessions@acoe.org)>

**Sent:** Thursday, January 17, 2019 2:42 PM

**To:** Brenda Olson <[bolson@csmci.com](mailto:bolson@csmci.com)>; Brenda Seidman <[bseidman@csmci.com](mailto:bseidman@csmci.com)>; Lorrina Thorp <[lthorp@csmci.com](mailto:lthorp@csmci.com)>; Patricia Robinson <[probinson@csmci.com](mailto:probinson@csmci.com)>

**Cc:** [nicolecaldwell@berkeley.net](mailto:nicolecaldwell@berkeley.net); Pauline Follansbee-External <[paulinefollansbee@berkeley.net](mailto:paulinefollansbee@berkeley.net)>; Steve Giguere <[sgiguere@acoe.org](mailto:sgiguere@acoe.org)>

**Subject:** PROBLEM RE: 112-RLM\_ Total Due For DEC 2018 STRS (and Nov 2018 STRS Deposit)

Hi,

We just discovered that the Nov STRS deposit for Realm was not submitted. So we need it along with the December STRS deposit. Will you be able to make both? If you aren't able to, the December STRS

BUSD0000017



won't be submitted until after the deposit is received. And remember, there are penalties and interest charged by STRS for late submissions.

Please let me know as soon as you can.

NOV 2018

\$16,915.28 + 26,939.95 = \$ 43,855.23

DEC 2018

\$17,075.05 + 27,192.32 = \$ 44,267.37

Thanks,

:o)

Kweli Sessions

Retirement Accountant

510-670-4292



**ALAMEDA COUNTY  
OFFICE OF EDUCATION**  
313 West Winton Ave. Hayward, CA 94544  
[www.acoe.org](http://www.acoe.org)

---

**From:** Kweli Sessions

**Sent:** Monday, January 14, 2019 12:52 PM

**To:** 'bolson@csmtci.com' <bolson@csmtci.com>

**Cc:** 'Brenda Seidman' <bseidman@csmtci.com>; 'Lorrina Thorp (lthorp@csmtci.com)' <lthorp@csmtci.com>

**Subject:** 112-RLM\_ Total Due For DEC 2018 STRS

Hi,

Okay, please submit this amount:

\$17,075.05 + 27,192.32 = \$ 44,267.37

BUSD000018

Thanks,

:o)

Kweli Sessions

Retirement Accountant

510-670-4292



**ALAMEDA COUNTY  
OFFICE OF EDUCATION**

313 West Winton Ave. Hayward, CA 94544  
[www.acoe.org](http://www.acoe.org)

## EXHIBIT B

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# Berkeley Federation of Teachers

1432 University Avenue  
Berkeley, CA 94702-1509  
berkeleyteachers.org

**Local 1078, AFL-CIO**

p: (510) 549-2307  
e: bft4tchr@lmi.net

January 22, 2019

REALM Charter School  
2023 Eighth Street  
Berkeley, CA 94710

Dear Victor,

It has come to our attention that REALM Charter Schools has been negligent in both its contractual and operational responsibilities to its employees and students. The following issues have come to our attention that we demand be addressed immediately.

1. REALM has failed to pay its STRS obligations for its employees in a timely manner.
2. REALM does not have a maintenance or janitorial staff. This has led to unsafe working conditions for teachers and staff, and unsafe learning conditions for students.
3. REALM has not provided the necessary safety equipment to ensure student and teacher safety in the lab science classrooms.
4. REALM has not reimbursed teachers for approved expenditures and has no plan to do so.
5. REALM has not kept the Berkeley Unified School Board, the Chartering Authority, updated with regards to a possible merger and/or acquisition by Compass Charter Schools.
6. REALM has not conducted safety drills required by the Collective Bargaining Agreement. This creates unsafe conditions for students and staff.
7. It is our understanding that REALM did not follow required procedures with regard to the REALM school bus and/or cannot afford needed repairs, and now there are students who are not attending school due to a lack of transportation. This is a travesty for these students and families.
8. REALM has not held a meeting with teachers to discuss how the new REALM Online program will impact current teachers and students. This change was made without consultation with teachers.

The Berkeley Federation of Teachers will be in communication with our members and with the REALM Administrative team to monitor progress on these issues and will file grievances and Unfair Labor Practice complaints as necessary to ensure compliance with the Collective Bargaining Agreement and statutes.

Sincerely,

Cathy Campbell  
President, BFT

Cc: Matt Meyer, BFT Vice-President  
J.J. Lewis, Compass Charter Schools  
Donald Evans, Superintendent, Berkeley Unified School District

BUSD000021

## EXHIBIT B

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April 11, 2019

**VIA ELECTRONIC MAIL**

Governing Board, REALM Charter School  
c/o Victor Diaz, Executive Director  
1222 University Avenue  
Berkeley, CA 94702

Dear Mr. Diaz,

This document constitutes a Notice of Intent to Revoke issued by the Berkeley Unified School District (the “District”) to REALM Charter School (“Charter School”) under Education Code § 47607(e). The District’s Board approved the Notice of Intent to Revoke on April 10, 2019. This Notice of Intent to Revoke arises out of the Notice of Violation previously issued to REALM on February 6, 2019, arising out of several instances of financial misconduct.

If the Board approves this Notice of Intent to Revoke, the Board shall hold a public hearing on the Notice of Intent to Revoke at its May 8, 2019 meeting, and will act on whether or not to revoke the charter at its May 29, 2019 meeting.

**I. LEGAL BASIS FOR ACTION**

**A. Education Code Provisions**

The revocation of a charter is governed by Education Code § 47607. Education Code § 47607(c) sets forth the grounds for revocation:

A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following:

- (1) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter;
- (2) Failed to meet or pursue any of the pupil outcomes identified in the charter;
- (3) Failed to meet generally-accepted accounting principles, or engaged in fiscal mismanagement; or
- (4) Violated any provision of law.

The charter-authorizing agency precedes revocation with a Notice of Violation and a reasonable opportunity to remedy the violation under Education Code § 47607(d):

Prior to revocation, the authority that granted the charter shall notify the charter public school of any violation of this section and give the school a reasonable opportunity to remedy the violation, unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils.

Prior to revocation, the charter-authorizing agency provides the charter school with a Notice of Intent to Revoke, and conducts a public hearing on the potential revocation (Education Code § 47607(e)):

Prior to revoking a charter for failure to remedy a violation pursuant to subdivision (d), and after expiration of the school's reasonable opportunity to remedy, without successfully remedying the violation, the chartering authority shall provide a written notice of intent to revoke and notice of facts in support of revocation to the charter school. No later than 30 days after providing the notice of intent to revoke a charter, the chartering authority shall hold a public hearing, in the normal course of business, on the issue of whether evidence exists to revoke the charter. No later than 30 days after the public hearing, the chartering authority shall issue a final decision to revoke or decline to revoke the charter, unless the chartering authority and the charter school agree to extend the issuance of the decision by an additional 30 days. The chartering authority shall not revoke a charter, unless it makes written factual findings supported by substantial evidence, specific to the charter school, that support its findings.

The charter school may appeal the revocation to the County Board. (Education Code § 47607(f)(1).)

## **B. California Code of Regulations**

Cal. Admin. Code tit. 5, § 11968.5.2, sets forth additional procedures for a school district's revocation of a charter. Subsection (a) of the regulation provides the charter school 72 hours' notice before the board considers issuing a Notice of Violation:

At least 72 hours prior to any board meeting in which a chartering authority will consider issuing a Notice of Violation, the chartering authority shall provide the charter school with notice and all relevant documents related to the proposed action.

Subsection (c) describes the charter school's obligations once a Notice of Violation is served:

Upon receipt of a Notice of Violation, the charter school's governing body as described in the school's charter, if it chooses to respond, shall take the following actions:

- (1) Submit to the chartering authority a detailed, written response addressing each identified violation which shall include the refutation, remedial action taken, or proposed remedial action by the charter school specific to each alleged violation.

The written response shall be due by the end of the Remedy Period identified in the Notice of Violation.

- (2) Attach to its written response supporting evidence of the refutation, remedial action, or proposed remedial action, if any, including written reports, statements, and other appropriate documentation.

Once the charter school responds to the Notice of Violation, the District will determine whether to proceed with the revocation process. As set forth in Cal. Admin. Code tit. 5, § 11968.5.2, sections (d) and (e):

- (d) After conclusion of the reasonable opportunity to remedy, the chartering authority shall evaluate the response of the charter school's governing body as described in the school's charter response to the Notice of Violation and any supporting evidence, if submitted, and shall take one of the following actions:
  - (1) If the chartering authority has substantial evidence that the charter school has failed to refute, to the chartering authority's satisfaction, or remedy a violation identified in the Notice of Violation, the district shall continue revocation of the school's charter by issuing a Notice of Intent to Revoke to the charter school's governing body as described in the school's charter; or
  - (2) Discontinue revocation of the school's charter and provide timely written notice of such action to the charter school's governing body as described in the school's charter.
- (e) If the chartering authority does not act, as specified in subdivision (d), within 60 calendar days of the conclusion of the Remedy Period specified in the Notice of Violation, the revocation process is terminated and the Notice of Violation is void.

If the Board approves this Notice of Intent to Revoke, the Board will hold a public hearing within 30 days, and take action on a Final Decision in open session within 30 days of the public hearing:

On the date and time specified in the Notice of Intent to Revoke, the chartering authority shall hold a public hearing concerning revocation. No more than 30 calendar days after the public hearing (or 60 calendar days by written mutual agreement with the charter school), the chartering authority shall issue a Final Decision.

If the Board approves this Notice of Intent to Revoke, the Board shall hold a public hearing on the Notice of Intent to Revoke at its May 8, 2019 meeting, and will advise the Charter School as to the hearing date on which the Board will take action on the Notice.

The charter school must file any appeal to the County Board within 30 days of Board action. (Cal. Admin. Code tit. 5, § 11968.5.4(a).)

## **II. HISTORY OF ENFORCEMENT MEASURES/NOTICES OF VIOLATIONS**

The following section sets forth the history of the District's oversight and enforcement measures taken with respect to the Charter School.

### **A. December 9, 2015 Renewal Report**

At its December 9, 2015 meeting, the Board approved the renewal of the REALM Middle School and REALM High School charters, upon the following conditions:

- Resubmission of multi-year projections for both charter schools.
- Reductions in expenditures to reduce REALM Middle School's deficit spending and negative fund balance.
- Submission of monthly budgets to the District, including updates and cash flow, until resolution of the negative fund balance and a 3% reserved was achieved.
- Response to District concerns and request for information expressed in prior fiscal oversight letters.
- No further advances on the payment of REALM's in lieu property taxes under Education Code section 47635.

### **B. January 26, 2017 (REALM Middle and High School) Grounds: Failure to Follow Generally Accepted Accounting Principles and Fiscal Mismanagement; Violation of terms of the Charter (Education Code section 47607(c)(1)(A), (C))**

The Board approved the issuance of a Notice of Violation, dated January 26, 2017, based upon the following conduct by the Charter School:

- Negative ending fund balances
- Deficit spending
- Cash flow problems
- Excessive obligations under promissory note and line of credit
- Insufficient reserves

### **C. February 2, 2018 (REALM Middle and High School) Grounds: Failure to Follow Generally Accepted Accounting Principles and Fiscal Mismanagement; Violation of terms of the Charter (Education Code section 47607(c)(1)(A), (C))**

The Board approved the issuance of a second Notice of Violation, dated February 2, 2018, based upon the following conduct by the Charter School:

- Negative ending fund balances
- Deficit spending
- Cash flow problems

- Excessive obligations under promissory note and line of credit
- Insufficient reserves

In response to the Notice of Violation, REALM submitted a Request for Material Revision to merge REALM Middle School and REALM High School under a single charter. The Board approved the material revision in February, 2018.

**D. September 26, 2018 (El Cerrito Site)**

The Board approved the issuance of a third Notice of Violation on September 26, 2018, based upon the Charter School's illegal establishment of a site in Contra Costa County, without requesting a material revision of its charter, in violation of Education Code 47605.1(d) and 47605(a)(4).

**E. February 6, 2019 Notice of Violation**  
**Grounds: Failure to Follow Generally Accepted Accounting Principles and Fiscal Mismanagement; Violation of terms of the Charter (Education Code section 47607(c)(1)(A), (C))**

The Board approved the issuance of a fourth Notice of Violation, dated February 2, 2019, based upon the following conduct by the Charter School:

- Failed to submit its final audit report by December 15, 2018 for fiscal year 2017-2018.
- Failed to pay its employer contributions to the State Teachers' Retirement System (STRS) for the months of November (\$43,855.23) and December, 2018 (\$44,267.37).
- Failed to pay \$1.5 million dollars in financial obligations to vendors and other creditors.
- Failed to reflect the negative fund balance of REALM Middle School in the budget of the consolidated REALM Charter Schools after the Board granted a material revision to consolidate the REALM Middle School and REALM High School.
- Representing to the District that it had cured a previous Notice of Violation by moving from its Middle school facilities from outside Alameda County (in El Cerrito, Contra Costa County), to a new facility in Berkeley. However, the Charter School had not secured a final permit for its new site, and was therefore forced to cancel no less than 2 days of school last month.

Also included in the Notice of Violation were the following allegations contained in the January 29, 2019 letter:

1. "REALM has failed to pay its STRS obligations for its employees in a timely manner.
2. REALM does not have a maintenance or janitorial staff. This has led to unsafe working conditions for teachers and staff, and unsafe learning conditions for students.
3. REALM has not provided the necessary safety equipment to ensure student and teacher safety in the lab science classrooms.

4. REALM has not reimbursed teachers for approved expenditures and has no plan to do so.
5. REALM has not kept the Berkeley Unified School Board, the Chartering Authority, updated with regards to a possible merger and/or acquisition by Compass Charter Schools.
6. REALM has not conducted safety drills required by the Collective Bargaining Agreement. This creates unsafe conditions for students and staff.
7. It is our understanding that REALM did not follow required procedures with regard to the REALM school bus and/or cannot afford needed repairs, and now there are students who are not attending school due to a lack of transportation. This is a travesty for these students and families.
8. REALM has not held a meeting with teachers to discuss how the new REALM Online program will impact current teachers and students. This change was made without consultation with teachers.”

### **III. VIOLATIONS ON WHICH THIS NOTICE IS BASED**

**A. Failure to Follow Generally Accepted Accounting Principles and Fiscal Mismanagement (Education Code section 47607(c)(1)(C))**  
**Violation of terms of the Charter (Education Code section 47607(c)(1)(A))**

This Notice of Intent to Revoke is based upon the allegations of the February 6, 2019 Notice of Violation, as set forth above. After reviewing REALM’s response, staff recommends proceeding with the next step, which is approval of a Notice of Intent to Revoke, for the reasons set forth below.

**B. REALM’s Response to Allegations in February 6, 2019 Notice of Violation**

Violation	Status
1) Failed to submit its final audit report by December 15, 2018 for fiscal year 2017-2018.	REALM submitted audit response on March 4, 2019. The statutory deadline is December 15. (Education Code section 47605(m).)
2) Failed to pay its employer contributions to the State Teachers’ Retirement System (STRS) for the months of November (\$43,855.23) and December, 2018 (\$44,267.37).	REALM has made the November and December payments to STRS.
3) Failed to pay \$1.5 million dollars in financial obligations to vendors and other creditors.	Not remedied. REALM is still working on paying off its debts in full. REALM suggests that the Compass merger will result in satisfaction of its debts. See further analysis below.
4) Failed to reflect the negative fund balance of REALM Middle School in the budget of the consolidated REALM Charter Schools after the	Not remedied. REALM failed to follow Generally Accepted Accounting Principles in reflecting the negative ending fund balance in its budget.



Board granted a material revision to consolidate the REALM Middle School and REALM High School.	
5) Representing to the District that it had cured a previous Notice of Violation by moving from its Middle school facilities from outside Alameda County (in El Cerrito, Contra Costa County), to a new facility in Berkeley. However, the Charter School had not secured a final permit for its new site, and was therefore forced to cancel no less than 2 days of school last month.	Partially remedied. REALM began use of the building on Feb. 1, 2019, but was forced to cancel some instructional days as a result of the permitting issue.

**C. District’s Evaluation of REALM’s Response to the February 6, 2019 Notice of Violation**

Ever since the renewal of the REALM charters in December, 2015, the Charter School has been plagued by financial mismanagement. It has sustained chronic negative ending fund balances, deficit spending, incurred significant unpaid financial obligations, and failed to follow Generally Accepted Accounting Principles.

REALM is delinquent in approximately \$1.5 million in financial obligations. While it has described a plan to repay these obligations, the plan lacks specifics. REALM cites \$400,000 in “cash and technical resources” from Compass Charter Schools, this amount only represents just over 25% of the Charter School’s indebtedness.

After reviewing REALM’s response to the Notice of Violation, the District concludes that violations remain in two areas: excess unpaid financial obligations, and fiscal mismanagement/failure to follow Generally Accepted Accounting Principles. The District discusses below the factual basis for this conclusion.

**1. Request for Material Revision: Proposed Merger with Compass Charter Schools.**

On or about March 12, 2019, REALM submitted a Request for Material Revision which proposed an acquisition by Compass Charter Schools (“Compass”). Because the proposed acquisition by Compass interplays with REALM’s response to the Notice of Violation, the District has evaluated the Request for Material Revision and proposed acquisition as part of evaluating REALM’s response to the Notice of Violation.

The Request for Material Revision proposes to continue REALM’s classroom-based program, while introducing an independent study/non-classroom based program:

**VOLUNTARY INDEPENDENT STUDY OPTION**

While the Charter School will remain a classroom-based program, it will offer a voluntary independent study option for students. In this respect, the Charter School shall comply with

independent study laws and regulations including, but not limited to, Education Code Sections 51745 et seq., 47612.5, 47634.2; and Title 5, California Code of Regulations, Sections 11700-11705, as applicable. The Charter School will maintain written records that contemporaneously document all student attendance and make these records available for audit and inspection. (Request for Material Revision, p. 41.)

The Budget Summary submitted with the Request for Material Revision contains the following enrollment assumptions for the current school year, as well as the next five school years.

**Enrollment By Grade**

	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Grade 6	14	60	63	66	69	73
Grade 7	44	60	63	66	69	73
Grade 8	54	60	63	66	69	73
Grade 9	70	80	84	88	93	97
Grade 10	79	80	84	88	93	97
Grade 11	72	80	84	88	93	97
Grade 12	65	80	84	88	93	97
Other Enrollment (Grade 12+, etc.)		100	105	110	116	122
<b>Total Enrollment</b>	<b>398</b>	<b>600</b>	<b>630</b>	<b>662</b>	<b>695</b>	<b>729</b>

(Budget Summary, p. 2.)

The Request for Material Revision and accompanying budget summary lack a supporting narrative of assumptions behind the budget and projected enrollment, thereby leaving some significant questions and disparities in the Charter School's financial plan for the next five school years. For example, the Request for Material Revision states that the Charter School "will offer a voluntary independent study option for students." (Request for Material Revision, p. 41.) It is assumed that the "Other Enrollment (Grade 12+ etc.)" row in the above chart refers to students enrolling in the independent study program, though this is not explained explicitly anywhere in the Budget Summary.

The Budget Summary's Certificated Salaries raise even more confusion. The Certificated Salaries appear to be commensurate with the projected enrollment growth of the Charter School for 2019-2020 through 2022-2023. However, between 2022-2023 and 2023-2024, teacher salaries drop from \$1,824,258 to \$16,000, causing Certificated Salaries as a whole to drop from \$2,625,481 to \$832,758. No explanation is given for this programmatically incompatible reduction in expenses:

	<b>Certificated Salaries</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
1100	Teachers' Salaries	1,382,444	1,719,039	1,816,444	1,917,059	1,824,258	16,000
1105	Teachers' Stipends / Bonus	16,000	16,000	16,000	16,000	16,000	16,000
1120	Substitute Expense	35,000	35,700	36,414	37,142	37,885	38,643
1200	Certificated Pupil Support Salaries	127,173	129,716	132,310	134,957	137,656	140,409
1300	Certificated Supervisor and Administrator Salaries	345,400	464,508	473,798	483,274	492,940	502,798
1305	Certificated Sup. and Admin. Stipends / Bonus	8,500	8,500	8,500	8,500	8,500	8,500
1900	Other Certificated Salaries	100,000	102,000	104,040	106,121	108,243	110,408
1910	Other Certificated Overtime	-	-	-	-	-	-
<b>1000</b>	<b>Subtotal</b>	<b>\$2,014,516</b>	<b>\$2,475,463</b>	<b>\$2,587,507</b>	<b>\$2,703,05</b>	<b>\$2,625,481</b>	<b>\$832,758</b>

(Budget Summary, p. 6.)

Nor does the budget summary contain commensurate declines in expenses in the other areas of program operation, such as Classified Salaries, Employee Benefits, Books and Supplies, or Services and Other Operating Expenses. Therefore, the precipitous decline in teacher salaries cannot be explained by the integration of the non-classroom based program, which might result in a decline in teacher salaries, but not to the degree called for in the Budget Summary. Therefore, this sudden decline in teacher salaries constitutes a major area of confusion in the Charter School's budget summary. If it is in fact an error, then it has caused the Charter School's expenses for 2023-2024 to be significantly understated, and its projected ending fund balance to be significantly overstated.

The Budget Summary also depends on a significant and steady increase in enrollment through 2023-2024, which would require REALM to not only achieve, but to exceed by a significant margin, its historical enrollment peak. Following is a chart of the enrollment trajectory that would be required of REALM to sustain itself financially under its proposed budget:

Year	14-15	14-15	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
M.S.	310	302	249	187	112	180	186	198	207	219
H.S.	361	366	347	344	286	320	342	352	372	388
Add'l	N/A	N/A	N/A	N/A	N/A	100	105	110	116	122
Total	671	668	596	531	398	600	633	660	695	729

(Budget Summary, p. 2 (18-19 to 23-24; DataQuest (14-15 to 17-18).)

The Charter School's budget depends upon a 200-student increase between 2018-2019 and 2019-2020, and then increases of about 30 students in each year thereafter. This precipitous increase would contradict historical trends of significant declining enrollment across the board, but especially pronounced at REALM's middle school. Therefore, the 5-year budget is based upon tenuous and unsupported enrollment increases.

Also suspect is the Budget Summary's assumption that the Charter School would recover from a budget deficit of \$889,517 in FY 2018-2019 to achieve a surplus of \$1,135,589 in 2019-2020, with a corresponding swing in the ending fund balance of \$(1,680,705) in FY 2018-2019 to (\$545,116) in 2019-2020. Nowhere in the Budget Summary or Request for Material Revision does REALM explain how, with currently \$1.5 million in unpaid financial liabilities, the Charter School would make up such a deficit in such a short period of time, with Compass only committing \$400,000 in resources to REALM.

Both REALM and Compass were placed on notice that they would need to provide a *detailed* financial plan demonstrating how REALM would extricate itself out of its current dire financial circumstances. In a March 11, 2019 letter to REALM and Compass, the District stated that:

By now, the District expects that Compass recognizes REALM's dire financial condition, and the District's concerns about the Charter School's ability to sustain day-to-day operations. As the District's February 5, 2019 letter stated:

As you know, REALM has maintained significant negative ending fund balances for several fiscal years, and currently is delinquent in over \$1 million in payments to vendors and other creditors. Whether or not the request for material revision meets the requirements for approval will depend on whether it

contains a detailed financial plan for satisfying all of REALM's current financial delinquencies, and achieving financial solvency in future fiscal years.

As you also must be aware, the District has a current Notice of Violation pending against REALM related to its financial condition, and the Board of Education is slated to take action on a Notice of Intent to Revoke at its March 27, 2019 [now April 10, 2019] meeting. Please be aware that the District considers the timely submission of REALM's request for material revision, and response to the upcoming Notice of Intent to Revoke, to be the responsibility of REALM and Compass alone. We hope that you now understand the urgency that REALM and Compass take prompt action in light of REALM's precarious financial condition. (Emphasis Provided.)

