



# CAPISTRANO UNIFIED SCHOOL DISTRICT

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September 15, 2017

## VIA OVERNIGHT DELIVERY

Andrew Crowe  
Managing Director  
Oxford Preparatory Academy Charter Schools  
4740 Green River Road, Suite 210  
Corona, California 92880

Re: District's Notice of Concern re OPA's Fiscal Management and Stability  
Notice of Intent to Audit Pursuant to Oversight Authority  
Demand to Hold and Retain All Documents

Dear Oxford Preparatory Academy Charter Schools:

In light of Oxford Preparatory Academy-Chino Valley ("OPA-CV") closing down this past year, there exists substantial concerns regarding Oxford Preparatory Academy's ("OPA") fiscal management and stability. The District requests that OPA review each concern set forth below and provide a thorough, written explanation addressing each concern. The District requests OPA to respond to this Notice of Concern by September 28, 2017, along with supporting documentation when necessary.

The District intends to perform an audit of OPA to independently determine whether OPA remains financially viable as well as to determine the appropriate expenditure of public funds. The District is in the process of retaining an outside firm to conduct this work and will expect OPA's cooperation and assistance throughout the process. We will update you on this oversight activity shortly.

In addition, the District has been advised that attorneys for OPA have made a written demand to a former OPA Board Member to return or "destroy" certain documents. This is cause for substantial concern. Because the possibility of future administrative or legal action is foreseeable, the District demands that OPA hold and retain all documents now in existence, whether in paper or electronic form, in OPA's possession.

## SERVING THE COMMUNITIES OF:

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**Issues of Concern:**

**1. OPA's Fiscal Management.**

OPA operated three charter schools under one OPA Board of Directors, with three separate chartering authorities – Chino Valley Unified School District, Capistrano Unified School District, and Orange County Board of Education. These three charters are: OPA-CV, OPA-South Orange County ("OPA-SOC"), and OPA-Saddleback Valley ("OPA-SV"). OPA-CV closed and will not open for the 2017-2018 school year.

Please provide a thorough, written explanation of how the finances of the three charter schools were managed in relation to each other, and how any revenues, liabilities, resources, services and staff are shared among the three schools. Furthermore, with the closure of OPA-CV, please provide an update on how OPA will now manage finances in relation to the two remaining charter schools, OPA-SV and OPA-SOC and whether any liabilities of OPA-CV will be paid with revenues generated by OPA-SV or OPA-SOC.

Please identify who at the staff-level is responsible for making any decisions regarding how to manage finances between the schools and whether these decisions are approved by the OPA Board of Directors.

Please provide updated financial documents showing OPA-CV's remaining assets and outstanding debts, as well as, projected budgets for OPA-SOC and OPA-SV.

**2. OPA-CV Legal Fees.**

With the recent closure of OPA-CV and its substantial legal fees incurred during the appeals process, there is material concern regarding OPA's financial solvency over its two remaining schools – OPA-SOC and OPA-SV. The District was under the impression that California Charter School Association ("CCSA") was going to support all of OPA-CV's legal fees during its appeal, but has since learned that CCSA is only going to provide up to \$75,000 to cover these costs. The District has also learned that OPA-CV's legal fees are over \$500,000. This leaves OPA with \$425,000 in legal fees liability just for OPA-CV.

In OPA's April 24, 2017 Response to the District, OPA provided its March Financial Package, showing the budgets for each of its charter schools. For OPA-CV, the original budget total for OPA-CV's legal fees was \$393,536.00. This means that OPA spent at least \$100,000 over budget in legal services.

Please address these facts, and provide a thorough, written explanation on the remaining assets OPA-CV has and whether it will be sufficient to cover its debts, how OPA will pay the remaining \$425,000 in legal fees, and whether OPA intends to use funds sourced from OPA-SOC and OPA-SV to pay such fees.

If OPA disagrees with the facts supporting these concerns, please provide a written explanation for OPA's position and any supporting documentation and/or legal basis.

**3. OPA-Chino Owes \$1,200,000 to Turner Agassi Charter School Facility Fund Lease Purchase Agreement.**

The District has learned that OPA-CV owes approximately \$1,200,000 under the Turner-Agassi Charter School Fund lease purchase agreement. This was not reflected anywhere in OPA's financial documents given to the District. It is troubling that OPA is not showing such an enormous liability in its financial records and this impedes the District's ability to properly provide oversight as the chartering authority of

OPA-SOC.