The District concludes that REALM's response to the Notice of Violation, and its Request for Material Revision, fail to contain the required detail and assurances that the Charter School would be able to remedy its dire financial condition. The Budget Summary contains significant discrepancies and omissions, and is based upon unrealistic increases in enrollment. Instead of committing itself to reducing expenses and reconfiguring the scope of its program to improve its financial viability, the Charter School continues its pattern of attempting to sustain a financial model based upon unsustainable enrollment increases, excessive expenditures, and nonconforming budget practices.

**2. Request for Material Revision: Charter School Employee's Right to Representation**

The "Executive Summary" contained on p. 6 of the Request for Material Revision states that "Compass is not bound by the Collective Bargaining Agreement between Berkeley Federation of Teachers and REALM." This statement misstates the law. Education Code section 47611.5 provides

(a) Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code [The Rodda Act] shall apply to charter schools.

(b) A charter school charter shall contain a declaration regarding whether or not the charter school shall be deemed the exclusive public school employer of the employees at the charter school for the purposes of Section 3540.1 of the Government Code. If the charter school is not so deemed a public school employer, the school district where the charter is located shall be deemed the public school employer for the purposes of Chapter 10.7 (commencing with Section 3540) of Division 4 of the Government Code.

The Request for Material Revision states that the Charter School shall be the exclusive employer of its employees under the Rodda Act. (Request for Material Revision, p. 3) ("The Charter School declares that it shall be deemed the exclusive public school employer of the employees of REALM Charter School for purposes of the Educational Employment Relations Act. [Ref. Education Code Section 47605(b)(6)].") Therefore, Compass cannot evade recognizing BFT as an exclusive representative, or the collectively negotiated contract between BFT and the Charter School.

**V. CONCLUSION**

After reviewing REALM's response to the Notice of Violation, the District concludes that violations remain in two areas: excess unpaid financial obligations, and fiscal mismanagement/failure to follow Generally Accepted Accounting Principles. Staff has concluded that the proposed Material Revision calling for Compass to acquire REALM does not remedy the remaining violations, for the reasons stated above.

The Board is asked to take action on whether to approve the Notice of Intent to Revoke. Should the Board do so, it shall hold a public hearing on the Notice of Intent to Revoke at its May 8, 2019 meeting, and will act on whether or not to revoke the charter at its May 29, 2019 meeting. If necessary, the Board would also take action on the Request for Material Revision on May 29, 2019. If the Board revokes the charter, the Charter School may appeal the revocation to the County Board of Education (Education Code § 47607(f)(1)), and either party may appeal the County Board's decision to the State Board of Education. (Education Code § 47607(f)(2).) Therefore, the Board's revocation of the charter does not necessarily mean that the Charter School would have to immediately cease operations.

Sincerely,

Pauline Follansbee

Assistant Superintendent of Business Services

## EXHIBIT C

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	Socioeconomically Disadvantaged						Latino Students					
English/Language Arts	2018 Seventh Grade			2018 Eighth Grade			2018 Seventh Grade			2018 Eighth Grade		
Grade	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
Standard Exceeded	0.0	2.56	N/A	8	3.7	5.66	0.0	3.33	N/A	7	2.08	2.38
Standard Met	10.81	10.26	N/A	21	9.26	11.32	10.34	13.33	N/A	27	10.42	14.29
Standard Nearly Met	18.92	20.51	N/A	37	24.07	28.30	17.24	26.67	N/A	36	22.92	30.95
Standard Not Met	70.27	66.67	N/A	35	62.96	54.72	72.41	56.67	N/A	30	64.58	52.38
<b>Percentage: Standard Exceeded/Met</b>	<b>10.81</b>	<b>12.82</b>	N/A	<b>29.0</b>	<b>12.96</b>	<b>16.98</b>	<b>10.34</b>	<b>16.66</b>	N/A	<b>34</b>	<b>12.50</b>	<b>16.67</b>

	Socioeconomically Disadvantaged						Latino Students					
Math	2018 Seventh Grade			2018 Eighth Grade			2018 Seventh Grade			2018 Eighth Grade		
Grade	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
Standard Exceeded	0	0	N/A	4	5.17	3.92	0.0	0.0	N/A	2	1.85	0
Standard Met	9.09	2.44	N/A	8	8.62	7.84	8.0	6.45	N/A	7	11.11	7.14
Standard Nearly Met	15.15	24.39	N/A	24	27.59	23.53	12.0	22.58	N/A	30	31.48	28.57
Standard Not Met	75.76	73.17	N/A	65	58.62	64.71	80.0	70.97	N/A	60	55.56	64.29
<b>Percentage: Standard Exceeded/Met</b>	<b>9.09</b>	<b>2.44</b>	N/A	<b>12</b>	<b>13.79</b>	<b>11.76</b>	<b>8.0</b>	<b>6.45</b>	N/A	<b>9</b>	<b>12.96</b>	<b>7.14</b>


	English Language Learners						African American Students					
English/Language Arts	2018 Seventh Grade			2018 Eighth Grade			2018 Seventh Grade			2018 Eighth Grade		
Grade	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
Standard Exceeded	0	N/A	N/A	0	0	0	N/A	0.0	N/A	N/A	N/A	7.69
Standard Met	0	N/A	N/A	5	0	0	N/A	6.67	N/A	N/A	N/A	7.69
Standard Nearly Met	0	N/A	N/A	50	3.70	6.25	N/A	20.0	N/A	N/A	N/A	23.08
Standard Not Met	100	N/A	N/A	45	96.30	93.75	N/A	73.33	N/A	N/A	N/A	61.54
<b>Percentage: Standard Exceeded/Met</b>	<b>0</b>	N/A	N/A	<b>5</b>	<b>0</b>	<b>0</b>	N/A	<b>6.67</b>	N/A	N/A	N/A	<b>15.38</b>

	English Language Learners						African American Students					
Math	2018 Seventh Grade			2018 Eighth Grade			2018 Seventh Grade			2018 Eighth Grade		
Grade	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
Standard Exceeded	0	N/A	N/A	0	0	0	N/A	0.0	N/A	N/A	N/A	8.33
Standard Met	0	N/A	N/A	0	0	0	N/A	0.0	N/A	N/A	N/A	0.0
Standard Nearly Met	7.69	N/A	N/A	10	25	12.50	N/A	25.00	N/A	N/A	N/A	8.33
Standard Not Met	92.31	N/A	N/A	90	75	87.50	N/A	75.00	N/A	N/A	N/A	83.33
<b>Percentage: Standard Exceeded/Met</b>	<b>0</b>	N/A	N/A	<b>0</b>	<b>0</b>	<b>0</b>	N/A	<b>0.0</b>	N/A	N/A	N/A	<b>8.33</b>


# REALM Charter High

Explore the performance of REALM Charter High under California's Accountability System.


Suspension Rate

  
Green


English Learner Progress

  
Blue

Graduation Rate

  
Yellow

College/Career

  
No Performance Color

Basics: Teachers, Instructional Materials, Facilities

STANDARD NOT MET

Implementation of Academic Standards

STANDARD NOT MET

Parent Engagement

STANDARD NOT MET

Local Climate Survey

STANDARD NOT MET

## School Details

NAME

REALM Charter High

ADDRESS

2023 Eighth Street  
Berkeley, CA 94710-2026

WEBSITE

<http://www.realmcharte...>

GRADES SERVED

9-12

## Student Population

Explore information about this school's student population.

Enrollment

347

Socioeconomically Disadvantaged

69.5%

English Learners

22.2%

Foster Youth

0.3%




# Academic Performance

View Student Assessment Results and other aspects of school performance.

[LEARN MORE](#)

**English Learner Progress**



Blue

100% making progress


Maintained 0%

**EQUITY REPORT**  
Number of Student Groups in Each Color

<div>0</div> <div>Red</div>	<div>0</div> <div>Orange</div>	<div>0</div> <div>Yellow</div>
<div>0</div> <div>Green</div>	<div>1</div> <div>Blue</div>	

[LEARN MORE](#)

**College/Career**



No Performance Color

32.9% prepared

No Data

## Local Indicators

[LEARN MORE](#)

**Implementation of Academic Standards**

STANDARD NOT MET


REALM CHARTER HIGH

# Academic Engagement

See information that shows how well schools are engaging students in their learning.

[LEARN MORE](#)

**Graduation Rate**



Yellow

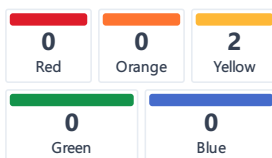
**76.7% graduated**

**Increased 9.7% ▲**

#### EQUITY REPORT

Number of Student Groups in Each

Color



#### REALM CHARTER HIGH

## Conditions & Climate

View data related to how well schools are providing a healthy, safe and welcoming environment.

#### LEARN MORE

### Suspension Rate



Green

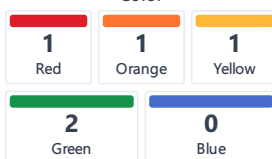
**5.4% suspended at least once**

**Declined 3% ▼**

#### EQUITY REPORT

Number of Student Groups in Each

Color



### Local Indicators

#### LEARN MORE

**Basics: Teachers, Instructional Materials, Facilities**

**STANDARD NOT MET**

#### LEARN MORE

**Parent Engagement**

**STANDARD NOT MET**

#### LEARN MORE

**Local Climate Survey**

**STANDARD NOT MET**

# Academic Performance

View student assessment results and other aspects of school performance under the California Accountability System.

## English Language Arts

### Distance From Standard (Grade 11)

Distance from Standard measures how far, on average, students are from the lowest possible score for Standard Met. The Smarter Balanced Consortium has identified Standard Met as demonstrating the knowledge and skills necessary for students to be on track for college and career readiness at their grade level.

	2015	2016	2017
Grade 11	5 points below standard	36.8 points below standard	46.4 points below standard

## Mathematics

### Distance From Standard (Grade 11)

Distance from Standard measures how far, on average, students are from the lowest possible score for Standard Met. The Smarter Balanced Consortium has identified Standard Met as demonstrating the knowledge and skills necessary for students to be on track for college and career readiness at their grade level.

	2015	2016	2017
Grade 11	116.9 points below standard	140.5 points below standard	129.8 points below standard

## English Learner Progress

### English Learner Progress Indicator

Additional information on English learners in grades kindergarten through grade 12 who made progress towards English proficiency.

	2016	2017
English Learner Progress	100%	BUSD000039

This report shows the status level for student groups on the College/Career Indicator. A color-coded performance level will be reported for the first time in the fall of 2018.

## Student Group Details

<b>African American</b> <hr/> <div>33.3% prepared</div> No Data Number of Students: 18	<b>English Learners</b> <hr/> <div>16.7% prepared</div> No Data Number of Students: 18	<b>Filipino</b> <hr/> Less than 11 students - data not displayed for privacy Number of Students: 1
<b>Hispanic</b> <hr/> <div>30% prepared</div> No Data Number of Students: 50	<b>Homeless</b> <hr/> Less than 11 students - data not displayed for privacy Number of Students: 4	<b>Two or More Races</b> <hr/> Less than 11 students - data not displayed for privacy Number of Students: 1
<b>Socioeconomically Disadvantaged</b> <hr/> <div>31.8% prepared</div> No Data Number of Students: 66	<b>Students with Disabilities</b> <hr/> <div>7.1% prepared</div> No Data Number of Students: 14	<b>White</b> <hr/> Less than 11 students - data not displayed for privacy Number of Students: 2

## College/Career

The percent of students per year that qualify as Not Prepared, Approaching Prepared, and Prepared.

	Class of 2016
Not Prepared	37%
Approaching Prepared	30.1%
Prepared	32.9%

## Implementation of Academic Standards

This measure covers the implementation of state academic standards.

Local educational agencies (LEAs) annually measure their progress in implementing state academic standards and report the results to its local governing board at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected with locally selected measures or tools and includes a description of why the district chose the selected measure or tool.

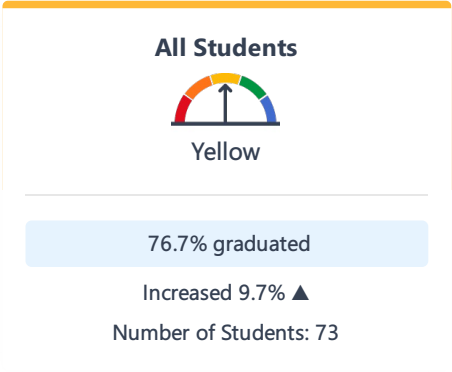
# Academic Engagement

View data about academic participation.

## Graduation Rate

### All Students

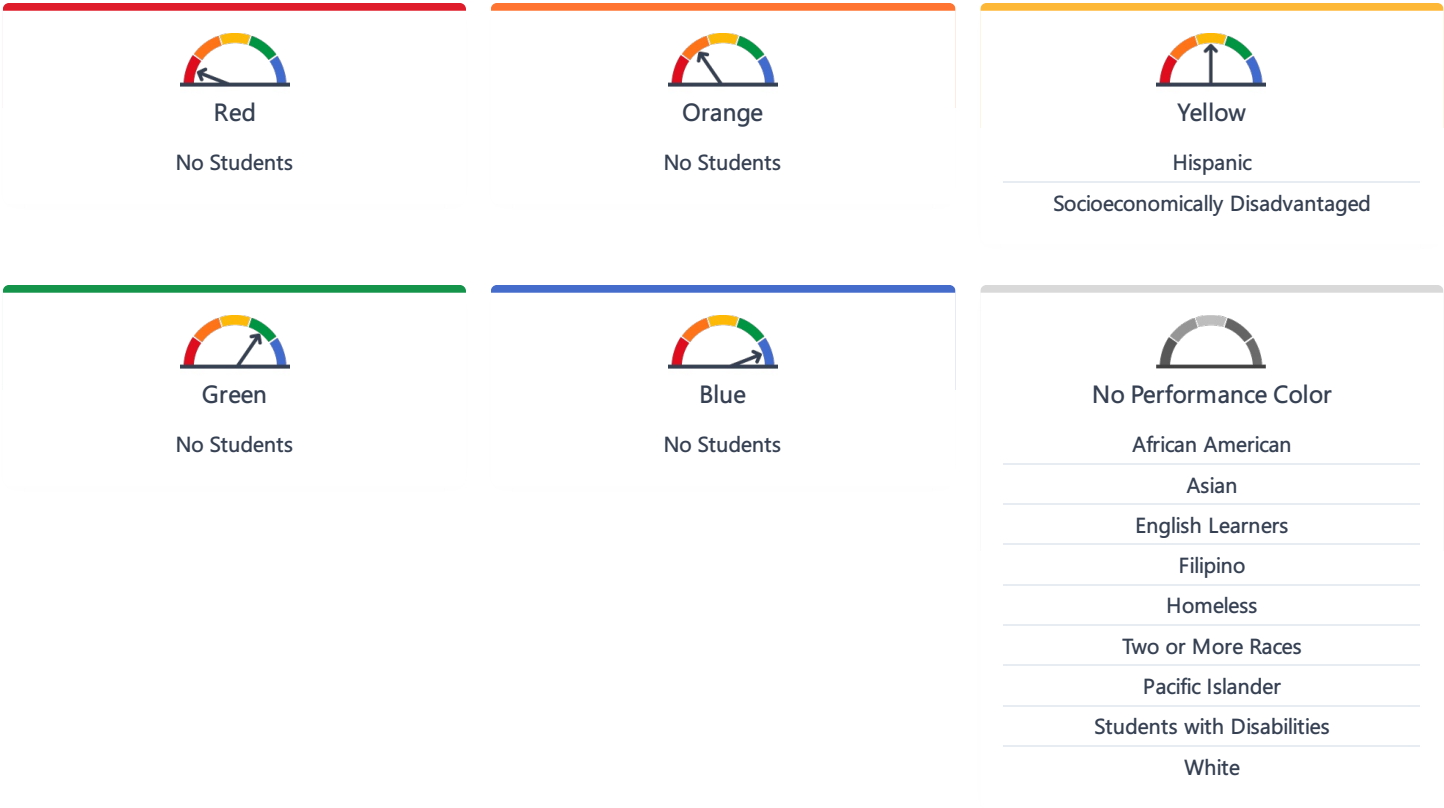
Explore information about students completing high school, which includes students who receive a standard high school diploma or complete their graduation requirements at an alternative school.



### Student Group Details

#### All Student Groups by Performance Level

2 Total Student Groups



### African American



No Performance Color

72.2% graduated

Declined 9% ▼

Number of Students: 18

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 0

### English Learners



No Performance Color

66.7% graduated

Increased 20% ▲

Number of Students: 18

### Filipino



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Homeless



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 4

### Two or More Races



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Pacific Islander



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 0

### Students with Disabilities



No Performance Color

64.3% graduated

Maintained -0.7%

Number of Students: 14

### White



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### Hispanic



Yellow

78% graduated

Increased 14.4% ▲

Number of Students: 50

### Socioeconomically Disadvantaged



Yellow

77.3% graduated

Increased 9.4% ▲

Number of Students: 66

## Graduation Rate By Year

Percentage of students who received a high school diploma within four years of entering ninth grade or complete their graduation requirements at an alternative school.

2015

2016

Graduation Rate

67.9%

76.7%

BUSD000043

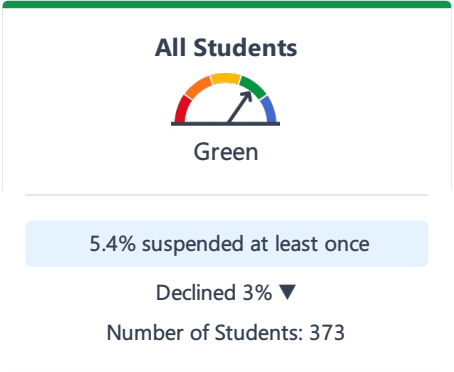
# Conditions and Climate

View data related to the attitudes, behaviors, and performance of students.

## Suspension Rate

### All Students

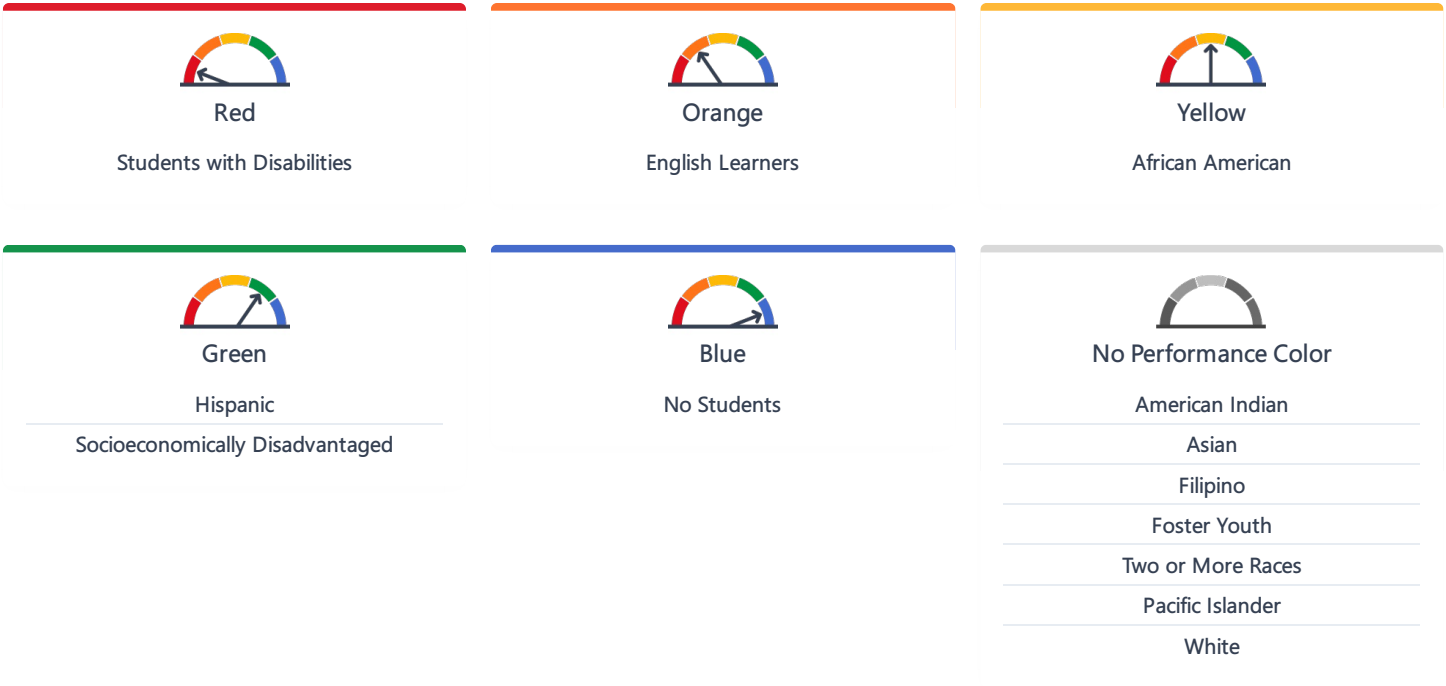
Explore information about the percentage of students in kindergarten through grade 12 who have been suspended at least once in a given school year. Students who are suspended multiple times are only counted once.



### Student Group Details

#### All Student Groups by Performance Level

5 Total Student Groups





### American Indian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 5

### Filipino



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Foster Youth



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Two or More Races



No Performance Color

8.3% suspended at least once

Declined 6.5% ▼

Number of Students: 24

### Pacific Islander



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### White



No Performance Color

4.8% suspended at least once

Declined 7% ▼

Number of Students: 21

### Students with Disabilities



Red

27.8% suspended at least once

Increased 15.3% ▲

Number of Students: 72

### English Learners



Orange

6.8% suspended at least once

Increased 1.9% ▲

Number of Students: 103

### African American



Yellow

11.5% suspended at least once

Declined 5.7% ▼

Number of Students: 78

### Hispanic



Green

3.4% suspended at least once

Declined 1.1% ▼

Number of Students: 235

### Socioeconomically Disadvantaged



Green

4.6% suspended at least once

Declined 2.7% ▼

Number of Students: 259

## Suspension Rate By Year

Percentage of students who were suspended.

	2015	2016	2017
Suspension Rate	4.8%	8.3%	5.4%

BUSD000045

STANDARD NOT MET

## Basics: Teachers, Instructional Materials, Facilities

This measure addresses the percentage of appropriately assigned teachers; students' access to curriculum-aligned instructional materials; and safe, clean and functional school facilities.

As applicable, 100% of all school sites promptly address any complaints or other deficiencies identified throughout the academic year and provide information annually on progress meeting this standard to the local governing board at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

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STANDARD NOT MET

## Parent Engagement

This measure addresses receiving parent input in decision-making and promoting parental participation in education programs for students.

LEAs report progress of how they have sought input from parents in decision making and promoted parent participation in programs to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on either information collected through surveys of parents/guardians or other local measures, and includes a description of why the district chose the selected measures, including whether progress on the selected measure is related to goals it has established for other Local Control Funding Formula (LCFF) priorities in its Local Control and Accountability Plan (LCAP).

---

STANDARD NOT MET

## Local Climate Survey






This measure addresses information regarding the school environment based on a local climate survey administered every other year on the topics of school safety and connectedness.

LEAs report how they administered a local climate survey (at least every other year) that provides a valid measure of perceptions of school safety and connectedness to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected that captures a valid measure of student perceptions of school safety and connectedness in at least one grade within the grade span.

# REALM Charter High

Explore the performance of REALM Charter High under California's Accountability System.

<div>Suspension Rate</div> <div></div> <div>Red</div>	<div>Graduation Rate</div> <div></div> <div>Green</div>	<div>College/Career</div> <div></div> <div>Orange</div>	<div>English Language Arts</div> <div></div> <div>Yellow</div>
<div>Mathematics</div> <div></div> <div>Red</div>	<div>Basics: Teachers, Instructional Materials, Facilities</div> <div>STANDARD NOT MET</div>	<div>Implementation of Academic Standards</div> <div>STANDARD NOT MET</div>	<div>Parent Engagement</div> <div>STANDARD NOT MET</div>
<div>Local Climate Survey</div> <div>STANDARD NOT MET</div>	<div>Access to a Broad Course of Study</div> <div>STANDARD NOT MET</div>		

## School Details

<div>NAME</div> <div>REALM Charter High</div>	<div>ADDRESS</div> <div>2023 Eighth Street Berkeley, CA 94710-2026</div>	<div>WEBSITE</div> <div><a href="http://www.realmcharterschool.org">http://www.realmcharterschool.org</a></div>	<div>GRADES SERVED</div> <div>9-12</div>
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# Student Population

Explore information about this school's student population.