Please provide a detailed, written explanation of why OPA did not disclose this debt to the District, why it is not reflected in OPA's financial statements, how it affects OPA's current financial standing, and how OPA plans to pay this debt.

If OPA has made any payments on this outstanding debt, please indicate when it was paid and how much. Furthermore, please provide updated financial statements reflecting this \$1.2 million debt so that OPA's budget and expenditures are accurately recorded.

If OPA disagrees with the facts supporting these concerns, please provide a detailed basis for OPA's position with any applicable supporting documents.

**4. OPA's Chino Management Team Has Been Transferred into the OPA-SOC and OPA-CV Schools to Preserve Their Jobs.**

There have been concerns that in light of OPA-CV's closure, its management team has been rerouted to the other two campuses to preserve their jobs while causing unnecessary financial burden on the two remaining schools. For example, Andrew Crowe was the chancellor at OPA-CV, and is now the Managing Director of OPA. Garrett Bridges was the Dean at OPA-CV and is now the Dean at OPA-SV.

Please provide a list of employees from OPA-CV who are currently working for the other two charter schools, what their positions and duties entail, and why each position is necessary. Please also include salaries for each old and current position, and whether these have been incorporated into the budgets for OPA-SOC and OPA-SV.

**5. Absence of an Executive Director.**

Although Andrew Crowe has recently been named the Managing Director of OPA, there is currently no Executive Director after Denise Pascoe stepped down as Interim Executive Director. There is concern here that OPA's Board has delegated executive authority to itself and is making decisions without any management contribution.

Please provide an explanation of when OPA plans to hire an Executive Director, if Mr. Crowe will step down as Managing Director once an Executive Director is hired, and the Board's role in making decisions in lieu of the Executive Director.

If OPA disagrees with this contention, please provide a detailed explanation supporting OPA's position with any applicable supporting documents.

**6. Absence of a Chief Financial Officer.**

The District has significant concerns regarding OPA's lack of a Chief Financial Officer ("CFO") to monitor and oversee OPA's financial conditions, expenditures, planning, and record-keeping.

Please provide a written explanation of who monitors the outgoing expenses and ensures that OPA\_SOV's expenses, such as legal fees, are not exceeding its budget. Please also explain whether OPA intends to hire a CFO; if OPA does not plan on hiring a CFO, please explain why.

**7. Proposal to Split OPA.**

The District is aware that OPA discussed splitting OPA to have OPA-SOC and OPA-SV separate from OPA-CV, but this concept was rejected by OPA Board out of fear it would jeopardize the chances of winning OPA-CV's appeal and getting a new charter in Chino Valley.

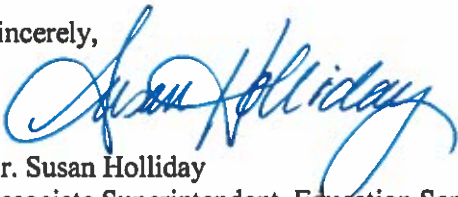
Please provide a detailed, written explanation regarding this proposal to split OPA-SOC and OPA-SV from OPA-CV and why it was rejected by OPA's Board. Should OPA disagree with this interpretation of events, please provide a detailed explanation for OPA's position and any supporting documentation as necessary.

**8. OPA's Communications with Neveen Adly.**

It has come to the District's attention that Procopio, Cory, Hargreaves & Savitch, LLP recently contacted OPA's former Board member, Neveen Adly, and demanded that Ms. Adly return or destroy all documents pertaining to OPA. This is highly troubling to the District in light of OPA's current dialogue with multiple agencies, including but not limited to the District itself and OCDE, who specifically requested information regarding communications between board members. Please provide a thorough, written explanation for OPA's request to Ms. Adly to destroy public records and the legal basis for which OPA relies upon.

In addition, please acknowledge that OPA will not, in fact, destroy any writings, whether in paper or electronic form, that currently exist until such time as mutually agreed with the District.

Sincerely,



Dr. Susan Holliday  
Associate Superintendent, Education Services

C:  
CUSD Board of Trustees  
CUSD Executive Cabinet  
Heidi Crowley, Coordinator Charter Schools and Strategic Initiatives  
Oxford Preparatory's Academy Honors Society, President  
Oxford Preparatory's Academy Board of Directors  
Orange County Department of Education's Charter Office  
Saddleback Valley Unified School District's Superintendent's Office