<div>Enrollment</div> <div>344</div>	<div>Socioeconomically Disadvantaged</div> <div>77%</div>	<div>English Learners</div> <div>20.3%</div>	<div>Foster Youth</div> <div>0%</div>
--------------------------------------	---	--	---------------------------------------

# Academic Performance

View Student Assessment Results and other aspects of school performance.

LEARN MORE

English Language Arts



Yellow

33.2 points below standard

Increased 15.7 Points ▲

EQUITY REPORT

Number of Student Groups in Each Color

1

Red

1

Orange

0

Yellow

0


Green

0

Blue

LEARN MORE

Mathematics



Red

146.7 points below standard

Declined 13.7 Points ▼

EQUITY REPORT

Number of Student Groups in Each Color

2

Red

0

Orange

0

Yellow

0


Green

0

Blue

LEARN MORE

College/Career



Orange

20.7% prepared

Maintained -1.4%

EQUITY REPORT

Number of Student Groups in Each Color

0

Red

2

Orange

0

Yellow

0

Green

0

Blue

## Local Indicators

LEARN MORE

Implementation of Academic Standards

STANDARD NOT MET

# Academic Engagement

See information that shows how well schools are engaging students in their learning.

LEARN MORE

Graduation Rate



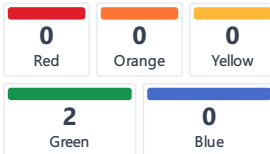
Green

**89.7% graduated**

**Increased 10.2% ▲**

**EQUITY REPORT**

Number of Student Groups in Each  
Color



## Local Indicators

[LEARN MORE](#)

**Access to a Broad  
Course of Study**

**STANDARD NOT MET**

REALM CHARTER HIGH

# Conditions & Climate

View data related to how well schools are providing a healthy, safe and welcoming environment.

[LEARN MORE](#)

**Suspension Rate**



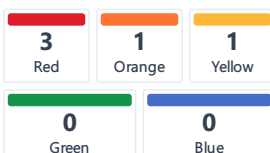
Red

**10.8% suspended at  
least once**

**Increased 5.4% ▲**

**EQUITY REPORT**

Number of Student Groups in Each  
Color



BUSD000049

Local Indicators

[LEARN MORE](#)

**Basics: Teachers,  
Instructional Materials,  
Facilities**

STANDARD NOT MET

[LEARN MORE](#)

**Parent Engagement**

STANDARD NOT MET

[LEARN MORE](#)

**Local Climate Survey**

STANDARD NOT MET

# Academic Performance


View student assessment results and other aspects of school performance under the California Accountability System.

## English Language Arts

### All Students

Explore how well students are meeting grade-level standards on the English Language Arts assessment. This measure is based on student performance on the Smarter Balanced Summative Assessment, which is taken annually by students in grades 3–8 and grade 11.

All Students



Yellow

33.2 points below standard


Increased 15.7 Points ▲

Number of Students: 66

### Student Group Details


#### All Student Groups by Performance Level

2 Total Student Groups




Red

Hispanic




Orange

Socioeconomically Disadvantaged




Yellow

No Students




Green

No Students



Blue

No Students



No Performance Color

African American

Asian

English Learners

Two or More Races

Students with Disabilities

White

### African American



No Performance Color

34.3 points below standard

No Data

Number of Students: 15

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### English Learners



No Performance Color

110.1 points below standard

Declined 32.8 Points ▼

Number of Students: 20

### Two or More Races



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 8

### Students with Disabilities



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 6

### White



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 3

### Hispanic



Red

46.6 points below standard

Maintained -0.8 Points

Number of Students: 38

### Socioeconomically Disadvantaged



Orange

36.7 points below standard

Maintained 2.6 Points

Number of Students: 50

## Distance From Standard (English Language Arts)

Distance from Standard measures how far, on average, students are from the lowest possible score for Standard Met. The Smarter Balanced Consortium has identified Standard Met as demonstrating the knowledge and skills necessary for students to be on track for college and career readiness at their grade level.

	2016	2017	2018
All Students	N/A	48.9 points below standard	33.2 points below standard

## English Language Arts Data Comparisons: English Learners

Additional information on distance from standard for current English learners, prior or Reclassified English learners, and English Only students in English Language Arts.

BUSD000052



### Current English Learners

145.6 points below standard

Declined 46.8 Points ▼

Number of Students: 12

### Reclassified English Learners

No Data

No Data

Number of Students: 8

### English Only

0.7 points above standard

Increased 58.3 Points ▲

Number of Students: 28

## Mathematics

### All Students

Explore how well students are meeting grade-level standards on the Mathematics assessment. This measure is based on student performance on the Smarter Balanced Summative Assessment, which is taken annually by students in grades 3–8 and grade 11.

#### All Students



Red

146.7 points below standard

Declined 13.7 Points ▼

Number of Students: 62

### Student Group Details

#### All Student Groups by Performance Level

2 Total Student Groups



Red

Hispanic

Socioeconomically Disadvantaged



Orange

No Students



Yellow

No Students



Green

No Students



Blue

No Students



No Performance Color

African American

Asian

English Learners

Two or More Races

Students with Disabilities

White

### African American



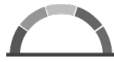
No Performance Color

148.9 points below standard

No Data

Number of Students: 15

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### English Learners



No Performance Color

190.2 points below standard

Declined 26.6 Points ▼

Number of Students: 19

### Two or More Races



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 7

### Students with Disabilities



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 6

### White



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### Hispanic



Red

155.9 points below standard

Declined 25.4 Points ▼

Number of Students: 36

### Socioeconomically Disadvantaged



Red

145.3 points below standard

Declined 14.6 Points ▼

Number of Students: 47

## Mathematics Data Comparisons: English Learners

Additional information on distance from standard for current English learners, prior or Reclassified English learners, and English Only students in mathematics.

### Current English Learners

193.6 points below standard

Declined 17.3 Points ▼

Number of Students: 12

### Reclassified English Learners

No Data

No Data

Number of Students: 7

### English Only

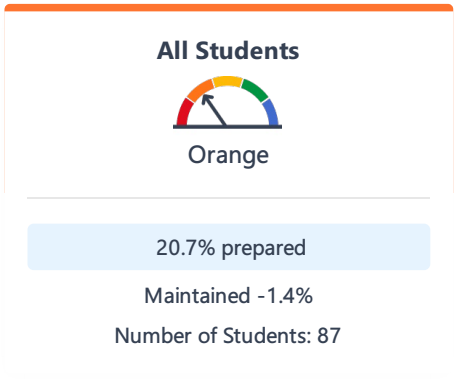
125.4 points below standard

Increased 16.2 Points ▲

Number of Students: 27

All Students

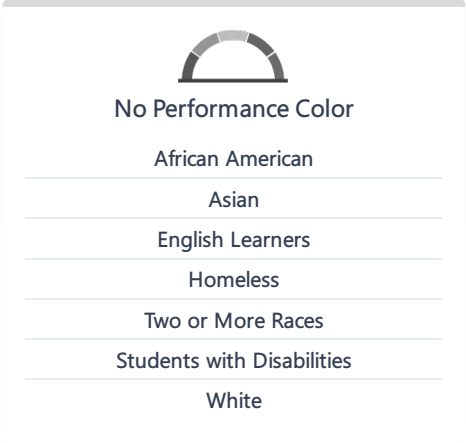
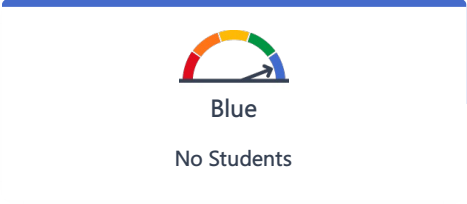
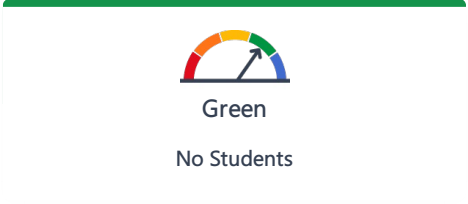
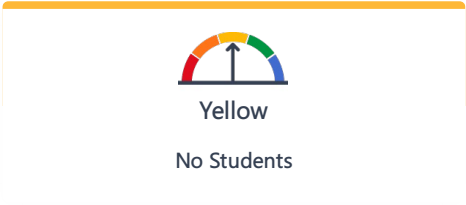
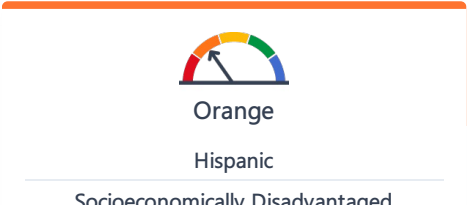
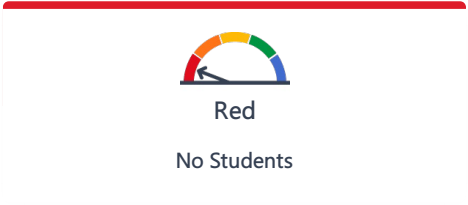
Explore information on the percentage of high school graduates who are placed in the "Prepared" level on the College/Career Indicator.



Student Group Details

All Student Groups by Performance Level

2 Total Student Groups



### African American



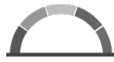
No Performance Color

5.9% prepared

Declined 3.6% ▼

Number of Students: 17

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### English Learners



No Performance Color

18.5% prepared

Increased 11.4% ▲

Number of Students: 27

### Homeless



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Two or More Races



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### Students with Disabilities



No Performance Color

0% prepared

Declined 7.7% ▼

Number of Students: 17

### White



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 5

### Hispanic



Orange

23% prepared

Declined 5.2% ▼

Number of Students: 61

### Socioeconomically Disadvantaged



Orange

20% prepared

Maintained -1.7%

Number of Students: 75

## Local Indicators

STANDARD NOT MET

### Implementation of Academic Standards

This measure covers the implementation of state academic standards.

Local educational agencies (LEAs) annually measure their progress in implementing state academic standards and report the results to its local governing board at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected with locally selected measures or tools and includes a description of why the district chose the selected measure or tool.

BUSD000056

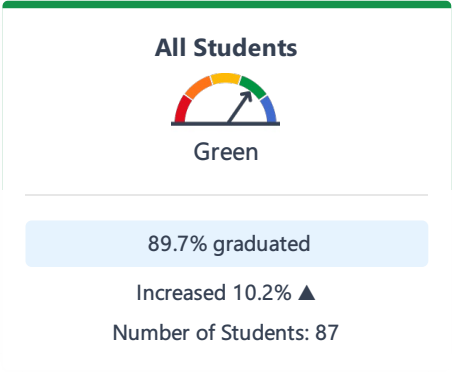
# Academic Engagement

View data about academic participation.

## Graduation Rate

### All Students

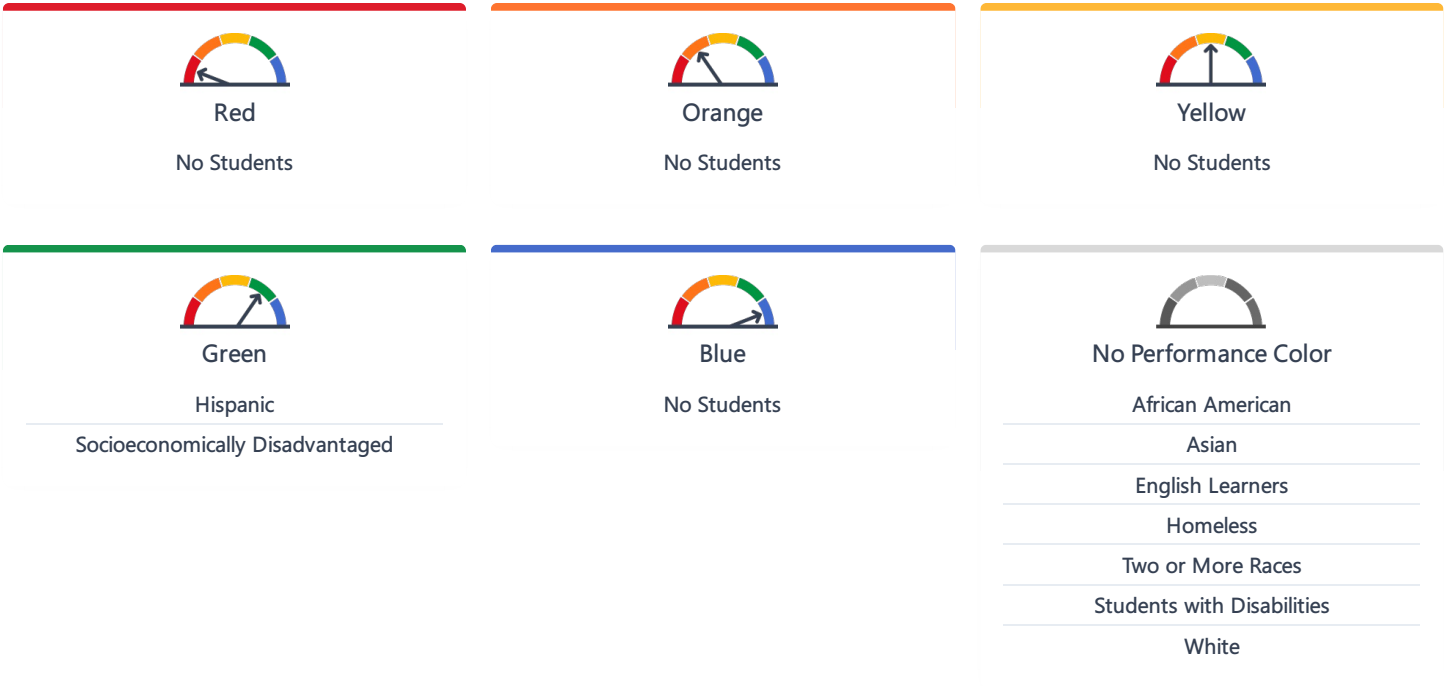
Explore information about students completing high school, which includes students who receive a standard high school diploma or complete their graduation requirements at an alternative school.



### Student Group Details

#### All Student Groups by Performance Level

2 Total Student Groups



### African American



No Performance Color

70.6% graduated

Dedined 15.1% ▼

Number of Students: 17

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### English Learners



No Performance Color

100% graduated

Increased 14.3% ▲

Number of Students: 27

### Homeless



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Two or More Races



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 2

### Students with Disabilities



No Performance Color

94.1% graduated

Increased 9.5% ▲

Number of Students: 17

### White



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 5

### Hispanic



Green

93.4% graduated

Increased 12.2% ▲

Number of Students: 61

### Socioeconomically Disadvantaged



Green

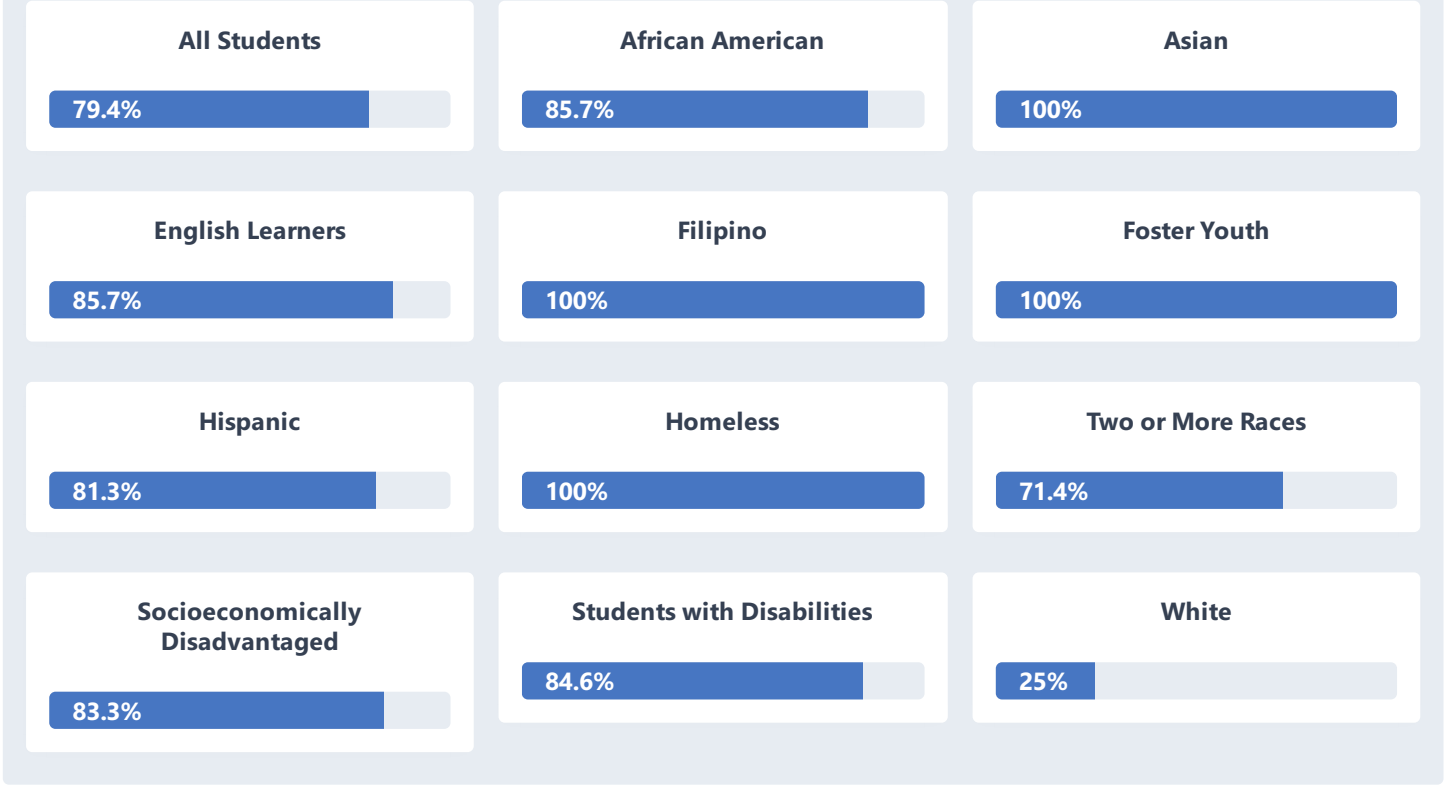
89.3% graduated

Increased 6% ▲

Number of Students: 75

## Five Year Graduation Rate

The percentage of students who entered 9th grade for the first time in the 2013-14 school year who received a high-school diploma within five years of entering ninth grade. This includes students who graduated in four or five years.



## Local Indicators

STANDARD NOT MET

### Access to a Broad Course of Study

This measure explores whether students have access to, and are enrolled in, a broad course of study including the programs and services developed and provided to unduplicated students and individuals with exceptional needs.

LEAs report progress in the extent to which students have access to, and are enrolled in, a broad course of study that includes the adopted courses of study specified in the California Education Code for Grades 1-6 and 7-12, as applicable, including the programs and services developed and provided to unduplicated students and individuals with exceptional needs to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected through locally selected tools and measures that identifies differences across school sites and student groups, barriers preventing student access, and any revisions to ensure access for all students.

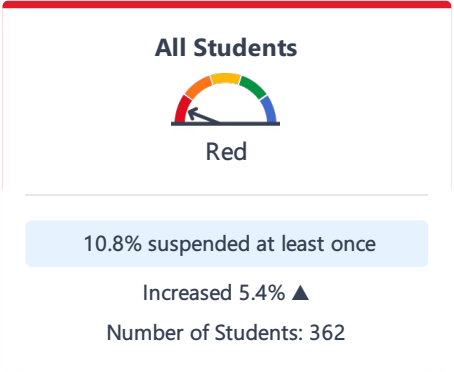
# Conditions and Climate

View data related to the attitudes, behaviors, and performance of students.

## Suspension Rate

### All Students

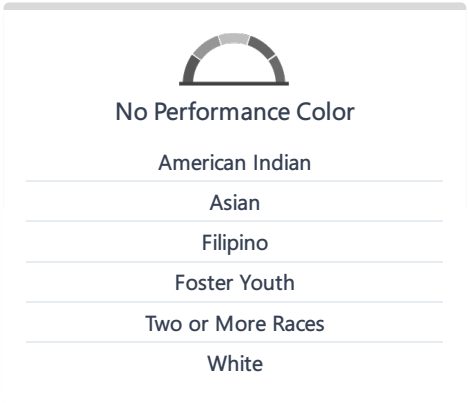
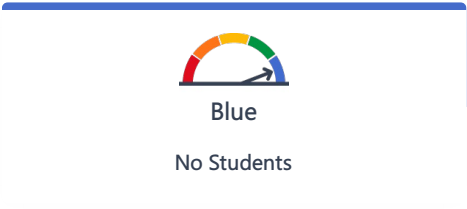
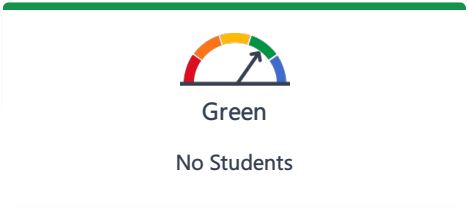
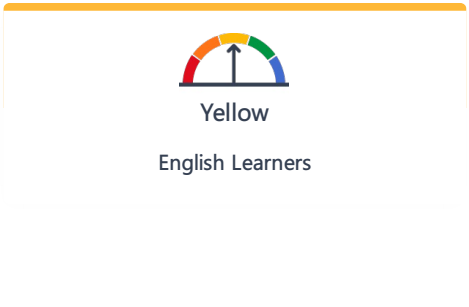
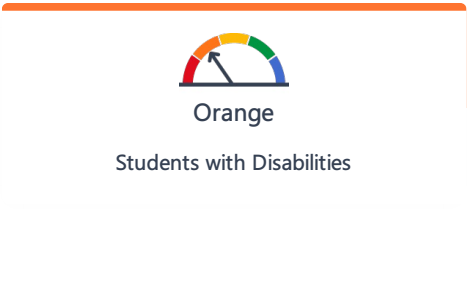
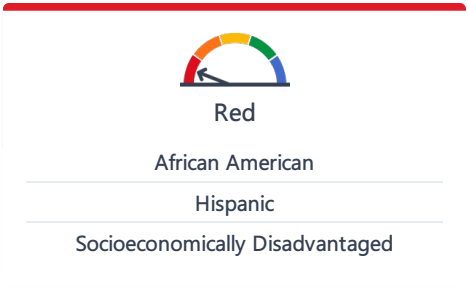
Explore information about the percentage of students in kindergarten through grade 12 who have been suspended at least once in a given school year. Students who are suspended multiple times are only counted once.



### Student Group Details

#### All Student Groups by Performance Level

5 Total Student Groups





### American Indian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 7

### Filipino



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Foster Youth

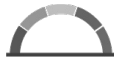


No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Two or More Races



No Performance Color

13% suspended at least once

Increased 6.4% ▲

Number of Students: 23

### White



No Performance Color

22.7% suspended at least once

Increased 18% ▲

Number of Students: 22

### African American



Red

19% suspended at least once

Increased 7.5% ▲

Number of Students: 63

### Hispanic



Red

7.8% suspended at least once

Increased 4.4% ▲

Number of Students: 245

### Socioeconomically Disadvantaged



Red

8.9% suspended at least once

Increased 4.3% ▲

Number of Students: 281

### Students with Disabilities



Orange

15.1% suspended at least once

Declined 12.7% ▼

Number of Students: 53

### English Learners



Yellow

6.5% suspended at least once

Declined 0.3% ▼

Number of Students: 77

## Local Indicators

## Basics: Teachers, Instructional Materials, Facilities

This measure addresses the percentage of appropriately assigned teachers; students' access to curriculum-aligned instructional materials; and safe, clean and functional school facilities.

As applicable, 100% of all school sites promptly address any complaints or other deficiencies identified throughout the academic year and provide information annually on progress meeting this standard to the local governing board at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

---

STANDARD NOT MET

## Parent Engagement

This measure addresses receiving parent input in decision-making and promoting parental participation in education programs for students.

LEAs report progress of how they have sought input from parents in decision making and promoted parent participation in programs to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on either information collected through surveys of parents/guardians or other local measures, and includes a description of why the district chose the selected measures, including whether progress on the selected measure is related to goals it has established for other Local Control Funding Formula (LCFF) priorities in its Local Control and Accountability Plan (LCAP).

---

STANDARD NOT MET

## Local Climate Survey

This measure addresses information regarding the school environment based on a local climate survey administered every other year on the topics of school safety and connectedness.


LEAs report how they administered a local climate survey (at least every other year) that provides a valid measure of perceptions of school safety and connectedness to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected that captures a valid measure of student perceptions of school safety and connectedness in at least one grade within the grade span.

# REALM Charter Middle


Explore the performance of REALM Charter Middle under California's Accountability System.

Suspension Rate




Orange

English Learner Progress




Blue

English Language Arts



Red

Mathematics



Red

Basics: Teachers, Instructional Materials, Facilities

STANDARD NOT MET

Implementation of Academic Standards

STANDARD NOT MET

Parent Engagement

STANDARD NOT MET

Local Climate Survey

STANDARD NOT MET

## School Details

NAME

REALM Charter Middle

ADDRESS

1222 University Avenue  
Berkeley, CA 94702-2026

WEBSITE

<http://www.realmcharte...>

GRADES SERVED

6-8

REALM CHARTER MIDDLE

## Student Population

Explore information about this school's student population.

Enrollment

249

Socioeconomically Disadvantaged

71.5%

English Learners

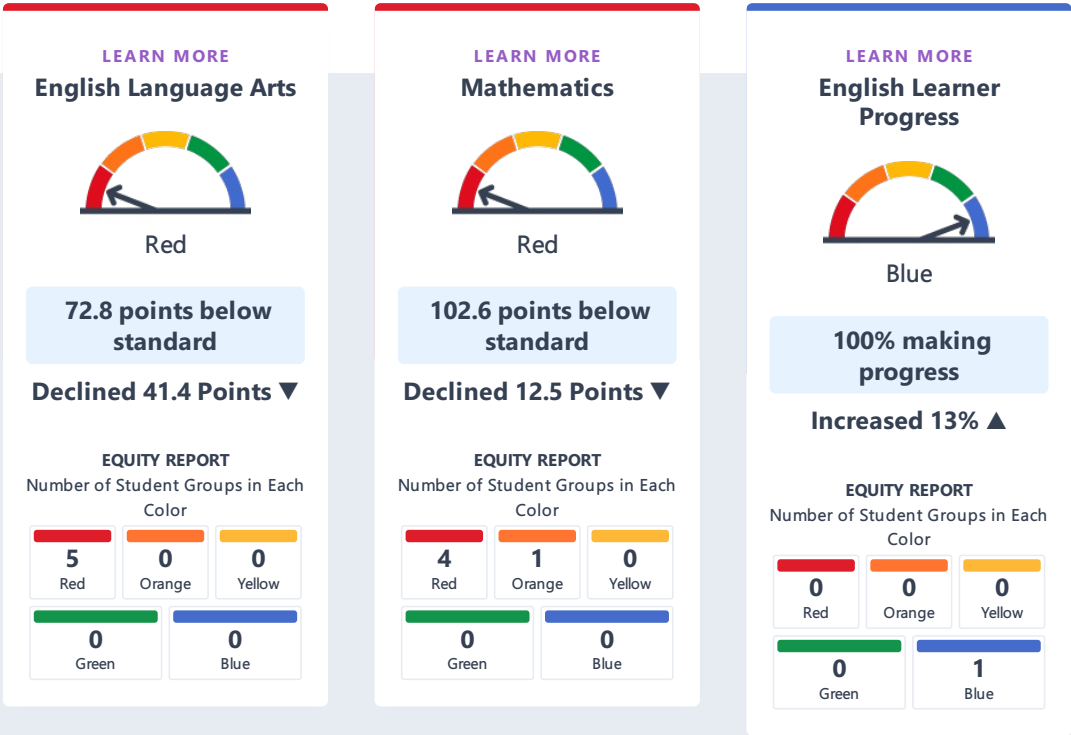
23.3%

Foster Youth

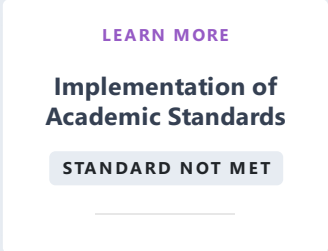
0%

# Academic Performance

View Student Assessment Results and other aspects of school performance.



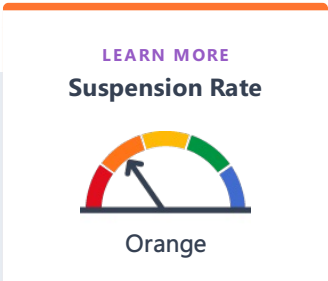
## Local Indicators



REALM CHARTER MIDDLE

# Conditions & Climate

View data related to how well schools are providing a healthy, safe and welcoming environment.

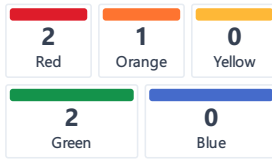


9.8% suspended at least once

Increased 0.5% ▲

#### EQUITY REPORT

Number of Student Groups in Each Color



## Local Indicators

LEARN MORE

Basics: Teachers,  
Instructional Materials,  
Facilities

STANDARD NOT MET

LEARN MORE

Parent Engagement

STANDARD NOT MET

LEARN MORE

Local Climate Survey

STANDARD NOT MET

# Academic Performance


View student assessment results and other aspects of school performance under the California Accountability System.

## English Language Arts

### All Students

Explore how well students are meeting grade-level standards on the English Language Arts assessment. This measure is based on student performance on the Smarter Balanced Summative Assessment, which is taken annually by students in grades 3–8 and grade 11.

All Students



Red

72.8 points below standard


Dedined 41.4 Points ▼

Number of Students: 215

### Student Group Details

#### All Student Groups by Performance Level

5 Total Student Groups



Red


African American

English Learners

Hispanic


Socioeconomically Disadvantaged

Students with Disabilities




Orange

No Students




Yellow

No Students




Green

No Students



Blue

No Students



No Performance Color

Asian

Filipino

Two or More Races

White



## Distance From Standard (Grades 3-8)

Distance from Standard measures how far, on average, students are from the lowest possible score for Standard Met. The Smarter Balanced Consortium has identified Standard Met as demonstrating the knowledge and skills necessary for students to be on track for college and career readiness at their grade level.

	2015	2016	2017
Grades 3-8	40.5 points below standard	31.4 points below standard	72.8 points below standard

## English Language Arts Data Comparisons: English Learners

Additional information on distance from standard for current English learners, prior or Reclassified English learners, and English Only students in English Language Arts.

### Current English Learners

154.4 points below standard

Declined 53.5 Points ▼

Number of Students: 50

### Reclassified English Learners

59.2 points below standard

Declined 38.8 Points ▼

Number of Students: 37

### English Only

48.5 points below standard

Declined 33.4 Points ▼

Number of Students: 96

## Mathematics

### All Students

Explore how well students are meeting grade-level standards on the Mathematics assessment. This measure is based on student performance on the Smarter Balanced Summative Assessment, which is taken annually by students in grades 3–8 and grade 11.

#### All Students



Red

102.6 points below standard

Declined 12.5 Points ▼

Number of Students: 208

### Student Group Details

#### All Student Groups by Performance Level

5 Total Student Groups



Red

African American

English Learners

Hispanic

Socioeconomically Disadvantaged



Orange

Students with Disabilities



Yellow

No Students



Green

No Students



Blue

No Students



No Performance Color

Asian

Filipino

Two or More Races

White





## Distance From Standard (Grades 3-8)

Distance from Standard measures how far, on average, students are from the lowest possible score for Standard Met. The Smarter Balanced Consortium has identified Standard Met as demonstrating the knowledge and skills necessary for students to be on track for college and career readiness at their grade level.

	2015	2016	2017
Grades 3-8	87.9 points below standard	90.1 points below standard	102.6 points below standard

## Mathematics Data Comparisons: English Learners

Additional information on distance from standard for current English learners, prior or Reclassified English learners, and English Only students in mathematics.

### Current English Learners

147.4 points below standard

Increased 11.3 Points ▲

Number of Students: 49

### Reclassified English Learners

97.9 points below standard

Declined 29.3 Points ▼

Number of Students: 38

### English Only

94.6 points below standard

Declined 17.6 Points ▼

Number of Students: 91

## English Learner Progress

### English Learner Progress Indicator

Additional information on English learners in grades kindergarten through grade 12 who made progress towards English proficiency.

	2016	2017
English Learner Progress	87%	100%

## Local Indicators

STANDARD NOT MET

### Implementation of Academic Standards

This measure covers the implementation of state academic standards.

Local educational agencies (LEAs) annually measure their progress in implementing state academic standards and report the results to its local governing board at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected with locally selected measures or tools and includes a description of why the district chose the selected measure or tool.

# Academic Engagement

View data about academic participation.

**There is no data available for this report.**

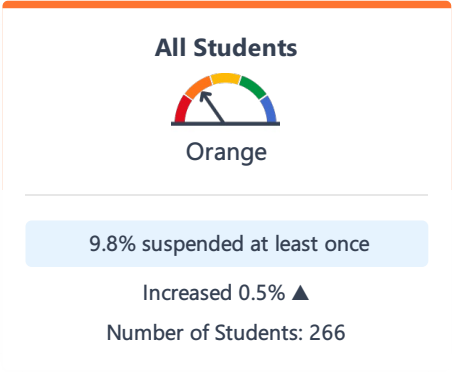
# Conditions and Climate

View data related to the attitudes, behaviors, and performance of students.

## Suspension Rate

### All Students

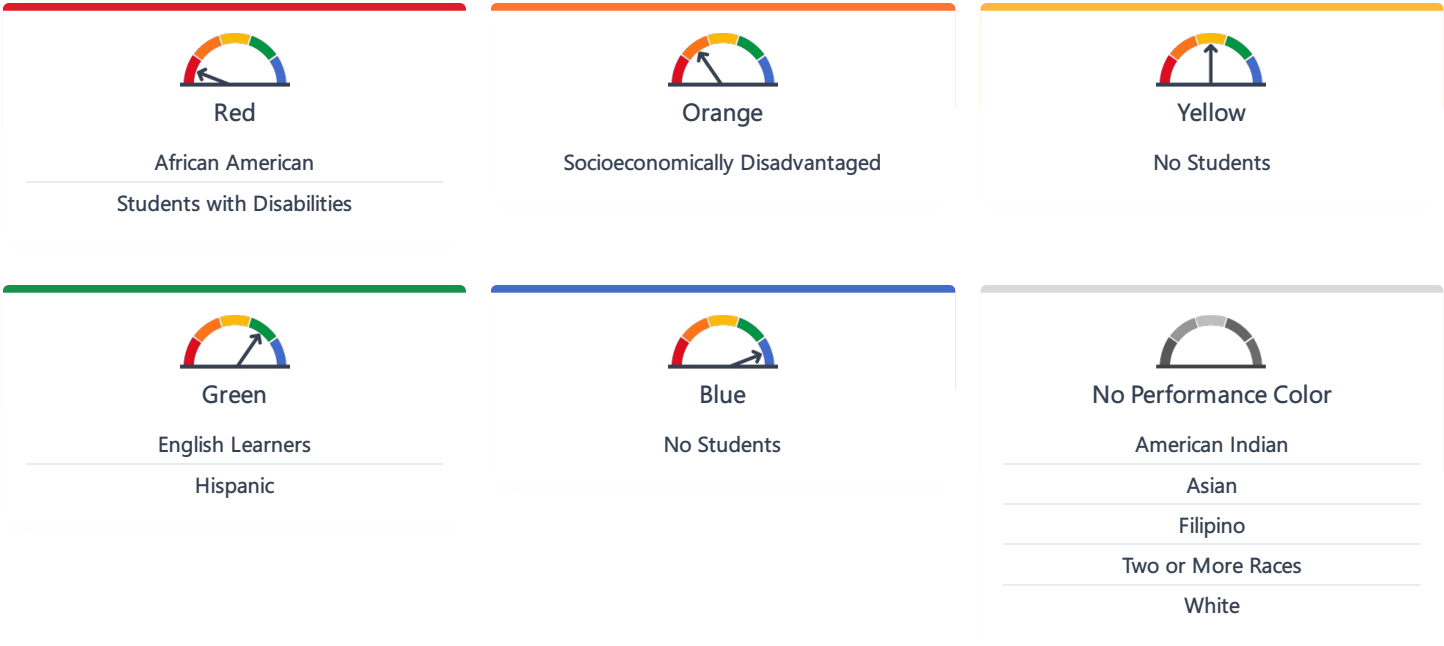
Explore information about the percentage of students in kindergarten through grade 12 who have been suspended at least once in a given school year. Students who are suspended multiple times are only counted once.



### Student Group Details

#### All Student Groups by Performance Level

5 Total Student Groups



### American Indian

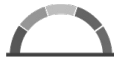


No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 10

### Filipino



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 3

### Two or More Races



No Performance Color

11.1% suspended at least once

Declined 1% ▼

Number of Students: 18

### White



No Performance Color

4.2% suspended at least once

Increased 4.2% ▲

Number of Students: 24

### African American



Red

29.6% suspended at least once

Increased 11.4% ▲

Number of Students: 44

### Students with Disabilities



Red

17.5% suspended at least once

Maintained 0.2%

Number of Students: 40

### Socioeconomically Disadvantaged



Orange

10.8% suspended at least once

Maintained -0.1%

Number of Students: 186

### English Learners



Green

6.9% suspended at least once

Declined 3% ▼

Number of Students: 73

### Hispanic



Green

6.3% suspended at least once

Declined 2.5% ▼

Number of Students: 158

## Suspension Rate By Year

Percentage of students who were suspended.

	2015	2016	2017
Suspension Rate	2.1%	9.2%	9.8%

BUSD000073

STANDARD NOT MET

## Basics: Teachers, Instructional Materials, Facilities

This measure addresses the percentage of appropriately assigned teachers; students' access to curriculum-aligned instructional materials; and safe, clean and functional school facilities.

As applicable, 100% of all school sites promptly address any complaints or other deficiencies identified throughout the academic year and provide information annually on progress meeting this standard to the local governing board at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

---

STANDARD NOT MET

## Parent Engagement

This measure addresses receiving parent input in decision-making and promoting parental participation in education programs for students.

LEAs report progress of how they have sought input from parents in decision making and promoted parent participation in programs to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on either information collected through surveys of parents/guardians or other local measures, and includes a description of why the district chose the selected measures, including whether progress on the selected measure is related to goals it has established for other Local Control Funding Formula (LCFF) priorities in its Local Control and Accountability Plan (LCAP).

---

STANDARD NOT MET

## Local Climate Survey

This measure addresses information regarding the school environment based on a local climate survey administered every other year on the topics of school safety and connectedness.


LEAs report how they administered a local climate survey (at least every other year) that provides a valid measure of perceptions of school safety and connectedness to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected that captures a valid measure of student perceptions of school safety and connectedness in at least one grade within the grade span.

# REALM Charter Middle


Explore the performance of REALM Charter Middle under California's Accountability System.

Chronic Absenteeism




Orange

Suspension Rate




Red

English Learner Progress




No Performance Color

English Language Arts



Red

Mathematics



Red

Basics: Teachers, Instructional Materials, Facilities

STANDARD NOT MET

Implementation of Academic Standards

STANDARD NOT MET

Parent Engagement

STANDARD NOT MET

Local Climate Survey

STANDARD NOT MET

Access to a Broad Course of Study

STANDARD NOT MET

## School Details

NAME

REALM Charter Middle

ADDRESS

1222 University Avenue  
Berkeley, CA 94702-2026

WEBSITE

<http://www.realmcharte...>

GRADES SERVED

6-8

## Student Population

Explore information about this school's student population.

Enrollment

187

Socioeconomically Disadvantaged

77%

English Learners

21.9%

Foster Youth


0%

# Academic Performance

View Student Assessment Results and other aspects of school performance.

LEARN MORE

English Language Arts



Red

79.8 points below standard

Declined 5.7 Points ▼

EQUITY REPORT

Number of Student Groups in Each Color

3  
Red

1  
Orange


0  
Yellow

0  
Green

0  
Blue

LEARN MORE

Mathematics



Red

121.3 points below standard

Declined 16.6 Points ▼

EQUITY REPORT

Number of Student Groups in Each Color

3  
Red

1  
Orange

0  
Yellow

0  
Green

0  
Blue

LEARN MORE

English Learner Progress

English Language Proficiency Assessments for California Results

Level 4 - Well Developed  
40.4%

Level 3 - Moderately Developed  
38.5%

Level 2 - Somewhat Developed  
9.6%

Level 1 - Beginning Stage  
11.5%

## Local Indicators

LEARN MORE

Implementation of Academic Standards

STANDARD NOT MET

# Academic Engagement

See information that shows how well schools are engaging students in their learning.

LEARN MORE

Chronic Absenteeism





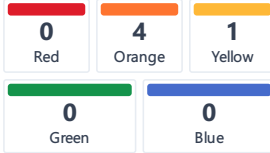
Orange

**8.2% chronically  
absent**

**Increased 1.9% ▲**

#### EQUITY REPORT

Number of Student Groups in Each  
Color



## Local Indicators

[LEARN MORE](#)

**Access to a Broad  
Course of Study**

**STANDARD NOT MET**

### REALM CHARTER MIDDLE

# Conditions & Climate

View data related to how well schools are providing a healthy, safe and welcoming environment.

[LEARN MORE](#)

**Suspension Rate**



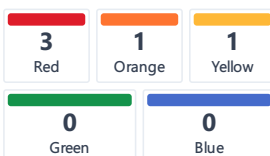
Red

**14.4% suspended at  
least once**

**Increased 4.6% ▲**

#### EQUITY REPORT

Number of Student Groups in Each  
Color



BUSD000077

Local Indicators

LEARN MORE

Basics: Teachers,  
Instructional Materials,  
Facilities

STANDARD NOT MET

LEARN MORE

Parent Engagement

STANDARD NOT MET

LEARN MORE

Local Climate Survey

STANDARD NOT MET

# Academic Performance


View student assessment results and other aspects of school performance under the California Accountability System.

## English Language Arts

### All Students

Explore how well students are meeting grade-level standards on the English Language Arts assessment. This measure is based on student performance on the Smarter Balanced Summative Assessment, which is taken annually by students in grades 3–8 and grade 11.

All Students



Red

79.8 points below standard

Declined 5.7 Points ▼

Number of Students: 154

### Student Group Details

#### All Student Groups by Performance Level

4 Total Student Groups




Red

African American


Hispanic

Socioeconomically Disadvantaged




Orange

English Learners




Yellow

No Students




Green

No Students



Blue

No Students



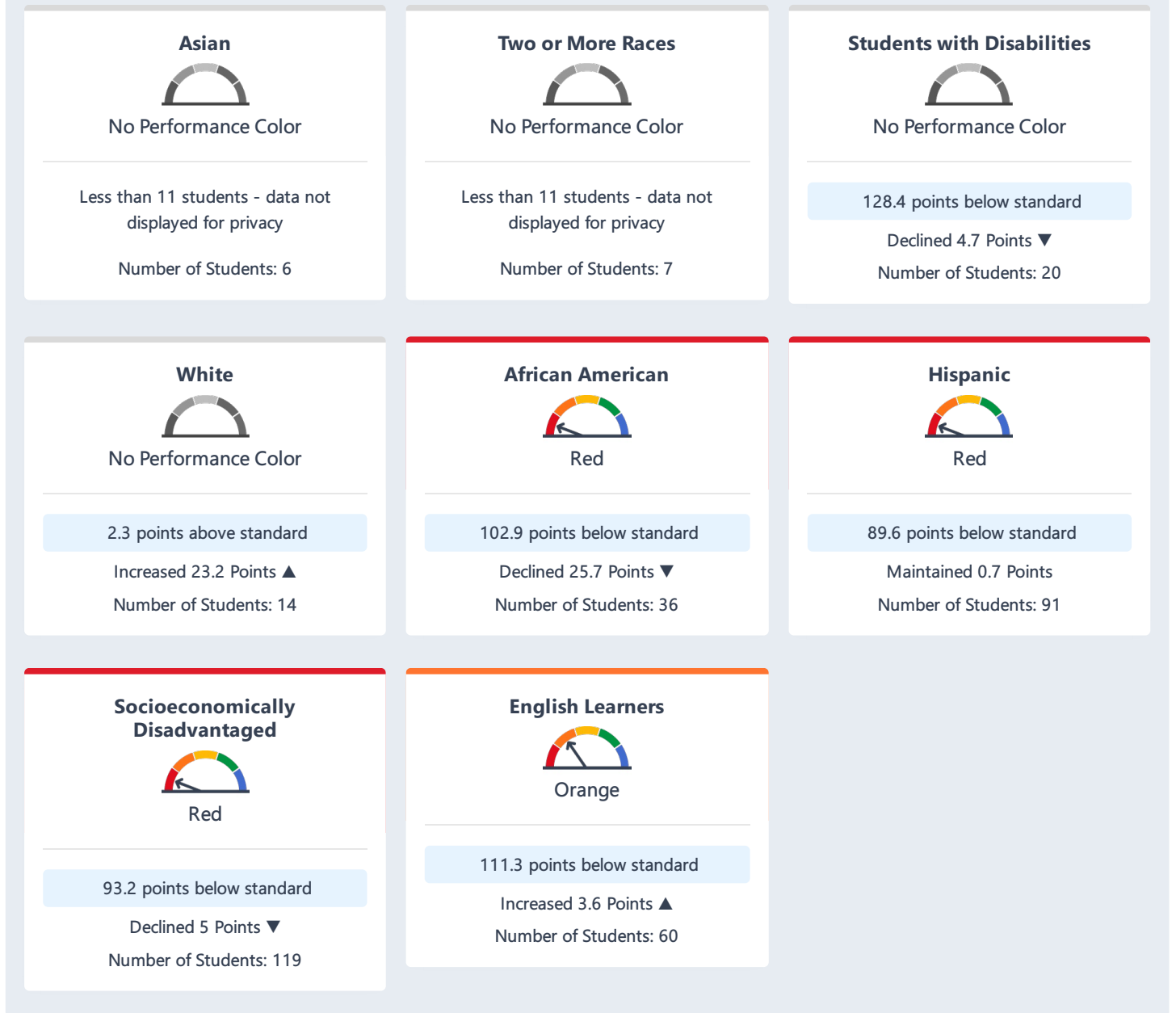
No Performance Color

Asian

Two or More Races

Students with Disabilities

White



## Distance From Standard (English Language Arts)

Distance from Standard measures how far, on average, students are from the lowest possible score for Standard Met. The Smarter Balanced Consortium has identified Standard Met as demonstrating the knowledge and skills necessary for students to be on track for college and career readiness at their grade level.

	2016	2017	2018
All Students	N/A	74.1 points below standard	79.8 points below standard

## English Language Arts Data Comparisons: English Learners

Additional information on distance from standard for current English learners, prior or Reclassified English learners, and English Only students in English Language Arts.

BUSD000080

### Current English Learners

147 points below standard

Increased 7.9 Points ▲

Number of Students: 35

### Reclassified English Learners

61.3 points below standard

Maintained -0.7 Points

Number of Students: 25

### English Only

70 points below standard

Declined 20.2 Points ▼

Number of Students: 73

## Mathematics

### All Students

Explore how well students are meeting grade-level standards on the Mathematics assessment. This measure is based on student performance on the Smarter Balanced Summative Assessment, which is taken annually by students in grades 3–8 and grade 11.

#### All Students



Red

121.3 points below standard

Declined 16.6 Points ▼

Number of Students: 153

### Student Group Details

#### All Student Groups by Performance Level

4 Total Student Groups



Red

English Learners

Hispanic

Socioeconomically Disadvantaged



Orange

African American



Yellow

No Students



Green

No Students



Blue

No Students



No Performance Color

Asian

Two or More Races

Students with Disabilities

White



## Distance From Standard (Mathematics)

Distance from Standard measures how far, on average, students are from the lowest possible score for Standard Met. The Smarter Balanced Consortium has identified Standard Met as demonstrating the knowledge and skills necessary for students to be on track for college and career readiness at their grade level.

	2016	2017	2018
All Students	N/A	104.6 points below standard	121.3 points below standard

## Mathematics Data Comparisons: English Learners

Additional information on distance from standard for current English learners, prior or Reclassified English learners, and English Only students in mathematics.

### Current English Learners

168.7 points below standard

Declined 20.6 Points ▼

Number of Students: 35

### Reclassified English Learners

115.5 points below standard

Declined 16.6 Points ▼

Number of Students: 25

### English Only

118.5 points below standard

Declined 21.4 Points ▼

Number of Students: 72

## English Learner Progress

[LEARN MORE](#)

### English Learner Progress

English Language Proficiency Assessments  
for California Results

Number of Students: 104

Level 4 - Well Developed

**40.4%**

Level 3 - Moderately Developed

**38.5%**

Level 2 - Somewhat Developed

**9.6%**

Level 1 - Beginning Stage

**11.5%**

## Local Indicators

STANDARD NOT MET

### Implementation of Academic Standards

This measure covers the implementation of state academic standards.

Local educational agencies (LEAs) annually measure their progress in implementing state academic standards and report the results to its local governing board at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected with locally selected measures or tools and includes a description of why the district chose the selected measure or tool.

# Academic Engagement


View data about academic participation.

## Chronic Absenteeism

### All Students

Explore information about the percentage of students in kindergarten through grade 8 who are absent 10 percent or more of the instructional days they were enrolled.

All Students



Orange

8.2% chronically absent


Increased 1.9% ▲

Number of Students: 195

### Student Group Details


#### All Student Groups by Performance Level

5 Total Student Groups



Red

No Students




Orange

African American

Students with Disabilities


Hispanic

Socioeconomically Disadvantaged




Yellow

English Learners




Green

No Students



Blue

No Students



No Performance Color

American Indian

Asian

Filipino

Foster Youth

Homeless

Pacific Islander

Two or More Races

White



### American Indian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 7

### Filipino



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Foster Youth

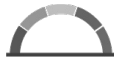


No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 0

### Homeless



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 0

### Pacific Islander



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 0

### Two or More Races



No Performance Color

13.3% chronically absent

Increased 1.8% ▲

Number of Students: 15

### White



No Performance Color

14.3% chronically absent

Declined 13% ▼

Number of Students: 14

### African American



Orange

11.1% chronically absent

Increased 8.7% ▲

Number of Students: 45

### Students with Disabilities



Orange

16.1% chronically absent

Increased 8.6% ▲

Number of Students: 31

### Hispanic



Orange

5.4% chronically absent

Increased 1.4% ▲

Number of Students: 112

### Socioeconomically Disadvantaged



Orange

9.1% chronically absent

Increased 3.1% ▲

Number of Students: 154

### English Learners



Yellow

4.9% chronically absent

Increased 0.7% ▲

Number of Students: 41

## STANDARD NOT MET

### Access to a Broad Course of Study

This measure explores whether students have access to, and are enrolled in, a broad course of study including the programs and services developed and provided to unduplicated students and individuals with exceptional needs.

LEAs report progress in the extent to which students have access to, and are enrolled in, a broad course of study that includes the adopted courses of study specified in the California Education Code for Grades 1-6 and 7-12, as applicable, including the programs and services developed and provided to unduplicated students and individuals with exceptional needs to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected through locally selected tools and measures that identifies differences across school sites and student groups, barriers preventing student access, and any revisions to ensure access for all students.

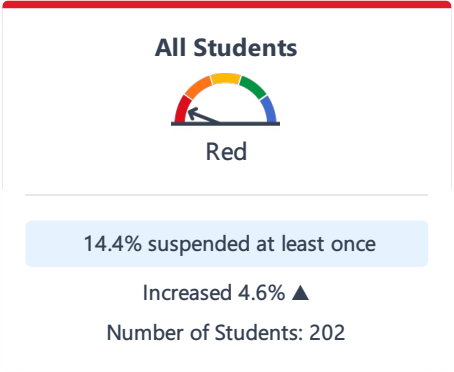
# Conditions and Climate

View data related to the attitudes, behaviors, and performance of students.

## Suspension Rate

### All Students

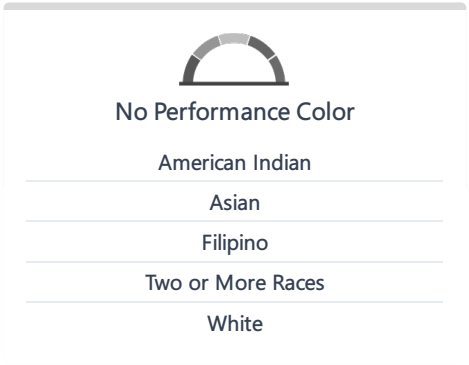
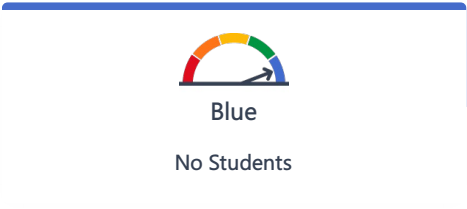
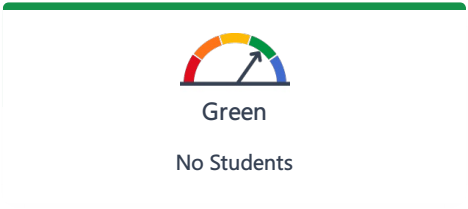
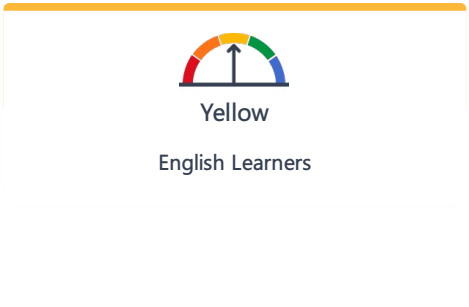
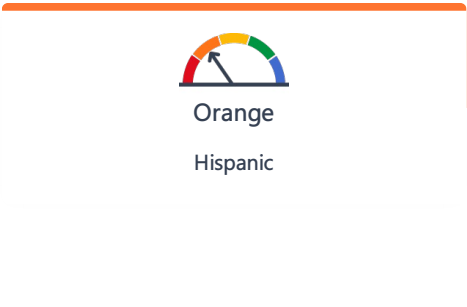
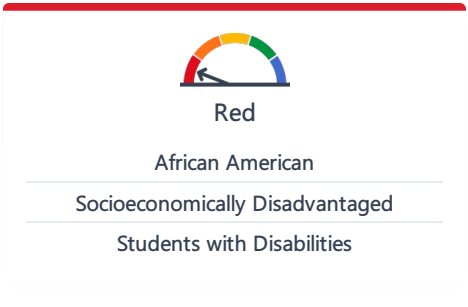
Explore information about the percentage of students in kindergarten through grade 12 who have been suspended at least once in a given school year. Students who are suspended multiple times are only counted once.



### Student Group Details

#### All Student Groups by Performance Level

5 Total Student Groups



### American Indian

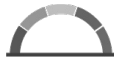


No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Asian



No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 7

### Filipino

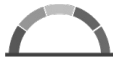


No Performance Color

Less than 11 students - data not displayed for privacy

Number of Students: 1

### Two or More Races



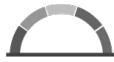
No Performance Color

18.8% suspended at least once

Increased 11.1% ▲

Number of Students: 16

### White



No Performance Color

14.3% suspended at least once

Increased 10.1% ▲

Number of Students: 14

### African American



Red

31.9% suspended at least once

Increased 2.4% ▲

Number of Students: 47

### Socioeconomically Disadvantaged



Red

15.2% suspended at least once

Increased 4.4% ▲

Number of Students: 158

### Students with Disabilities



Red

25.8% suspended at least once

Increased 8.3% ▲

Number of Students: 31

### Hispanic



Orange

7.8% suspended at least once

Increased 1.4% ▲

Number of Students: 116

### English Learners



Yellow

7% suspended at least once

Maintained 0.1%

Number of Students: 43

## Suspension Rate By Year

Percentage of students who were suspended.

	2016	2017	2018
Suspension Rate	9.2%	9.8%	14.4%

BUSD000088

STANDARD NOT MET

## Basics: Teachers, Instructional Materials, Facilities

This measure addresses the percentage of appropriately assigned teachers; students' access to curriculum-aligned instructional materials; and safe, clean and functional school facilities.

As applicable, 100% of all school sites promptly address any complaints or other deficiencies identified throughout the academic year and provide information annually on progress meeting this standard to the local governing board at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

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STANDARD NOT MET

## Parent Engagement

This measure addresses receiving parent input in decision-making and promoting parental participation in education programs for students.

LEAs report progress of how they have sought input from parents in decision making and promoted parent participation in programs to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on either information collected through surveys of parents/guardians or other local measures, and includes a description of why the district chose the selected measures, including whether progress on the selected measure is related to goals it has established for other Local Control Funding Formula (LCFF) priorities in its Local Control and Accountability Plan (LCAP).

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STANDARD NOT MET

## Local Climate Survey

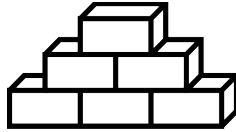
This measure addresses information regarding the school environment based on a local climate survey administered every other year on the topics of school safety and connectedness.

LEAs report how they administered a local climate survey (at least every other year) that provides a valid measure of perceptions of school safety and connectedness to their local governing boards at a regularly scheduled meeting and reports to stakeholders and the public through the Dashboard.

The summary of progress is required to be based on information collected that captures a valid measure of student perceptions of school safety and connectedness in at least one grade within the grade span.

## EXHIBIT D

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February 21, 2019

VIA: EMAIL AND U.S. MAIL  
DONALDEVANS@BERKELEY.NET

Donald Evans, Ed.D., Superintendent  
Members of the Board of Education  
Berkeley Unified School District  
2020 Bonar Street  
Berkeley, CA 94702

**Re: REALM Middle School Response to Berkeley Unified School District Notice of Violation**

Dear Members of the Board of Education of the Berkeley Unified School District and Superintendent Evans:

The purpose of this letter is to respond to the Notice of Violation ("NOV") issued by the Berkeley Unified School District ("BUSD" or the "District") Board of Education on February 7, 2018 to REALM Middle School ("REALM" or the "Charter School").

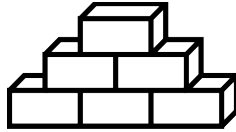
At the outset, REALM wishes to express its continued desire to work in partnership with the District for the benefit of all students and to work in an open and transparent way to immediately address any concerns the District may have after reviewing this Response. The REALM Board of Directors approached the NOV Response very seriously, and with a strong commitment to remedying all alleged violations to the ultimate satisfaction of the District Board and staff. REALM strongly believes that it has cured or has a plan to cure all alleged violations, and that it has put in place mechanisms to ensure that such issues do not recur.

**REALM Has Refuted or Resolved All Allegations From the Notice of Violation**

Pursuant to the California Code of Regulations, Title 5 (5 CCR), Section 11968.5.2(c)(1), REALM has prepared this written response "addressing each identified violation which shall include the refutation, remedial action taken, or proposed remedial action taken by the charter school specific to each alleged violation." Further, REALM has attached to this written response "supporting evidence of the refutation, remedial action, or proposed remedial action" in accordance with 5 CCR Section 11968.5.2(c)(2).

The District Board of Education may only continue the revocation process if it "has substantial evidence that the charter school has failed to refute to the chartering authority's satisfaction, or remedy a violation identified in the Notice of Violation..." (5 CCR Section 11968.5.2(d)(1).) It is the intent of the REALM Board that this process not proceed past the NOV stage. As such, as detailed below in this Response, REALM is optimistic that you will find herein that REALM has sufficiently refuted, remedied, or proposed a remedy to each alleged violation included in the NOV and respectfully requests that the District discontinue the revocation process as soon as possible.

While no organization can be perfect 100% of the time, REALM strives to be so; REALM has dedicated itself to the betterment of students and will continue to reassess its processes and policies to continually improve its operations. REALM has appreciated the opportunity to address the District's



concerns with staff and to further hone its operational policies and practices to ensure compliance with the law, its charter, and best practices.

Below, please find a table listing the alleged violations from the NOV, in the order in which they were presented, with REALM's responses and description of actions taken, in all possible scenarios.

REALM wishes to thank District staff and the Board of Education for its time and consideration of this response. Please do not hesitate to contact me if you have any questions or required additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "V. Diaz". The signature is fluid and cursive, with a large initial "V" and a stylized "Diaz".

Victor Diaz  
Executive Director  
REALM Charter School



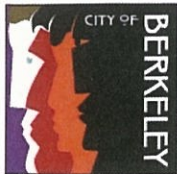
Alleged Violation	REALM Response	Supporting Evidence
Failed to submit its final audit report by December 15, 2018 for fiscal year 2017-2018.	<p><b>Remedied In Part:</b> All documentation has been submitted to the auditor CliftonLarsonAllen LLP.</p> <p>Plan to Remedy: We are promised to have the completed audit no later than March 1, 2019</p>	Please note that every year since our opening in 2011, we have never been late with our audit. I had a lot going on with the facilities and prospective charter school mergers that I simply was not as responsive to the auditors needs as I should have been. It was no one else's fault but my own. It will not happen again.
Failed to pay its employer contributions to the State Teachers' Retirement System (STRS) for the months of November (\$43,855.23) and December, 2018 (\$44,267.37). (Exhibit A.)	<p><b>Remedied in Full:</b> November and December have been paid in full as well as any/all fines incurred.</p> <p>January STRS will be paid on February 28, 2019. February STRS and all future STRS payments will be made on time.</p>	See attachments (Screenshot of online banking)
Failed to pay \$1.5 million dollars in financial obligations to vendors and other creditors.	<p><b>Background:</b> Due to the ongoing construction and permitting costs associated with opening a new school facility, and the need for temporary facilities in the fall - our cash flow was stretched more that what was originally expected. Thus, we fell behind with a number of key vendors.</p> <p><b>Remedied in Part:</b> ACOE/STRS payments are paid and will be current by 3/1. Rent at 2023 8<sup>th</sup> Street is current.</p> <p>Plan to Remedy: We are working toward a potential merger with Compass Charter Schools. Compass has already infused cash and technical resources (more than \$400,000). Compass is</p>	

	<p>committed to additional cash resources going forward and they are allowing REALM to utilize additional expertise to assist REALM with Aged Payables.</p> <p>On 2/19 and 2/20, Compass and CSMC sent business services experts to review all of our past and current contracts. They examined invoices and began calling vendors to offer settlements and/or payment plans.</p> <p>Our plan is to reduce our overall AP amount by at least 30% while remaining current with all vendors for the remainder of the fiscal year.</p> <p>Finally, once the merger is complete with Compass, we will be able to reduce the AP even further by using a number of their vendors for back office, insurance, benefits, and technology services. We will present a budget with specific details when we submit a Material Revision.</p>	
<p>Failed to reflect the negative fund balance of REALM Middle School in the budget of the consolidated REALM Charter Schools after the Board granted a material revision to consolidate the REALM Middle School and REALM High School.</p>	<p><b>Remedied in Part:</b> The transfer of the negative fund balance is in Other Uses and reflected in the current year 18-19 income statement. CSMC (our back office provider) transferred its building assets in 17-18, we will also want to transfer the remaining deficit in the 17-18 year as well. Therefore, that amount would be included as an audit adjustment to the beginning fund balance in the 18-19 1st, 2nd interims, and the Unaudited Actually for 18-19.</p>	

	<p><b>Plan to remedy:</b> Once the audit is complete, all budgets will be updated.</p>	
<p>Representing to the District that it had cured a previous Notice of Violation by moving from its Middle school facilities from outside Alameda County (in El Cerrito, Contra Costa County), to a new facility in Berkeley. However, the Charter School had not secured a final permit for its new site, and was therefore forced to cancel no less than 2 days of school last month.</p>	<p><b>Remedied in Full:</b> First, this statement is factual <b>untrue</b>. REALM never represented to the district that it had secured a “final permit” on our <u>long-term</u> facility in Berkeley. REALM always held that we had secured another short-term facility in Berkeley (at Zaytuna College, 2401 Le Conte Avenue, Berkeley 94709). REALM in fact occupied Zaytuna College from December 17, 2018 to January 25, 2019. We moved all of our furniture on 1/25/19 from Zaytuna to our new building with the assumption that we would be able to occupy on 1/28/19. We made this assumption based on the general contractor’s conversations with the City of Berkeley’s Building Department. There was a misunderstanding, the permit to occupy was eventually granted on 1/31/19. Teachers and student began using the building on 2/1/19.</p> <p>In Summary 1/28/19 This day was previously scheduled as a professional development day. --Held as scheduled. 1/29/19 We did not have a permit to occupy. We sent the entire middle school on a field trip. 1/30 and 1/31 No occupancy permit. School was canceled. 2/1/19 School resumed in our new, long-term building.</p>	<p>Attachments: Permit from the City of Berkeley</p> <p>Breakdown of instructional minutes with and without make-up days.</p>

	<p>We are in communication with the CDE and the BFT in terms of making up the days of instruction. At present, even with the missed days of instruction, our middle school students will still meet the minimum minutes of instruction required by the CDE.</p>	
REALM has failed to pay its STRS obligations for its employees in a timely manner.	<b>Addressed above</b>	
REALM does not have a maintenance or janitorial staff. This has led to unsafe working conditions for teachers and staff, and unsafe learning conditions for students	<b>Remedied in Full:</b> REALM has janitorial service at both locations.	
REALM has not provided the necessary safety equipment to ensure student and teacher safety in the lab science classrooms.	<b>Remedied in Full:</b> We purchased all of the necessary equipment requested by the science teacher back in the fall.	
REALM has not reimbursed teachers for approved expenditures and has no plan to do so.	<b>Remedied in Full:</b> There are no reimbursements owed to teachers. They have all been paid out.	
REALM has not kept the Berkeley Unified School Board, the Chartering Authority, updated with regards to a possible merger and/or acquisition by Compass Charter Schools.	<p><b>Remedied in Full:</b> I began talking with BUSD back in September regarding a potential merger with a charter organization from Los Angeles. I met with BUSD's attorney and Pauline to talk about the idea of a merger and asked about next steps.</p> <p>I have maintained communication with Pauline as information became available to me.</p>	
REALM has not conducted safety drills required by the Collective Bargaining Agreement. This creates	<b>Plan to Remedy:</b> REALM High School has not conducted safety drills. I will commit to ensuring that	

unsafe conditions for students and staff.	three safety drills are completed in March, April, and May.	
It is our understanding that REALM did not follow required procedures with regard to the REALM school bus and/or cannot afford needed repairs, and now there are students who are not attending school due to a lack of transportation. This is a travesty for these students and families.	<p><b>Background:</b> This statement is based on rumors and not facts. At not point was I contacted by BFT in order to address this rumor. First, we are not required to provide transportation. Second, when we launched our bus service in the fall, we have never missed one day since then. Not one.</p> <p><b>Remedied in part:</b> We have met with the California Highway Patrol (CHP). They came out to the site and inspected our bus. The CHP gave us a timeline, vendors, and resources within their department to help us meet all of the benchmarks.</p>	
REALM has not held a meeting with teachers to discuss how the new REALM Online program will impact current teachers and students. This change was made without consultation with teachers	<p><b>Remedied in Full:</b> We have had three meetings to discuss Compass Charter Schools, their online program, and a potential merger. At the last meeting, the CEO JJ Lewis came up from Los Angeles and took questions for the entire meeting.</p>	



## City of Berkeley Temporary Certificate of Occupancy

Planning and Development Department, Building and Safety Division

A Temporary Certificate of Occupancy for ninety (90) days is requested pursuant to Section 111.3 of the Berkeley Building Code for:

Building Address: **1798 SCENIC AVE, BERKELEY, CA 94709**

Description of Use: **Educational (K-12) for 7+ Students or Day Care for 7+ Children older than 2.5 Years**

Owner of Building: **PACIFIC SCH OF RELIGION**

Owner's Address: **1798 SCENIC AVE, BERKELEY, CA 94709**

California Building Standards Code Edition the permit was issued under: **2016**

Building Permit No.: **B2018-02609**

APN: **058 218801100**

Occupancy Group: **E**

Type of Construction: **IIA**

Automatic Sprinkler System: **No**

Design Occupant Load: **96**

### Owner's Certification

#### Certification and Hold Harmless Agreement

I certify that I am the owner or authorized agent of the owner of the above-referenced building. I agree to complete all the pending requirements and conditions and comply within the time limit of the temporary certificate of occupancy. I am aware that it is unlawful to occupy a building without having obtained a Temporary Certificate of Occupancy or a Certificate of Occupancy pursuant to Section 111.3 of the California Building Code. I hereby indemnify and hold harmless the City of Berkeley, its employees and contractors from any liability arising from the issuance of this Temporary Certificate of Occupancy.

#### Expiration of Temporary Certificate

If all items listed below are not completed and a Certificate of Completion is not issued by the Building and Safety Division within 90 days, I agree to submit a written request at least 5 days prior to the expiration date of the Temporary Certificate requesting an extension of the Temporary Certificate, along with a schedule for completion and the reasons that an extension should be granted.

I further understand that if approval of the extension of the Temporary certificate is not granted for good cause or the building has become unsafe or substandard, I may be subject to abatement proceedings in accordance with the applicable provisions of the Berkeley Municipal Code.

Victor DIAZ

Owner's Name (Print)

[Signature]

Owner's Signature/Representative

1/31/19

Date

## TEMPORARY CERTIFICATE OF OCCUPANCY CONDITIONS OF APPROVAL

### Building & Safety

1. Accessibility signage
2. Room signage
3. Building signage
4. Interior platform lifts
5. Exterior platform lifts
6. Exterior stairs and retaining walls

### Public Works Traffic Engineering

Use of two public disabled parking spaces on Le Conte Avenue as shown on plan from Mr. Diaz per Peter Chun ( See Accela documents folder)

### Fire Prevention

1. Provide a fire alarm system with emergency voice/alarm communication system meeting the requirements of CFC §907.2.3, §907.5.2.2 and §907.6 for Group E occupancies (within 30 days of TCO);
2. Add emergency lights inside the school one above double doors in lobby, one at bottom of west stairs, one in large classroom 108, one in FACP room, and one in electrical room (within 14 days of TCO);
3. Add emergency lights and emergency exit signs inside the garage (within 30 days of TCO);
4. Label portable fire extinguisher locations (within 7 days of TCO); and
5. The door to the electrical room shall be provided with a sign indicating "Electrical Room", and the door to the room containing fire alarm control panel shall be provided with a sign indicating "Fire Alarm Control Panel Inside" (within 7 days of TCO).




Pursuant to Section 111.3 of the Berkeley Building Code, a Temporary Certificate of Occupancy is hereby granted for ninety (90) days from the above date and subject to the conditions and completion schedule above.

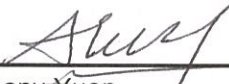
Recommended by:

  
Building Inspector

1/31/19  
Date

Approved by:

  
Alex Roshal  
Building Official

  
Anthony Yuen  
Fire Marshal



10-11-12

1-1-12

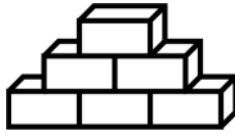
1-1-12

1-1-12

	REALM Middle School		
Day of Week	Number of days in 18-19 School Year (175 for charter schools)	Instructional Minutes	Required 54,000
Regular Mondays	29	355	10295
Regular Tuesdays	38	315	11970
Regular Wednesdays	39	315	12285
Regular Thursdays	38	295	11210
Regular Fridays	34	355	12070
Shortened Days	2	295	590
Total	180		58420
minus 11/15 & 11/16 (fire/airquality)			57770
minus 1/30 & 1/31 (occupancy permit)			57810
minus 11/15, 11/16, 1/30, & 1/31			57160

## EXHIBIT E

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April 9, 2019

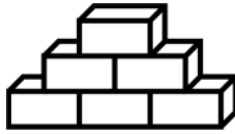
Pauline,

Thank you for these follow-up questions regarding the Material Revision submitted on March 11, 2019. Per your request, below are our responses to the questions posed:

1. The budget information initially submitted in the Budget Summary of the Material Revision submission was as Compass and REALM have subsequently learned inaccurate. The mistakes in the Budget Summary have been fixed and a new Budget and Budget Summary are attached. Despite the mistake, both Compass and REALM have worked with various outside consultants and experts to ensure the merger is accurately reflected in all paperwork including that which is submitted to the District.

The Budget attached here, is by no means the final FY20 budget as Compass and REALM continue to negotiate with vendors and other outside entities to reduce accounts payables, streamline staff roles, and use economies of scale with vendors that service both entities. REALM and Compass continue to work with Cross-Functional Teams made up of members of each organization to continue to work towards organizational integration. This integration process includes teams working on the current state of REALM and Compass organizations, and the future state of the newly merged Compass organization. To that end, the budget is being reworked in real time as new information becomes available. The final budget will be submitted no later than when statutorily required after and will be similar to the current submission in terms of enrollment and revenue. The goal is to continue to reduce expenses. As such the organizations have already reduced REALM expenses by more than \$196,000. The accounts payables submitted to the District on December 14, 2018 was \$1,447,755. The current accounts payable balance as of April 9, 2019 is \$1,251,742.

2. Independent Study enrollment has already begun. Per Ed. Code, REALM has added Independent Study students to the current school year. This year there are 15 students taking classes online.
3. The "Other Enrollment" category on the Budget Summary enrollment chart is the term used to reflect "Independent Study."
4. Yes, the current budget projections incorporate Independent Study in both revenue and expenses.
5. Thank you for bringing this to our attention. That is a typo and has been corrected in the attached revised 5-Year Budget.



6. Compass has a Marketing Specialist on staff and partners with a marketing firm named Schola. They focus on digital and print marketing efforts in the region to increase enrollment for REALM's seat-based and online programs. Schola accomplishes this work by utilizing digital marketing tools and metrics that assist with targeted efforts. To date, REALM has hosted four (4) Open Houses, and Schola has assisted with marketing outreach in numerous social media platforms. To date, 185 new applicants have applied for 2019-2020 school year (attachment).
7. First, it is important to note that more than 35 families dis-enrolled between August and December due to moving between three facilities this year. Second, half of the negative ending balance for FY 2018-2019 is due to one-time, construction costs at Pacific School of Religion (\$375,000). I am asking the School Board to consider the impact of not having a long-term facility and the toll it has had on enrollment and budget. However, now that we are in our permanent home, families are coming back and interest is increasing. Applications are up substantially from last year (see attachment). Based on the increase in current applications we are projecting an increase of 100 students in our seat-based program and 100 new students in our online program.

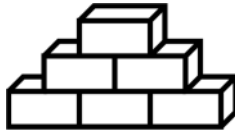
This increase in enrollment/ADA/revenue leads to the projected surplus in 2019-20. Additionally, as part of the Merger Agreement, REALM is working to lower its overall debt with its creditors (and has lowered it by approximately 13% to date). Additionally, per the Merger Plan Agreement first submitted via email to the District on February 4, 2019, Compass assumes the debt and liabilities of REALM once the merger is finalized. Compass' CEO has worked with its back-office provider and plans to utilize funds put aside for acquisition as well as increased revenue from increased enrollment to pay down the debt throughout the upcoming school year.

8. Currently, all funds provided to REALM from Compass are low-interest loans as memorialized in various promissory notes approved and signed by both organizations. Compass has provided REALM with three (3) loans: \$100,000 to help with the construction costs at the middle school in December; \$250,000 in February for aged AP and other REALM expenses; \$250,000 in March for aged AP and other REALM expenses. Compass plans, if the Material Revision is approved, to provide another loan of \$250,000 on May 1, 2019. Please see Promissory Notes attached.

Once the organizations are merged, there will not be any interest-bearing loans as any outstanding loans will be transferred to the Due/To – Due/From accounts.

9. Compass and BFT have met several times over the last few months. Compass and BFT continue to meet and talk about a collective bargaining agreement. In fact, a meeting is scheduled for April 10, 2019, at 4 pm, at the BFT offices. It has emerged during these conversations that BFT and Compass will be able to work together to

[www.realmcharterschool.org](http://www.realmcharterschool.org)  
2023 8th St. Berkeley, CA 94710  
tel: 510 809 9800

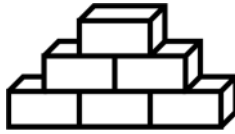


continue to support REALM's teachers. It is Compass' intent to continue with BFT for all of its site-based teachers at the REALM campuses next year. Compass and BFT have verbally agreed to such. We will move forward with a written agreement after the Material Revision is approved and both organizations are merged. REALM employees will become Compass employees on July 1, 2019, the effective date of the merger.

If there are any other questions, please to let us know. We want to work collectively with BUSD to service our students now and in the future.

## EXHIBIT F

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April 10, 2019

Pauline Follansbee  
Assistant Superintendent of Business Services  
Berkeley Unified School District  
2020 Bonar Street  
Berkeley, CA 94702

Re: Draft Response to Draft Notice of Intent to Revoke April 11, 2019

Dear Ms. Follansbee:

This draft letter is in response to the Berkeley Unified School District's Draft Notice of Intent to Revoke dated April 11, 2019 ("Draft Notice"). The proposed action to approve the Intent to Revoke is on the BUSD Board Meeting Agenda for April 10, 2019. The Draft Notice pertains in part to a Notice of Violation dated February 6, 2019 ("NOV") and in part to a Material Revision ("Material Revision") submitted on March 11, 2019, that according to the District staff does not remedy remaining NOV violations. BUSD has stated that the NOV violations on which this Draft Notice is based include: 1) excess unpaid financial obligations; 2) fiscal mismanagement/failure to follow Generally Accepted Accounting Principles, and 3) a Material Revision that does not remedy the remaining NOV violations.

Each of these items is addressed individually below and supported with additional documentation which is included as separate attachments. Both REALM Charter School ("REALM") and Compass Charter Schools ("Compass") are serious about addressing the issues identified in the Draft Notice of Intent to Revoke, the NOV, and in improving the school program overall.

Additionally, we appreciate the thoroughness and professionalism demonstrated by BUSD during these last few months of working through a plan to merge the organizations.

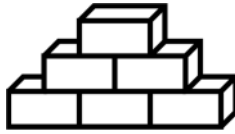
It is Compass' intent to take on REALM liabilities, including debt incurred by REALM since 2015 totaling approximately \$1.5 million. However, the Material Revision submitted to BUSD on March 11, 2019, must be approved by Berkeley Unified School District Board before the merger agreement can take effect. Without the Material Revision, the merger agreement will not take effect, and the Compass Board of Directors may back out of the agreement by April 30 if no action is taken, and REALM will continue to be saddled with its debts and will likely close. If REALM is merged with Compass then, 1) vendors will be paid; 2) Pacific School of Religion ("PSR"), REALM's middle school landlord, will qualify for its renewal by Western Association Schools Colleges ("WASC"); 3) Students will remain in REALM's successful education program; 4) teachers will keep their jobs; and 5) BUSD will continue to receive its Authorizer oversight fee which is collected from revenue generated by REALM on students that largely fall outside the BUSD school District area. BUSD will not gain those students if REALM closes as those students will go back to their school districts or attend another charter school located outside the physical boundaries of BUSD.

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2023 8th St. Berkeley, CA 94710  
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REALM

BUSD000108





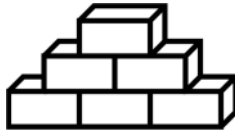
The merger between Compass and REALM will cure outstanding financial obligations incurred by REALM. This plan was first socialized with BUSD Staff during various telephone calls beginning in December 2018 shortly after the Affiliation Agreement dated December 10, 2018 ("Affiliation Agreement") was negotiated, board approved and executed by both REALM and Compass. The informal discussions regarding the proposed merger continued through January 2019. Further, on or about February 4, 2019, Compass Charter Schools Superintendent & CEO, J.J. Lewis, sent BUSD Assistant Superintendent of Business and Fiscal Services, Pauline Follansbee, an email with an attached written agreement stating the same. The email's attachment was the certain document titled, Agreement and Plan of Merger dated February 4, 2019 ("Agreement"); the Agreement is between Compass and REALM. Compass Board of Directors approved the Agreement on January 31, 2019, during its appropriately noticed special board meeting. REALM's board of Directors approved the Agreement on February 4, 2019, during its appropriately noticed special board meeting.

In addition to other sections in the Agreement that address the plan to merge the organizations, each organization's responsibilities, and timing of the merger, the Agreement specifically states that Compass will take on REALM's debts upon merging. Please see Section 1.3 (a), Effect of the Merger, "...all debts, liabilities, and duties of REALM shall become the debts, liabilities, and duties of the surviving corporation."

Compass' FY19 budget is on its website for public review and attached. Additionally, Compass makes public its balance sheet and other financials in its board packet attached. As of February 15, 2019, Compass' total assets are \$2,900,000. These assets are broken out in various accounts including: \$1,413,082; brokerage account; \$286,000 in its main account; \$149,000 in a back-up account; \$500,000 in its SD account; \$163,000 in its Fresno account; \$388,918 in its additional accounts. This information was made public during its April 8, 2019 board meeting. The April 8, 2019, Compass Board Packet was shared with BUSD Staff via email on April 5, 2019.

It took more than 4 years for REALM to get into over a million and a half dollars of debt, surely it isn't expected to be remedied in less than 4 months. The good news is it is scheduled to be remedied by Compass once the merger is finalized. The Budget attached here is by no means the final FY20 budget as Compass and REALM continue to negotiate with vendors and other outside entities to reduce accounts payables, streamline staff roles, and use economies of scale with vendors that service both entities. REALM and Compass continue to work with Cross-Functional Teams made up of members of each organization to continue to work towards organizational integration. This integration process includes teams working on the current state of REALM and Compass organizations, and the future state of the newly merged Compass organization. To that end, the budget is being reworked in real time as new information becomes available. The final budget will be submitted no later than when statutorily required after and will be similar to the current submission in terms of enrollment and revenue. The goal is to continue to reduce expenses. As such the organizations have already reduced REALM expenses by more than \$196,000. The accounts payables submitted to the District on December 14, 2018, was \$1,447,755. The current accounts payable balance as of April 9, 2019, is \$1,251,742. Further, the Schools have negotiated with vendors REALM's aging accounts payable debt down by almost 10%.

District staff has questioned enrollment projections stated in the Material Revision. For clarification, to date, 185 new applicants have applied for 2019-2020 school year. Please see attachment for



confirmation. After the fiscal year 2019-2020, the enrollment projections are conservative with a growth of approximately 5% per year in years two (2) through five (5).

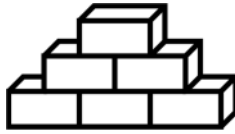
The revised Certified Salaries Schedule is:

Certified Salaries	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Teachers' Salaries	1,382,444	1,719,039	1,816,444	1,917,059	1,824,258	2,061,391
Teachers' Stipends / Bonus	16,000	16,000	16,000	16,000	16,000	16,000
Substitute Expense	35,000	35,700	36,414	37,142	37,885	38,643
Certificated Pupil Support Salaries	127,173	129,716	132,310	134,957	137,656	140,409
Certificated Supervisor and Administrator Salaries	345,400	64,508	473,798	483,274	492,940	502,798
Certificated Sup. and Admin. Stipends / Bonus	8,500	8,500	8,500	8,500	8,500	8,500
Other Certificated Salaries	100,000	102,000	104,040	106,121	108,243	110,408
Other Certificated Overtime	-	-	-	-	-	-
Subtotal	\$ 2,014,516	\$ 2,475,463	\$ 2,587,507	\$ 2,703,053	\$2,625,481	\$2,878,149

Compass and BFT have met several times over the last few months. Compass and BFT continue to meet and talk about a collective bargaining agreement. In fact, a meeting is scheduled for April 10, 2019, at 4 pm, at the BFT offices. It has emerged during these conversations that BFT and Compass will be able to work together to continue to support REALM's teachers. It is Compass' intent to continue with BFT for all of its site-based teachers at the REALM campuses next year. Compass and BFT have verbally agreed to such. We will move forward with a written agreement after the Material Revision is approved and both organizations are merged. REALM employees will become Compass employees on July 1, 2019, the effective date of the merger.

If there are any other questions, please let us know. We want to work collectively with BUSD to service our students now and in the future.

Sincerely,  
Victor Diaz  
Executive Director



Cc

J.J. Lewis, Superintendent & CEO  
Judy Appel, President  
Beatriz Leyva-Cutler, Vice President  
Ty Alper, Director  
Ka'Dijah Brown, Director  
Julie Sinai, Director

## EXHIBIT G

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**REALM Charter Consolidated**

Vendor	Invoice	Due Date	On hold?	Current	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total Payables
Accrediting Commission for Schools	1102616	8/10/2018	Y					\$1,020.00	
	1105243	8/10/2018	Y					\$900.00	
	12997	3/13/2019	Y		\$650.00				
	<b>Vendor Totals</b>				<b>\$650.00</b>			<b>\$1,920.00</b>	<b>\$2,570.00</b>
AT&T	09/17/18 - 5912 CR	9/17/2018	Y					(\$274.41)	
	<b>Vendor Totals</b>							<b>(\$274.41)</b>	<b>(\$274.41)</b>
Acme Fire Extinguisher Co., Inc.	82466	2/17/2019	Y			\$307.64			
	<b>Vendor Totals</b>					<b>\$307.64</b>			<b>\$307.64</b>
Luis Argueta	9/1/16	10/1/2016	Y					\$284.61	
	REIMB	6/12/2016	Y					\$35.00	
	3/31/16	4/30/2016	Y					\$262.39	
	<b>Vendor Totals</b>							<b>\$582.00</b>	<b>\$582.00</b>
Alameda County Office Of Education	INV19-00160	10/17/2018	Y					\$354.00	
	INV19-00307	1/12/2019	Y				\$750.00		
	INV19-00333	2/1/2019	Y				\$354.00		
	INV19-00488	4/19/2019	Y	\$354.00					
	<b>Vendor Totals</b>			<b>\$354.00</b>			<b>\$1,104.00</b>	<b>\$354.00</b>	<b>\$1,812.00</b>
Debra Amos	5-REALM	12/30/2015	Y					\$3,000.00	
	<b>Vendor Totals</b>							<b>\$3,000.00</b>	<b>\$3,000.00</b>
Market Holdings LLC.	3366	9/30/2018	Y					\$40,320.00	
	3366-	11/30/2018	Y					\$40,320.00	
	3365	7/30/2018	Y					\$31,707.22	
	3369	12/1/2018	Y					\$29,744.59	
	3370	12/31/2018	Y					\$29,744.59	
	01-2019	1/31/2019	Y				\$29,744.59		
	3372	3/3/2019	Y			\$29,744.59			
	<b>Vendor Totals</b>					<b>\$29,744.59</b>	<b>\$29,744.59</b>	<b>\$171,836.40</b>	<b>\$231,325.58</b>

## REALM Charter Consolidated

Alameda County Health Care Services	REALM-FY1516	2/26/2017	Y					\$50,000.00	
	REALM-FY1617	2/26/2017	Y					\$50,000.00	
	<b>Vendor Totals</b>							<b>\$100,000.00</b>	<b>\$100,000.00</b>
Alameda County Office of the Treasurer and Tax Collector	2019021663	4/19/2019	Y	\$7,040.72					
	<b>Vendor Totals</b>			<b>\$7,040.72</b>					<b>\$7,040.72</b>
All-Ways Green Services	INV-38312	10/1/2018	Y					\$2,475.00	
	INV-38560-REVISED	10/31/2018	Y					\$2,475.00	
	INV-39104	12/1/2018	Y					\$2,475.00	
	INV-39105	12/31/2018	Y					\$2,475.00	
	<b>Vendor Totals</b>							<b>\$9,900.00</b>	<b>\$9,900.00</b>
Alliant Insurance Services, Inc.	1038081	4/13/2019	Y	\$15,297.00					
	<b>Vendor Totals</b>			<b>\$15,297.00</b>					<b>\$15,297.00</b>
Better 4 You Meals, Inc.	0918-5105	10/30/2018	Y					\$462.50	
	0918-5108	10/30/2018	Y					\$3,238.50	
	1018-5105	11/29/2018	Y					\$3,776.60	
	1018-5108	11/29/2018	Y					\$4,136.60	
	1118-5105	12/1/2018	Y					\$2,378.55	
	1118-5108	12/30/2018	Y					\$2,845.20	
	1218-5105	1/30/2019	Y				\$1,669.53		
	1218-5108	1/30/2019	Y				\$2,086.80		
	0119-5105	3/2/2019	Y			\$2,296.86			
	0119-5108	3/2/2019	Y			\$2,721.58			
	<b>Vendor Totals</b>					<b>\$5,018.44</b>	<b>\$3,756.33</b>	<b>\$16,837.95</b>	<b>\$25,612.72</b>
BYU Independent Study	IS-40958	3/3/2018	Y					\$3,782.00	
	DCE-00000375	7/1/2018	Y					\$274.00	
	IS-40472	10/31/2017	Y					\$814.75	
	IS-40612	12/1/2017	Y					\$137.00	
	<b>Vendor Totals</b>							<b>\$5,007.75</b>	<b>\$5,007.75</b>

## REALM Charter Consolidated

Blueline Associates, Inc.	106276	11/8/2018	Y					\$157,401.62	
	<b>Vendor Totals</b>							<b>\$157,401.62</b>	<b>\$157,401.62</b>
BrainPop LLC	US182339	11/23/2018	Y					\$1,795.00	
	<b>Vendor Totals</b>							<b>\$1,795.00</b>	<b>\$1,795.00</b>
Charter School Management Corporation	37503	9/25/2018	Y					\$8,625.00	
	37617	10/25/2018	Y					\$8,625.00	
	37731	11/25/2018	Y					\$8,625.00	
	37853	12/25/2018	Y					\$8,625.00	
	37966	1/25/2019	Y				\$8,625.00		
	38074	2/25/2019	Y			\$8,625.00			
	38188	3/25/2019	Y		\$8,625.00				
	<b>Vendor Totals</b>				<b>\$8,625.00</b>	<b>\$8,625.00</b>	<b>\$8,625.00</b>	<b>\$34,500.00</b>	<b>\$60,375.00</b>
CharterSAFE	24256	5/31/2018	Y					\$8,054.00	
	24271	7/1/2018	Y					\$8,054.00	
	CN JUNE 2017	6/30/2017	Y					(\$6,858.00)	
	22739	10/31/2017	Y					\$654.49	
	24623	7/31/2018	Y					\$8,220.00	
	25234	10/1/2018	Y					\$8,109.00	
	25540	10/31/2018	Y					\$8,109.00	
	25792	12/1/2018	Y					\$8,109.00	
	26042	12/31/2018	Y					\$8,109.00	
	26297	1/31/2019	Y				\$8,108.00		
	26544	3/3/2019	Y			\$8,108.00			
	<b>Vendor Totals</b>					<b>\$8,108.00</b>	<b>\$8,108.00</b>	<b>\$50,560.49</b>	<b>\$66,776.49</b>
COMCAST	77960469	3/31/2019	Y		\$264.12				
	77960524	3/31/2019	Y		\$241.24				
	<b>Vendor Totals</b>				<b>\$505.36</b>				<b>\$505.36</b>
City of Berkeley	02-22-19 STMT	3/24/2019	Y		\$363.01				
	<b>Vendor Totals</b>				<b>\$363.01</b>				<b>\$363.01</b>

**REALM Charter Consolidated**

The CLM Group Inc.	32259	5/11/2018	Y					\$1,397.00	
	<b>Vendor Totals</b>							<b>\$1,397.00</b>	<b>\$1,397.00</b>
Contra Costa County Office of Education	7633	12/7/2018	Y					\$6,000.00	
	<b>Vendor Totals</b>							<b>\$6,000.00</b>	<b>\$6,000.00</b>
California Department of Education	C-061390	3/17/2019	Y		\$503.00				
	<b>Vendor Totals</b>				<b>\$503.00</b>				<b>\$503.00</b>
Checker Transport	MAY 2018 - PC	7/1/2018	Y					\$1,320.00	
	MAY 2018 - RV	7/1/2018	Y					\$2,640.00	
	JUNE 2018 - RV	7/30/2018	Y					\$1,440.00	
	JULY 2018 - AW	8/31/2018	Y					\$900.00	
	JULY 2018 - RV	8/31/2018	Y					\$1,680.00	
	NOV-2018 AW	1/3/2019	Y					\$2,250.00	
	NOV-2018 RV	1/3/2019	Y					\$2,160.00	
	OCT-2018 AW	11/30/2018	Y					\$3,150.00	
	OCT-2018 RV	11/30/2018	Y					\$2,760.00	
	SEP-2018 AW	10/30/2018	Y					\$2,850.00	
	SEP-2018 RV	10/30/2018	Y					\$2,280.00	
	DEC-2018 RV	2/9/2019	Y			\$1,510.00			
	FEB-2019 AW	3/30/2019	Y		\$2,700.00				
	JAN-2019 AW	3/2/2019	Y			\$2,700.00			
	<b>Vendor Totals</b>				<b>\$2,700.00</b>	<b>\$4,210.00</b>		<b>\$23,430.00</b>	<b>\$30,340.00</b>
CIF State Office	3170	10/14/2018	Y					\$225.42	
	<b>Vendor Totals</b>							<b>\$225.42</b>	<b>\$225.42</b>
CliftonLarsonAllen LLP	2037415	4/4/2019	Y		\$3,600.00				
	<b>Vendor Totals</b>				<b>\$3,600.00</b>				<b>\$3,600.00</b>
California Department of Tax and Fee Administration	I992347R-1	1/23/2019	Y				\$560.70		
	<b>Vendor Totals</b>						<b>\$560.70</b>		<b>\$560.70</b>
Cresa Global, Inc.	SFR2018-0045-01	4/13/2018	Y					\$14,285.72	
	<b>Vendor Totals</b>							<b>\$14,285.72</b>	<b>\$14,285.72</b>



**REALM Charter Consolidated**

CleanNet of The Bay Area	BAY0525051	9/19/2018	Y					\$1,261.00	
	BAYR01237318	9/27/2018	Y					(\$190.00)	
	BAY0525578	10/31/2018	Y					\$1,900.00	
	BAYR01237317	8/31/2018	Y					(\$630.50)	
	BAY0525908	12/1/2018	Y					\$3,800.00	
	BAY0525045	9/12/2018	Y					\$2,110.00	
	BAYR01237385	11/30/2018	Y					(\$1,382.00)	
	BAY0526504	2/21/2019	Y			\$585.00			
	BAY0526758	3/3/2019	Y			\$1,742.00			
	BAYR10237795	3/4/2019	Y			(\$146.00)			
	BAY0527247	5/1/2019		\$1,900.00					
<b>Vendor Totals</b>				<b>\$1,900.00</b>		<b>\$2,181.00</b>		<b>\$6,868.50</b>	<b>\$10,949.50</b>
Department of Justice	362422	3/24/2019	Y		\$196.00				
	<b>Vendor Totals</b>				<b>\$196.00</b>				<b>\$196.00</b>
Decker Electric Co., Inc.	50919-18P1	11/24/2018	Y					\$13,440.50	
	51540-19P2	2/26/2019	Y			\$4,348.65			
	51765-19P3	4/6/2019	Y		\$6,947.75				
	<b>Vendor Totals</b>				<b>\$6,947.75</b>	<b>\$4,348.65</b>		<b>\$13,440.50</b>	<b>\$24,736.90</b>
Department of Industrial Relations	E1619146 OA	3/2/2019	Y			\$225.00			
	<b>Vendor Totals</b>					<b>\$225.00</b>			<b>\$225.00</b>
El Dorado County Office of Education	181233	7/30/2018	Y					\$3,408.00	
	<b>Vendor Totals</b>							<b>\$3,408.00</b>	<b>\$3,408.00</b>
East Bay Basketball Official Association	10	7/1/2018	Y					\$95.00	
	543	7/1/2018	Y					\$1,540.00	
	725	7/1/2018	Y					\$1,168.00	
	9	7/1/2018	Y					\$190.00	
	318 CN	6/1/2018	Y					(\$170.00)	
	<b>Vendor Totals</b>							<b>\$2,823.00</b>	<b>\$2,823.00</b>
	2060251A	1/13/2017	Y					\$40.96	

**REALM Charter Consolidated**

Follett School Solutions Inc.	2212496A	2/23/2018	Y					\$982.16	
	<b>Vendor Totals</b>							<b>\$1,023.12</b>	<b>\$1,023.12</b>
FrontLine Technologies	INVUS65136	12/23/2016	Y					\$1,698.50	
	<b>Vendor Totals</b>							<b>\$1,698.50</b>	<b>\$1,698.50</b>
First Note Finance inc	06-2017-22	7/20/2017	Y					\$245.60	
	04-2018-20	5/20/2018	Y					\$2,388.10	
	09-2018-26	10/20/2018	Y					\$1,194.05	
	07-2018-18	8/19/2018	Y					\$3,980.10	
	<b>Vendor Totals</b>							<b>\$7,807.85</b>	<b>\$7,807.85</b>
Fresno County Superintendent of Schools	190423	9/28/2018	Y					\$8,500.00	
	<b>Vendor Totals</b>							<b>\$8,500.00</b>	<b>\$8,500.00</b>
FESS Energy, Inc.	REALM-1	11/9/2018	Y					\$43,417.00	
	<b>Vendor Totals</b>							<b>\$43,417.00</b>	<b>\$43,417.00</b>
1-800-Got-Junk?	2423410	11/1/2017	Y					\$1,218.00	
	<b>Vendor Totals</b>							<b>\$1,218.00</b>	<b>\$1,218.00</b>
Heidi Hata	8-SEP-16	10/8/2016	Y					\$90.00	
	11/11/16	12/11/2016	Y					\$364.72	
	<b>Vendor Totals</b>							<b>\$454.72</b>	<b>\$454.72</b>
Highlands Trade Partners	637003517	12/18/2018	Y					\$33,858.84	
	<b>Vendor Totals</b>							<b>\$33,858.84</b>	<b>\$33,858.84</b>
Intersection Media, LLC	221042	10/21/2016	Y					\$2,500.00	
	<b>Vendor Totals</b>							<b>\$2,500.00</b>	<b>\$2,500.00</b>
IDA Structural Engineers, Inc.	9519	7/25/2018	Y					\$12,075.00	
	<b>Vendor Totals</b>							<b>\$12,075.00</b>	<b>\$12,075.00</b>
Kaiser Foundation Health Plan Inc	APR-2019	3/27/2019	Y		\$19,836.73				
	<b>Vendor Totals</b>				<b>\$19,836.73</b>				<b>\$19,836.73</b>
K W Electrical Co.	04/26/17	5/26/2017	Y					\$240.00	
	02/21/17	3/23/2017	Y					\$330.00	
	<b>Vendor Totals</b>							<b>\$570.00</b>	<b>\$570.00</b>
	Z959093176	2/2/2019	Y				\$596.52		

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KONE Inc. #4156	<b>Vendor Totals</b>						<b>\$596.52</b>		<b>\$596.52</b>
Kittelson & Associates	0096069	7/18/2018						\$7,562.25	
	0096742	8/17/2018	Y					\$4,783.00	
	<b>Vendor Totals</b>							<b>\$12,345.25</b>	<b>\$12,345.25</b>
Legacy Business Solutions	19245	9/1/2018	Y					\$109.25	
	19246	9/1/2018	Y					\$213.04	
	19569	10/15/2018	Y					\$406.12	
	19570	10/15/2018	Y					\$677.92	
	19571	10/15/2018	Y					\$109.25	
	19572	10/15/2018	Y					\$213.04	
	19881	11/1/2018	Y					\$728.82	
	19882	11/1/2018	Y					\$143.48	
	19883	11/1/2018	Y					\$109.25	
	19884	11/1/2018	Y					\$213.04	
	19984	12/1/2018	Y					\$699.96	
	19985	12/1/2018	Y					\$301.31	
	19986	12/1/2018	Y					\$213.04	
	19987	12/1/2018	Y					\$109.25	
	19050	6/21/2018	Y					\$300.00	
	20415	1/17/2019	Y				\$83.42		
	20416	1/17/2019	Y				\$448.58		
	20417	1/17/2019	Y				\$213.04		
	20418	1/17/2019	Y				\$109.25		
	20697	2/15/2019	Y			\$184.63			
	20698	2/15/2019	Y			\$782.89			
	20699	2/15/2019	Y			\$213.04			
	20700	2/15/2019	Y			\$109.25			
	207557	2/22/2019	Y			\$300.00			

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	20988	3/12/2019	Y		\$484.82				
	20989	3/12/2019	Y		\$484.46				
	20990	3/12/2019	Y		\$261.65				
	<b>Vendor Totals</b>				<b>\$1,230.93</b>	<b>\$1,589.81</b>	<b>\$854.29</b>	<b>\$4,546.77</b>	<b>\$8,221.80</b>
La Cheim School, Inc	MAR 2017.RCHS LA	5/10/2017	Y					\$4,648.26	
	MAR 2017.RCMS AK	4/14/2017	Y					\$4,499.15	
	APR 2017.RCHS LA	6/3/2017	Y					\$1,956.65	
	APR 2017.RCMS.AK	6/3/2017	Y					\$3,359.76	
	14237	6/30/2017	Y					\$2,774.00	
	MAY 2017 RCMS AK	7/14/2017	Y					\$3,662.53	
	14246	7/23/2017	Y					\$3,216.00	
	JUNE 2017.RCMS.AK	8/11/2017	Y					\$3,867.09	
	14260	8/30/2017	Y					\$2,730.00	
	14272	9/30/2017	Y					\$1,890.00	
	JULY 2017.RCMS.AK	9/13/2017	Y					\$3,617.48	
	14275	9/30/2017	Y					\$640.00	
	14289	10/29/2017	Y					\$2,880.00	
	AUG 2017 RCMS. AK	10/1/2017	Y					\$2,225.86	
	14300	11/30/2017	Y					\$1,120.00	
	OCT 2017 RCHS RVH	12/6/2017	Y					\$1,701.34	
	AUG 2017.RCMS.RVH	10/15/2017	Y					\$1,322.13	
	SEPT 2017.RCMS.RVH	10/31/2017	Y					\$4,342.58	
	<b>Vendor Totals</b>							<b>\$50,452.83</b>	<b>\$50,452.83</b>
	400	10/14/2018	Y					\$687.00	

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North Coast Section, CIF	<b>Vendor Totals</b>							<b>\$687.00</b>	<b>\$687.00</b>
No More Dirt, Inc.	59896	7/30/2018	Y					\$512.00	
	57499	7/1/2018	Y					\$3,700.00	
	59372	6/30/2018	Y					(\$2,732.00)	
	59698	8/31/2018	Y					\$1,138.45	
	59897	8/30/2018	Y					\$1,861.55	
	<b>Vendor Totals</b>							<b>\$4,480.00</b>	<b>\$4,480.00</b>
National Cinemedia, LLC	INV-151696	6/20/2018	Y					\$3,640.20	
	<b>Vendor Totals</b>							<b>\$3,640.20</b>	<b>\$3,640.20</b>
William Newson	INV0001	2/21/2019	Y			\$150.00			
	<b>Vendor Totals</b>					<b>\$150.00</b>			<b>\$150.00</b>
Office Depot	224155678001	11/28/2018	Y					\$137.61	
	239107530001	12/29/2018	Y					\$63.88	
	243801765001	1/9/2019	Y				\$174.36		
	271603799001	3/10/2019	Y		\$262.18				
	272879976001	3/15/2019	Y		\$8.40				
	272880020001	3/14/2019	Y		\$158.03				
	272880021001	3/15/2019	Y		\$21.84				
	2286564317	4/13/2019	Y	\$40.72					
	278576691001	3/27/2019	Y		\$65.98				
	284782113001	4/6/2019	Y		\$131.09				
	<b>Vendor Totals</b>			<b>\$40.72</b>	<b>\$647.52</b>		<b>\$174.36</b>	<b>\$201.49</b>	<b>\$1,064.09</b>
The Office Of PlayLab, Inc	150721	8/20/2015	Y					\$1,200.00	
	<b>Vendor Totals</b>							<b>\$1,200.00</b>	<b>\$1,200.00</b>
PG&E	03-06-19 STMT	4/5/2019	Y		\$1,729.84				
	<b>Vendor Totals</b>				<b>\$1,729.84</b>				<b>\$1,729.84</b>
Protection 1 / ADT	01-06-19 STMT	2/5/2019	Y				\$367.32		
	03-06-19 STMT	4/5/2019	Y		\$367.32				
	<b>Vendor Totals</b>				<b>\$367.32</b>		<b>\$367.32</b>		<b>\$734.64</b>

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PowerSchool Group LLC	INV127052	9/20/2017	Y					\$9,820.38	
	INV90031	4/14/2016	Y					\$4,135.74	
	INV107900	9/24/2016	Y					\$318.96	
	INV154432	8/30/2018	Y					\$10,115.12	
	<b>Vendor Totals</b>							<b>\$24,390.20</b>	<b>\$24,390.20</b>
Piedmont Unified	03/04/16 - CN	3/4/2016	Y					(\$150.00)	
	03/04/16	4/3/2016	Y					\$150.00	
	<b>Vendor Totals</b>							<b>\$0.00</b>	<b>\$0.00</b>
Presence Learning, Inc.	INV22069	5/6/2018	Y					\$3,720.78	
	INV21455	4/6/2018	Y					\$6,477.15	
	INV22850	6/4/2018	Y					\$2,798.86	
	CMINV22069	5/29/2018	Y					(\$222.14)	
	INV23362	7/8/2018	Y					\$2,492.46	
	INV23942	8/4/2018	Y					\$150.50	
	EQINV002031	4/7/2018	Y					\$85.00	
	<b>Vendor Totals</b>							<b>\$15,502.61</b>	<b>\$15,502.61</b>
Pacific School of Religion	10-2018	11/30/2018	Y					\$34,579.84	
	11-2018	12/1/2018	Y					\$34,579.84	
	12-2018	12/31/2018	Y					\$34,579.84	
	01-2019	1/31/2019	Y				\$34,579.84		
	03-2019	4/14/2019	Y	\$25,000.00					
	03022019	3/20/2019	Y		(\$75,000.00)				
	<b>Vendor Totals</b>			<b>\$25,000.00</b>	<b>(\$75,000.00)</b>		<b>\$34,579.84</b>	<b>\$103,739.52</b>	<b>\$88,319.36</b>
San Joaquin County Office of Education	ARD18-02745	7/19/2018	Y					\$86.00	
	ARD19-00706	9/6/2018	Y					\$116.00	
	ARD19-01274	10/31/2018	Y					\$69.00	
	ARD19-01688	1/3/2019	Y					\$75.00	
	ARD19-01870	1/27/2019	Y				\$75.00		

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	Vendor Totals							\$75.00	\$346.00	\$421.00
State of California	1992347R	3/1/2018	Y						\$320.00	
	1992347R- LATE FEE	7/30/2018	Y						\$43.22	
	1992347R - REVISED	2/24/2017	Y						\$245.42	
	1992347R-01/25/18	2/24/2017	Y						\$313.00	
	NOTICE ID: 00028323194	10/21/2018	Y						\$365.09	
	Vendor Totals								\$1,286.73	\$1,286.73
Star Academy	10645	5/30/2018							\$2,542.50	
	10675	6/30/2018	Y						\$5,460.00	
	10701	7/30/2018	Y						\$645.00	
	Vendor Totals								\$8,647.50	\$8,647.50
Seneca Family of Agencies	VANH-APR-18	6/17/2018	Y						\$2,646.00	
	VANH-MAY-18	7/14/2018	Y						\$2,457.00	
	VANH-JUN-18	8/1/2018	Y						\$945.00	
	VANH-AUG-18	10/26/2018	Y						\$1,890.00	
	VANH-JUL-18	9/8/2018	Y						\$1,134.00	
	VANH-OCT-18	12/12/2018	Y						\$4,158.00	
	VANH-SEP-18	11/15/2018	Y						\$2,646.00	
	VANH-NOV-18	1/11/2019	Y					\$3,024.00		
	VANH-DEC-18	2/8/2019	Y			\$1,512.00				
	RV-JAN 19	3/13/2019	Y		\$189.00					
	Vendor Totals				\$189.00	\$1,512.00	\$3,024.00	\$15,876.00	\$20,601.00	
Seeds of Awareness	1879	5/31/2018	Y						\$3,003.20	
	2019	7/1/2018	Y						\$3,003.20	
	2123	9/13/2018	Y						\$2,262.00	
	Vendor Totals								\$8,268.40	\$8,268.40
	455688309	10/20/2018	Y						\$1,155.13	

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SUPPLYWORKS	Vendor Totals							\$1,155.13	\$1,155.13
Swing Education Inc. % P2BInvestor, Inc.	INV00019198	11/4/2018	Y					\$198.45	
	INV00022096	11/18/2018	Y					\$198.45	
	INV00023043	11/25/2018	Y					\$1,488.38	
	INV00027306	12/2/2018	Y					\$1,389.15	
	INV00029263	12/9/2018	Y					\$1,786.05	
	INV00033644	12/16/2018	Y					\$1,260.90	
	INV00039270	12/31/2018	Y					\$1,594.35	
	INV00041547	1/6/2019	Y					\$1,062.45	
	INV00046233	1/20/2019	Y				\$396.90		
	INV00053255	2/10/2019	Y			\$798.53			
	INV00056994	2/26/2019	Y			\$712.80			
	INV00059366	3/11/2019	Y		\$514.35				
	INV00061771	3/26/2019	Y		\$171.45				
	INV00062971	4/1/2019	Y		\$85.73				
	Vendor Totals				\$771.53	\$1,511.33	\$396.90	\$8,978.18	\$11,657.94
TLC Child & Family Services	09/2016	11/4/2016	Y					\$153.54	
	1	11/2/2016	Y					\$3,023.00	
	92016	11/6/2016	Y					\$1,092.00	
	10/31/16	11/30/2016	Y					\$754.11	
	102016	12/7/2016	Y					\$2,002.00	
	2	12/1/2016	Y					\$7,801.00	
	Vendor Totals							\$14,825.65	\$14,825.65
TPx Communications	114099369-0	3/30/2019	Y		\$553.04				
	Vendor Totals				\$553.04				\$553.04
Tehiyah Day School	DEC-2018	12/31/2018	Y					\$7,500.00	
	DEC-2018 UTILITIES	12/31/2018	Y					\$1,028.02	
	Vendor Totals							\$8,528.02	\$8,528.02



**REALM Charter Consolidated**

The Phillips Academy	2018-19.011	8/30/2018	Y					\$1,320.00	
	2018-19.031	9/30/2018	Y					\$5,843.56	
	2018-19.056	10/30/2018	Y					\$5,608.28	
	2018-19.078	11/30/2018	Y					\$6,700.84	
	2018-19.101	12/30/2018	Y					\$4,194.89	
	2018-19.127	1/30/2019	Y				\$4,293.44		
	2018-19.155	3/2/2019	Y			\$4,662.61			
<b>Vendor Totals</b>						<b>\$4,662.61</b>	<b>\$4,293.44</b>	<b>\$23,667.57</b>	<b>\$32,623.62</b>
Unwired LTD	78163	4/4/2019	Y		\$380.00				
	<b>Vendor Totals</b>				<b>\$380.00</b>				<b>\$380.00</b>
ULINE	97570331	6/14/2018	Y					\$156.40	
	97862286	6/22/2018	Y					\$219.21	
	<b>Vendor Totals</b>							<b>\$375.61</b>	<b>\$375.61</b>
Vicenti, Lloyd & Stutzman LLP	14435	1/19/2017	Y					\$203.61	
	04/30/17 - CN	4/30/2017	Y					(\$1,510.82)	
	04/30/17	5/30/2017	Y					\$107.21	
	15609	4/27/2017	Y					\$1,200.00	
	<b>Vendor Totals</b>							<b>\$0.00</b>	<b>\$0.00</b>
Shannon Williams	06/11/15	7/11/2015	Y					\$120.64	
	<b>Vendor Totals</b>							<b>\$120.64</b>	<b>\$120.64</b>
West Interactive Services Corporation	96111	8/30/2018	Y					\$1,400.00	
	<b>Vendor Totals</b>							<b>\$1,400.00</b>	<b>\$1,400.00</b>
Jorge Wahner	11/14/18	12/14/2018	Y					\$692.52	
	<b>Vendor Totals</b>							<b>\$692.52</b>	<b>\$692.52</b>
Law Office of Young, Minney & Corr. LLP	54606	6/3/2018	Y					\$1,862.00	
	55161	7/1/2018	Y					\$493.50	
	57858	2/3/2019	Y				\$228.00		
	<b>Vendor Totals</b>						<b>\$228.00</b>	<b>\$2,355.50</b>	<b>\$2,583.50</b>
	INV-0146	11/27/2016	Y					\$2,500.00	

## REALM Charter Consolidated

Youth Speaks Inc	Vendor Totals					\$2,500.00	\$2,500.00
	Totals	\$49,632.44	(\$25,203.97)	\$72,194.07	\$96,488.29	\$1,058,631.29	\$1,251,742.12

## EXHIBIT H

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Berkeley Unified School District

April 26, 2019

**VIA ELECTRONIC MAIL**

Governing Board, REALM Charter School  
c/o Victor Diaz, Executive Director  
REALM Charter School  
1222 University Avenue  
Berkeley, CA 94702

**VIA ELECTRONIC MAIL**

J.J. Lewis, M.Ed., CBO, CFRE  
Superintendent & CEO  
Compass Charter Schools  
850 Hampshire Road, Suite P  
Thousand Oaks, CA 91361

Dear Messrs. Diaz and Lewis,

We are writing to address the procedure by which the Berkeley Unified School District ("District") will process the Notice of Intent to Revoke and Request for Material Revision with respect to REALM Charter School.

As stated at the April 10, 2019 meeting, the Board will hold a public hearing on the Notice of Intent to Revoke on May 8, 2019, and will take action at its May 29, 2019 meeting.

The District asks REALM to provide information in a timely manner before the Board makes its ultimate decision. In addition, the District wishes to ensure that there is no confusion about the sequence of events at the upcoming Board meeting. Accordingly, the District sets forth the following schedule and process for REALM's submission of information:

- 1) **May 8, 2019 Public Hearing:** The Public Hearing will adhere to the following procedure:
  - (a) Public Comment (limited to 10 minutes)
  - (b) District status update on the Notice of Intent to Revoke and Request for Material Revision. A PowerPoint will be posted in conjunction with the Board agenda materials.
  - (c) REALM will be provided ten (10) minutes in which to present prepared remarks to the Board, if it so chooses.
  - (d) The Board will be provided an opportunity to ask questions of staff and REALM.
  - (e) Additional Public Comment (limited to 10 minutes)

No action will be taken at the May 8, 2019 Public Hearing. Members of the public who wish to make a public comment may also submit cards to speak during the general public comment periods at the beginning and end of the Board's open session. Public commenters should plan to speak for no more than 2 minutes each.

- 2) **May 20, 2019:** Please submit any final documentation not already submitted that REALM would like considered by the Board no later than this date.
- 3) **May 29, 2019:** The Board will take action on the Request for Material Revision, and, if necessary, the Notice of Intent to Revoke. The District's evaluation of the Notice of Intent to Revoke and Request for Material Revision will be posted in conjunction with the agenda for the meeting. REALM will have

the opportunity to address the Board during the regular public comment period only. The District will provide a more detailed chronology of the procedure before the May 29, 2019 meeting.

The District is establishing the above-described procedure due to concerns about the process by which REALM has submitted information to the District in conjunction with its response to the Notice of Intent to Revoke and its Request for Material Revision, and to provide REALM notice of the information and responses that Board will consider in the course of taking action during these proceedings.

A. REALM's Untimely Requests for Action of the District

The District, in its February 5, 2019 letter, provided REALM advance notice of the type of information that the District expected to receive in determining whether or not to revoke the charter:

As you know, REALM has maintained significant negative ending fund balances for several fiscal years, and currently is delinquent in over \$1 million in payments to vendors and other creditors. Whether or not the request for material revision meets the requirements for approval will depend on whether it contains a detailed financial plan for satisfying all of REALM's current financial delinquencies, and achieving financial solvency in future fiscal years.

REALM has previously submitted information and requests to the District in a manner that does not provide the District with a realistic opportunity to respond. For example, by e-mail sent to the Board and District on April 10, 2019, sent at 5:11 p.m., Mr. Diaz submitted numerous documents along with an e-mail stating that:

My hope is that we have addressed the concerns raised in the Draft Notice of Revocation. I am also requesting that the Board not take action on pursuing the Notice of Revocation at this time and allow for a full review of the materials that we are submitting now--we were only given two days to respond. If the Board or staff still have questions we are happy to provide additional information.

However, since REALM's request was submitted approximately 2 hours before the Board meeting, the District did not have an opportunity to review meaningfully the documentation submitted by REALM and consider its request that "the Board not take action on pursuing the Notice of Revocation at this time." I also note that the District did not submit questions to REALM until April 4 because it did not receive the material revision request from REALM until March 12, 2019. Given the extensive revision requested, and the many demands on staff time, it was not reasonable to expect a response to the material revision any sooner than when one was provided by the District.

The second example involves the Friday, April 19, 2019 letter sent by Charter School attorney Janelle Ruley at approximately 1:51 p.m., asking that the Board move its meeting to take action on the material revision up over a month, from May 29, 2019 to April 24, 2019 (the following Wednesday). The Charter School attorney states that "[w]e note that BUSD has been in possession of the petition for approval of the material revision authorizing the merger between REALM and Compass for well over a month already," which disregards that REALM only consists of a small fraction of the total business conducted by the District and its Board at any time. Moreover, REALM made this request just hours before the District posted its agenda for the meeting in question, as noted in the Saturday, April 20, 2019 e-mail response from Board Vice-President Beatriz Leyva-Cutler to Mr. Diaz:

Thank you Victor for your letter that we received the afternoon of Friday, April 19. As you are well aware, the District posts its agenda for upcoming meetings on Friday and finalizes the agenda several days prior to that. Thus, this request to add a significant item to the agenda for the April 24 meeting comes far too late for us to consider and indeed, the agenda for the [April] 24 meeting was posted just a few hours after we received your request.

Therefore, the District intends in this letter to set forth an orderly procedure through which REALM is asked to submit further information in connection with the Notice of Intent to Revoke and Request for Material Revision, and to outline the significant and ongoing issues that REALM will need to successfully address.

B. The District's Ongoing Concerns with the Request for Material Revision

REALM's March 12, 2019 submission of its proposed material revision to be acquired by Compass was of concern to the District for the reasons stated below, in light of the District's warning that REALM's fate as a continuing charter school rested on the level of detail in the information submitted in the Request for Material Revision.

1) REALM's Budget Summary Contained Significant Errors and Omissions.

REALM submitted a Budget Summary in conjunction with its Request for Material Revision that contained unexplained assumptions, and a significant error in which its teacher salaries fall from \$1,824,258 to \$16,000 between 2022-2023 and 2023-2024. In an April 10, 2019 communication submitted to the District, REALM submitted a corrected table of certificated salaries in its document titled "Draft Response to Draft NOV Intent to Revoke 041019." However, the District's Notice of Intent to Revoke noted that the mistake in REALM's certificated salaries for 2023-2024 also affected its total expenses and ending fund balance. REALM's April 10, 2019 response failed to contain a complete Budget Summary that reflected the impact of the correct expenditures for teacher salaries in 2023-2024 on total expenditures, as well as ending fund balance, for that fiscal year.

2) REALM Has Not Demonstrated that it Fully Understands the Charter School's Collective Bargaining Obligations.

REALM does not explain the statement in its Executive Summary preceding the Request for Material Revision that "Compass is not bound by the Collective Bargaining Agreement between Berkeley Federation of Teachers and REALM." More recently, REALM has stated that "Compass and BFT have met several times over the last few months," but does not explain the initial position taken in the Executive Summary (which remains part of the requested material revision submitted to the District.) Nor does REALM's April 10, 2019 response confirm that Compass will recognize BFT as the exclusive employer of the charter school's employees, just that the parties "will be able to work together to continue to support REALM's teachers." The District seeks more clarification of REALM and Compass' understanding of their collective bargaining obligations in light of these past statements.

3) REALM's Failed to Seek a Material Revision to Operate is Online Program.

REALM's April 10, 2019 response states that "[i]ndependent Study enrollment has already begun. Per Ed. Code, REALM has added Independent Study students to the current school year. This year there are 15 students taking classes online." This statement raises a number of concerns:

- No reference was found in REALM's current charter petition to a non-classroom based program, meaning that REALM started this program (which constitutes a material change to its program) without seeking or obtaining a material revision of its charter.
- The Request for Material Revision fails to provide a reasonably comprehensive description of REALM's non-classroom based program, including but not limited to curriculum, instructional strategies, teaching staff, learning environment, and method of teacher interaction with students.
- The Request for Material Revision fails to provide a reasonably comprehensive description of the breakdown of instructional minutes for the online program as opposed to the seat-based program, which is required to determine whether the Charter School is complying with Education Code section 47612.5.
- The Request for Material Revision fails to contain a reasonably comprehensive description of the process for identifying and enrolling pupils in the online program, assessment measures and frequency, measurable pupil outcomes, and methods for assessing pupil progress.
- Since REALM serves high school students, please provide the graduation rate for all high school programs operated by Compass Charter Schools.

The District's concerns are rooted in some of REALM's past responses to District concerns. For example, REALM received a prior Notice of Violation for moving into a site in another county without requesting a material revision. The District also issued a written warning to REALM that its school bus failed to comply with State requirements, and the District has no evidence that this violation has been remedied. Therefore, the District is evaluating REALM's credibility with respect to its proposed material revision in the context of REALM's response to past infractions.

4) REALM Has Not Provided a Satisfactory Plan to Pay Off its Current Debts.

REALM has kept the District informed of its progress in paying its Accounts Payable. REALM reports in its April 10, 2019 "Draft Response to Draft NOV Intent to Revoke 041019" that it has been working with vendors to compromise current debts, and "[a]s such the organizations have already reduced REALM expenses by more than \$196,000. The accounts payables submitted to the District on December 14, 2018, was \$1,447,755. The current accounts payable balance as of April 9, 2019, is \$1,251,742. Further, the Schools have negotiated with vendors REALM's aging accounts payable debt down by almost 10%."

The District still has significant questions about how REALM will pay down its \$1.2 million of debt. REALM's April 10, 2019 draft response states that "Compass will take on REALM's debts upon merging." Moreover, the April 19, 2019 letter from REALM's attorney states that "Compass stands ready to assume debt incurred by REALM in an amount of approximately \$1.5 million and will further guarantee the long term financial stability of the Charter School." (April 19, 2019 letter, p. 2.) Although REALM has stated that Compass will pay off its debts on a number of occasions, the commitments and documentation made by Compass are less than definitive. REALM's April 9, 2019 letter submitted to the District states that, to date, Compass has provided to REALM three (3) loans, in sums of \$100,000, \$250,000, and \$250,000, and plans to provide a fourth loan of \$250,000 should the material revision be approved. The District notes that these loans would still leave \$400,000 in unpaid debts by REALM. According to the figures provided in REALM's April 10, 2019 letter, REALM's debts could consume up to half of Compass' total assets. We note that "taking on REALM's debts" is not the same thing as paying off those debts in full. The District requests clarification and documentation (aside from the promissory notes already received) specifying the extent and enforceability of Compass' obligations with respect to REALM's debts.

Moreover, REALM's April 10, 2019 Draft Response states that "[w]ithout the Material Revision, the merger agreement will not take effect, and the Compass Board of Directors may back out of the agreement by April 30 if no action is taken, and REALM will continue to be saddled with its debts and will likely close." Clearly, Compass' governing board will be required to extend this deadline given the Board's timeline to consider the Request for Material Revision. Please provide a status update as to this deadline.

5) REALM's Enrollment Projections are Not Supported by Historical Trends.

The District's Notice of Intent to Revoke noted that REALM's projected budget for the next five fiscal years relies upon a significant increase in enrollment, starting during the 2019-2020 school year. As noted in the District's Notice, this precipitous turnaround would be contrary to a multi-year pattern of significant decline in the Charter School's enrollment.

Though REALM points to factors that it believes will result in a turnaround in its enrollment, due to its precarious financial condition, the District will require greater levels of assurances that REALM can financially survive all foreseeable contingencies. Therefore the District asks REALM to address how it would financially survive should its enrollment projections not materialize, including but not limited to alternative budget scenarios and enrollment projections, programmatic changes, and/or reduction in expenses.

The District asks for a written response to the above questions by end of business on May 20, 2019, along with any other documentation you would like the District to consider.

Please contact us if you have any questions.

Sincerely,

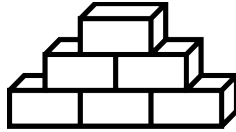


Pauline Follansbee  
Assistant Superintendent of Business Services



# EXHIBIT I

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APRIL 29, 2019

SENT VIA EMAIL AND U.S. MAIL  
Paulinefollansbee@berkeley.net

Pauline Follansbee, Assistant Superintendent of Business Services  
BERKELEY UNIFIED SCHOOL DISTRICT  
2020 Bonar Street  
Berkeley, CA 94702

**Re: Response to Notice of Intent to Revoke REALM Charter School Charter  
Petition**

Dear Ms. Follansbee:

I am writing on behalf of REALM Charter School ("REALM" or the "Charter School") in response to the Notice of Intent to Revoke ("NIR") issued by the Berkeley Unified School District's ("BUSD" or the "District") to REALM on April 10, 2019. REALM respectfully implores the District Board, on behalf of the 120 middle school and 286 high school students, 137 of whom are juniors and seniors who have applied or are set to apply to college, along with 35 REALM teachers and staff, to discontinue its revocation action against REALM.

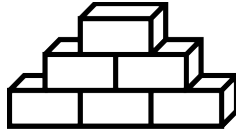
**I. Overview of Response**

There is no need for the District to continue charter revocation proceedings once the District complies with its obligation to fully evaluate and address the proposed material revision to the REALM charter petition, which seeks District authorization for a merger between REALM and Compass Charter Schools ("Compass"), a California nonprofit public benefit corporation operating multiple charter schools. As stated in the proposed material revision and as discussed at length with District staff, Compass stands ready to assume REALM's debts and to assist REALM in addressing and remedying all budgetary shortfalls recently experienced by REALM. These budgetary shortfalls and debts form the substantive basis for this NIR.

As legal counsel for the District, John Yeh, himself noted at the April 10, 2019 BUSD meeting, approval of the material revision authorizing the merger between REALM and Compass moots the pending NIR, and obviates the need for further related revocation proceedings. Therefore, it is imperative for the District to fully consider and resolve the pending request for a material revision to the REALM charter, before it proceeds to consider the NIR.

As noted by BUSD staff and by counsel, the proposed merger between REALM and Compass, along with other remedial measures already implemented by REALM, address and remedy the alleged violations in the NIR. District staff enumerated only a few remaining concerns regarding the effect of the REALM and Compass merger in the NIR. REALM responds to those questions below and stands ready to fully address all issues in a hearing to evaluate the proposed merger.

At the outset, REALM notes that the preliminary budget for the Charter School's operations following the merger includes reasonable projections, and fully complies with generally acceptable



accounting principles. The budget continues to be revised and may be subject to further revision pending final approval of the merger by the District.

The following responds to District staff's questions and concerns regarding the proposed merger.

### **1. Introduction of an independent study option into the REALM curriculum**

As noted by BUSD staff, in implementing an independent study component to its existing curriculum, REALM complies with applicable independent study legal requirements, including Education Code Section 51745 *et seq.*, 47612.5, 47634.2 and Title 5, California Code of Regulations, Sections 11700 through 11705. The budget and supporting documentation account for a projected increase in enrollment by students pursuing independent study (listed in the budget as "other enrollment"). This number is conservatively set at 100 students across all grade levels during the first year of independent study implementation, with limited projected growth in enrollment the following years.

Independent study is intended to supplement REALM's project-based existing curriculum, not to replace it. As such, the number of students enrolling in the independent study program will be capped, as mandated by law.

### **2. Teacher salaries for the year 2023-2024**

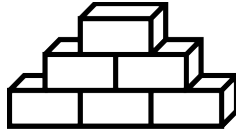
The preliminary budget summary submitted with the material revision identified expected salaries for teachers through the years 2023-24, plus teacher stipends and bonuses. The teacher stipends and bonuses are expected to remain constant at \$16,000 from 2018 through 2024. The total teacher projected salaries for the Charter School start at approximately \$1.3 million in 2018 and are projected to increase yearly to reflect raises and cost of living adjustments. For 2024, the projected teacher salaries are listed as \$16,000. This is obviously an error, listing the \$16,000 bonus, instead of the actual projected teacher salaries for that year.

For the year 2023-24, the total projected teacher salaries are expected to approximate \$2,000,000. The budget accounts for this expected increase.

### **3. Enrollment projections**

District staff point out that the enrollment projections reflect a 200 student increase from 2018-19 to 2020-21. Staff questions whether such an increase is feasible.

District staff do not appear to take into account the projected increase in enrollment attributable to the introduction of the independent study component to the curriculum, which has already been successfully implemented by Compass as it provides high-quality independent study services for a broad range of students. Compass has an experienced marketing staff standing by to implement targeted efforts on behalf of REALM in this area.



Additionally, the enrollment projections also account for the fact that enrollment in 2018-19 was severely affected by the necessary campus relocation for the middle school, which directly led to many families choosing to disenroll their children, rather than to commute to the new campus. With the middle school now in a permanent, stable site, and impactful student recruiting activities based around the new site, the previous enrollment decline (from 521 students in 2017-18 to 398 students in 2018-19, a net loss of 123 students) should naturally revert to at least 2017 levels, likely resulting in an increase in total enrollment numbers well-above those projected, when coupled with the introduction of the independent study component to the curriculum.

#### 4. Budget deficit

BUSD staff questioned how REALM can recover from a budget deficit of \$889,517 in FY 2018-2019 to a surplus, following the merger with Compass. The REALM/Compass merger will not only result in a single fiscally sound entity assuming the debt, but it will be accompanied by the implementation of budget cuts, renegotiation of existing debt, savings arising from economies of scale, organizational integration and elimination of duplicative expenses – all while ensuring fiscally responsible policies are implemented and followed in all aspects of operation. The debt will not be eliminated overnight. But with solid fiscal policies, renegotiated debt and the backing of a financially solvent experienced entity, REALM projects that the budget deficit can be eliminated and turned into a surplus. None of this can happen, however, until the merger is approved by the District.

#### 5. Collective bargaining

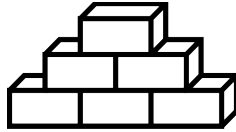
District staff correctly note that the Charter School shall be deemed the exclusive public school employer of all REALM teachers. Nothing about the merger is intended to alter this, or interfere in any subsequent negotiations between REALM and its teachers. However, like every other issue in the NIR, negotiations with the teachers' union cannot be completed unless and until the District fully evaluates the material revision and approves the merger.

## II. Legal Standard for Revocation

- **Legal Basis for Revocation is Required Through a Showing of Substantial Evidence:**

Education Code Section 47607(c) states:

- (1) A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, ***through a showing of substantial evidence***, that the charter school did any of the following:
  - (A) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.
  - (B) Failed to meet or pursue any of the pupil outcomes identified in the charter.
  - (C) Failed to meet generally accepted accounting principles or engaged in fiscal mismanagement.



(D) Violated any provision of law.

(2) The authority that granted the charter shall consider increases in pupil academic achievement for all groups of pupils served by the charter school as the most important factor in determining whether to revoke a charter.

(Emphasis added.)

Before revocation, Education Code Sections 47607(d) and (e) require the District provide REALM with a written notice of “facts in support of revocation” and “a reasonable opportunity to remedy the violation.” BUSD must then find that “substantial evidence” exists to support a determination that the Charter School ran afoul of specified revocation triggers. (Ed. Code, § 47607(c)(1).) “Substantial evidence” means evidence “of ponderable legal significance” of “reasonable, credible, and of solid value.” (*JKH Enterprises, Inc v. Dep’t of Industrial Relations* (2006) 142 Cal. App. 4th 1046, 1057; *Beck Development Co. v. Southern Pacific Transportation Co.*, (1996) 44 Cal. App. 4th 1160, 1204.) The phrase “substantial evidence” “cannot be deemed synonymous with ‘any’ evidence.” (*Id.*)

The “facts” and “evidence” in the NIR do not support revocation of REALM’s charter because (1) the District cannot rely on evidence of past alleged violations in support of the instant revocation proceedings; (2) the District failed to identify a lawful reason for revocation in the first place that would not be cured with approval of the proposed material revision; (3) the allegations forming the basis of the NIR have been fully remedied or are in the process of being remedied; (4) and, the NIR does not contain any evaluation regarding REALM’s academic achievement growth as it pertains to its subgroups, and as such cannot support revocation under Education Code Section 47607 as a matter of law.

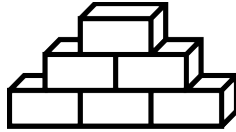
### **1) The District Cannot Rely on Evidence of Past Alleged Violations in Support of Revocation**

The District includes a list of Notices of Violation (“NOV”) issued to REALM which have already been refuted or remedied in the past, as part of its “History of Enforcement Measures/Notices of Violation.” As a matter of law, the District cannot revoke the charter based on items that may have been an issue in the past but have since been fully resolved. The purpose of the revocation statute and regulations is to ensure that a charter school receives due process before its charter can be revoked, and this includes giving the charter school an opportunity to remedy any issues. (See 5 CCR 11968.5.2.) The process is designed to be iterative, allowing many points for an authorizer to stop the process after a remedy is in place.

As REALM has remedied the issues raised at the NOV and past NOV’s, the District cannot simply pile on new and different issues at the NIR phase. Therefore, any references to past violations are simply irrelevant and may not form the basis for revocation under the NIR.

### **2) Information Beyond the NIR May Not Serve as the Basis of Revocation under Education Code Section 47607**

The California Supreme Court has expressly ruled that both the California and Federal Constitutions compel the government to afford persons due process before depriving them of any property interest. The Supreme Court has also held that charter school operators have an



undisputed right to liberty and property interest in their charter schools. *Today's Fresh Start, Inc., supra*, 57 Cal.4<sup>th</sup> at 211-213. "The essence of due process is the requirement that 'a person in jeopardy of serious loss **[be given] notice of the case against him and opportunity to meet it.**'" *Id.* at 212. The opportunity to be heard must be afforded "at a meaningful time and in a meaningful manner." (*Ibid.*, citing *Armstrong v. Manzo*, 380 U.S. 545 at 552.) Failure to provide notice of each allegation, and an opportunity to meet such allegations, violates due process.

REALM received notice of the allegations through the posted NIR and is directly responding herein. As a result, the District may not consider information outside of the NIR as a basis for revocation without violating the rights of REALM under both the California and federal Constitutions.

### **3) REALM's Proposed Material Revision to Merge with Compass Moots the NIR and Remedies all Fiscal Mismanagement Allegations**

The NIR fails to present "substantial evidence" of a current, uncured, reason for revocation which would not be cured by granting the proposed REALM/Compass merger. As stated by BUSD legal counsel on the record during the April 10, 2019 District Board meeting, the approval of the material revision authorizing the merger between REALM and Compass moots the NIR. Therefore, it is a far more efficient use of resources for the District to consider and resolve the issue of the material revision first, as soon as possible, rather than to have the two issues proceed slowly and simultaneously.

The proposed material revision and merger with Compass directly resolves the issue of REALM's long-term financial stability, and remedies the alleged violations forming the basis for the NIR. Given the hugely significant impact the continued operation of REALM has for the parents, teachers, students and the surrounding Berkeley community, it is imperative that the District take action on the proposed material revision as expeditiously as possible. The District has an obligation in good faith to promptly assess and take action on the proposed material revision to give parents, teachers, students and the Berkeley community the peace of mind that comes from knowing that their school is in solid financial standing and will not be closing at a moment's notice.

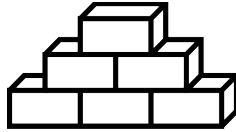
The District has been in possession of the material revision authorizing the merger between REALM and Compass for several weeks already. The proposed revisions to the REALM charter petition are clearly "redlined" and the financial impact of the merger well documented. District staff and legal counsel have already read and evaluated the proposed material revision. All remaining staff questions about the proposed material revision, and its effects, are fully addressed above, and can be further addressed as desired. Should District staff require additional information prior to the next the District Board meeting to make a recommendation regarding the proposed material revision, REALM would be glad to provide it. In sum, the issue is ready for discussion and prompt resolution by the District.

Compass stands ready to assume debt incurred by REALM in an amount of approximately \$1.5 million and will further guarantee the long-term financial stability of the Charter School. Local vendors are standing by to receive immediate payment for past services. Teachers are already in discussions with Compass and REALM to evaluate and address the impact of the merger, if any, on existing collective bargaining agreements. Students, teachers and staff stand ready to move on from the threat of closure looming over the Charter School, toward collectively continuing to create

[www.realmcharterschool.org](http://www.realmcharterschool.org)

2023 8th St. Berkeley, CA 94710

tel: 510 809 9800



in Berkeley a unique educational program providing high quality education. Yet, none of this can take happen until the merger between REALM and Compass is assessed by the District and, if the District so determines, approved.

Conversely, the consequences of the District's failure to take prompt action on the proposed material revision will result in further adversity for all concerned. Without the District acting on the proposed material revision, the proposed merger agreement between REALM and Compass cannot take effect. Without prompt action by the District, vendors cannot be fully paid. Without prompt action by the District, agreements with staff cannot be finalized. Without prompt action by the District, payment plans cannot be negotiated, and the academic and financial viability of REALM continue to be threatened. The Charter School also stands to suffer from loss of morale, potential loss of accreditation and the potential exodus of students fearing their school is in danger of closing. Indeed, unfounded rumors are already circulating that the Charter School will have to close by June 2019. Such rumors are harmful and untrue and can be dispelled through District Board action. the District itself and the Berkeley community also stand to lose through unnecessary expense and delay. All this can be avoided by the prompt evaluation of the proposed material revision.

Since a positive outcome of the proposed material revision would moot the NIR and obviate the need for further revocation proceedings, it would also save the District precious financial and time resources it can then redirect towards continuing to fulfill its own mission.

### **III. REALM's Item by Item Response to the Allegations in the NIR**

Education Code Section 47607(e) states: "[t]he chartering authority shall not revoke a charter, unless it makes written factual findings supported by substantial evidence, specific to the charter school, that support its findings." We have reviewed each and every page of evidence identified by the NIR. Much of the information in the NIR, like the NOV, is either outdated or incorporates issues already addressed and remedied, or are in the process of being remedied. For each alleged violation listed in the NIR, either (1) the violation has already been remedied or (2) the violation will be remedied with approval of the material revision currently pending before the District. Accordingly, the District cannot meet the evidentiary burden required to revoke REALM's charter.

#### **1. REALM submitted its final audit report for fiscal year 2017-2018**

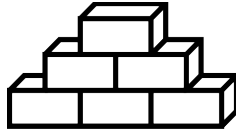
REALM submitted the final audit response on March 4, 2019. The audit response was submitted late, but it has been submitted and accepted. The NIR fails to present "substantial evidence" of a current and uncured violation arising from the allegation.

#### **2. REALM has paid its contributions to STRS for November and December 2019**

The NIR fails to present "substantial evidence" of a current and uncured violation arising from this allegation. The issue has been remedied. REALM made the November and December payments to the State Teachers' Retirement System ("STRS"). The NIR fails to present "substantial evidence" of a current and uncured violation arising from the allegation.

#### **3. Issues concerning REALM's deficit and debts to creditors will be cured through a strategic budget deficit reduction plan and proposed merger with Compass**





Please see full discussion regarding the proposed merger above. Compass has already made an infusion of over \$400,000 into REALM and is committed to provide additional funding to cancel all debts. REALM is working on reaching payment plans with various vendors to reduce the amount payable. In addition, REALM intends to reduce expenses by consolidating services with Compass, and by applying rigorous, fiscally conservative practices.

**4. Current and future budgets reflect the negative balance of the middle school in the budget of the consolidated REALM charter schools.**

The NIR fails to present “substantial evidence” of a current and uncured violation arising from this allegation. The issue has been remedied. The negative balance was transferred and is reflected in the current 2018-19 income statement under the term “Other Uses.” Charter Schools Management Corporation (REALM’s back-office provider) will make the necessary adjustments to all prospective budgets once all necessary audits are completed.

**5. Delays by the City of Berkeley in issuing an occupation permit for REALM’s new middle school facilities will not affect instructional minutes for REALM middle school students**

The NIR fails to present “substantial evidence” of a current and uncured violation arising from this allegation. The assertion that REALM made any misrepresentation to the District is factually inaccurate. REALM never represented it had a “final permit” for its long-term facility in Berkeley before it did. REALM represented it had secured a short-term facility pending the issuance of an occupation permit for its long-term facility in Berkeley, which it had. Indeed, REALM secured and occupied the short-term facility – Zaytuna College – from December 17, 2018 to January 25, 2019. The permit to occupy the new facility was delayed by four days by the City of Berkeley’s Building Department. For the first day, January 28, 2019, there were no classes scheduled. On the second day, January 29, 2019, the students went on a field trip. Only two instructional days were canceled: January 30 and January 31, 2019. Even with the two canceled days, affected students will meet the minimum minutes of instruction required by law.

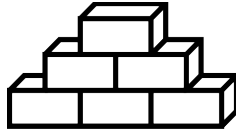
**6. Allegations raised in the Notice of Violation which have already been remedied may not serve as the basis of revocation under the NIR**

All allegations raised in the NOV issued on February 7, 2019, which were not raised in the NIR, have been remedied and may not as the basis of revocation under Education Code Section 47607(c).

**IV. The District may not proceed with revocation without considering increases in student academic achievement**

Education Code Section 47607(c)(2) identifies “increases in academic achievement for all groups of pupils served by the charter school as the most important factor in determining whether to revoke a charter.” The District does not mention student academic achievement at all in its NIR. In the absence of a thorough review of REALM’s academic achievement, the District may not issue a Notice of Revocation against REALM, as academic achievement must be the most important factor in considering charter revocation. See *American Indian Model Schools v. Oakland Unified School*





*District* (2014) 227 Cal.App.4<sup>th</sup> 258, 285 (finding failure by the district to provide substantial evidence of lack of academic achievement supported injunction to block the charter revocation).

\* \* \*

As demonstrated above, the District has not provided substantial evidence to support a basis for revocation pursuant to Education Code Section 47607(c). REALM takes its obligations to its students seriously and will continue to work towards improving both its educational program, and its financial standing. There is no legal or factual basis to support the revocation of REALM. We now ask that BUSD not harm the students and staff of REALM by closing their school based upon allegations that have been clearly remedied or are subject to being remedied upon the review and approval of the pending material revision authorizing the merger between REALM and Compass.

REALM remains eager to work with District staff to alleviate their concerns about our school and to continue to collaborate in the best interest of Berkeley students. However, as there are no current violations to support a charter revocation, REALM asks that the Board *not* issue a final decision to revoke our charter pursuant to Title 5, California Code of Regulations Section 11968.5.2(f).

Sincerely,

Victor Diaz  
Executive Director

Cc  
J.J. Lewis, Superintendent & CEO, Compass Charter School  
Judy Appel, BUSD President  
Beatriz Leyva-Cutler, BUSD Vice President  
Ty Alper, BUSD Director  
Ka'Dijah Brown, BUSD Director  
Julie Sinai, BUSD Director  
Janelle Ruley, Esq., Young, Minney & Corr LLP