

To be completed by TEA:		Date of SBOE Review:
Date of Receipt by TEA:		
Approved	Not Approved	Beginning Date of Operation:

Application for Approval of an Open-Enrollment Charter

Instructions: Submit completed application with the proposed charter and assurances signed by the Chief Operating Officer of the School and the signed parent/guardian petition to the Texas Education Agency, Document Control Center, 1701 North Congress Ave., Austin, Texas 78701. For assistance, contact the Office of Accountability at (512) 463-9716.

Chief Operating Officer
of Proposed Charter: Dr. Hulberto Saenz Title: Principal-Superintendent

Name of Sponsoring Entity: Association for the Advancement of Mexican Americans

Sponsor Address: 6001 Gulf Frwy City: Houston

Zip: 77023 Phone Number: (713) 926-1112 FAX: (713) 926-8035

Name of Proposed Charter: George I. Sanchez Charter High School

Charter Address: 6001 Gulf Frwy, Bldg. c-3 City: Houston

Zip: 77023 Phone Number: (713) 926-1112 FAX: (713) 926-8035

Grade	Expected Initial	Projected Total
Levels: <u>9-12</u>	Enrollment: <u>375 (96-97)</u>	Enrollment: <u>450 (98-99)</u>

The charter will serve an area that is geographically:
(Check all that apply.) urban suburban rural

If the proposed charter will serve any special populations, indicate the approximate percentage of the student population to be served in as many of the following categories as are applicable:

<input type="checkbox"/> pre-kindergarten	<input type="checkbox"/> special education	<u>10%</u> migrants
<u>80%</u> economically disadvantaged	<u>20%</u> limited English proficient	<u>60%</u> recovered dropouts
<u>90%</u> at risk of dropping out	<u>20%</u> pregnant or parent students	
<u>30%</u> other: <u>GED and PRE-GED</u>		

The applicant is an "eligible entity" under the following category (check one):

- an institution of higher education as defined under TEC, Section 61.003;
 a private or independent institution of higher education as defined under TEC, Section 61.003;
 an organization that is exempt from taxation under 26 U.S.C. Section 501(c)(3); or
 a governmental entity.

The facility to be used for an open-enrollment charter school is a facility of:

- a commercial entity a non-profit entity a school district

Identify the entity that owns the facility: AAMA, Inc.

If the entity that owns the facility does not operate it, who does? Same Entity

ASSOCIATION FOR THE ADVANCEMENT OF MEXICAN AMERICANS

EDUCATIONAL SERVICES * SOCIAL SERVICES * COMMUNITY DEVELOPMENT

6001 GULF FREEWAY, BLDG. B-3, SUITE 165, HOUSTON, TEXAS 77023 * TEL (713) 926-4756 * FAX (713) 926-8035

February 23, 1996

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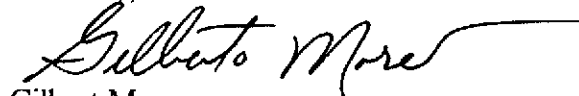
Dear Ms. Arnold and Dr. Paige,

This is to inform you that George I. Sanchez Alternative High School, Association for the Advancement of Mexican American (AAMA) intends to submit an application of the State Board of Education for consideration for approval of an open-enrollment charter school. As part of the application process, entities applying for approval are required to notify any districts that are likely to be affected by the establishment of an open-enrollment charter school.

Specifically, the guidelines approved by the State Board of Education require that the enclosed form, entitled *Statement of Impact*, and a copy of the application for proposed open-enrollment charter school be sent to each district that may be affected. Information is requested if the proposed open-enrollment charter may adversely impact a district financially, or if the proposed charter may impact the student enrollment of a district in a manner that impairs the district's ability to comply with a court order. The enclosed form must be completed by any district that may be affected, signed by the HISD Board President and Superintendent, and returned to the Texas Education Agency, Document Control Center, Room 6-108, 1701 North Congress Avenue, Austin, Texas 78701. It should be received no later than March 15, 1996 for the information to be considered by the State Board of Education.

It is requested that you review the enclosed application, complete the *Statement of Impact* form, and submit it to the Texas Education Agency. If you have questions about the process for approval of open-enrollment charter schools, please contact Dr. Deborah Nance or Ms. Belinda Flores in the Office of Accountability at (512) 463-9716. If you have questions about the enclosed application for approval of an open-enrollment charter school affecting your school district, please contact Mr. Gilbert Moreno at (713) 926-5464.

Sincerely,


Gilbert Moreno
President & CEO
AAMA

OPEN-ENROLLMENT CHARTER APPLICATION

Instructions: The open-enrollment charter proposal may be either entered in the spaces below or submitted in contractual form including, in the order of the items below, the same components. Attach a proposed budget and evidence of parental support for the proposed charter. Note each school district whose enrollment is likely to be affected by the open-enrollment charter school and the date a Statement of Impact form was sent to each district under item 13.

The applicant for the proposed open-enrollment charter, if approved by the State Board of Education, agrees to operate the educational program described below in accordance with the provisions described within this document and the attached assurances.

(1) Describe the educational program to be offered, including the required curriculum under Texas Education Code (TEC) §28.002, and student attendance requirements:

George I. Sanchez High (GIS) has served the Houston community as an alternative school since 1973. Community members and parents of HISD students founded the school to help combat the extremely high drop-out and failure rate among students living in southeast Houston. GIS has been increasingly successful each year, going from working with a few dozen students in a pull-out program for middle school and high school students in the early 1970's in an old warehouse to a fully accredited academic high school program that currently serves over 300 students in grades 9 through 12 each school year. The school utilizes campus type buildings which have been recently remodeled, and were once used by NASA researchers and administrators in the 1960s and 1970s. GIS maintains accreditation with the Texas Alliance of Accredited Private Schools (TAAPS) through June 30, 1996. Education and government agencies, and community based organizations recognize George I. Sanchez High School as one of the exemplary school-based programs in the country that addresses the educational needs of urban youth who are at-risk of dropping out of school. As a result of GIS's multifaceted program, students earn more credits each year (up to 8), attend school very regularly (90% ADA), score well on achievement tests, and become involved in extra-curricular activities at a significantly higher rate than their HISD counterparts. GIS's impressive success prompted the Houston Independent School District to grant GIS a special contract for the past four years to provide schooling to HISD's at-risk students who chose to enroll at GIS. In the past four years, GIS's enrollment has almost tripled. Additionally, the number of graduates has grown five-fold and higher percentages of GIS graduates are enrolling in colleges. Over the past twenty-two years, GIS has done what other schools have failed to do: graduate a high percentage of at-risk students and prepare them for continued success.

The mission of George I. Sanchez High School is to provide the students and staff with a safe facility, wherein a strong academic education is provided in conjunction with a strong positive sense of self-worth and self-actualization. Our goal is to produce academically prepared, culturally enriched, economically competitive, technologically advanced, productive citizens. GIS's initiative for an open enrollment charter school is based on the principle that every student has the potential to succeed in school, can become educationally prepared to make

positive choices about their futures, and will contribute to the well being of their community and country. GIS's students come to our school having experienced failure in the public schools and might not have valued educational success highly. However, by the time they graduate, and most GIS students do, they feel they are important and prepared for college or entering the work force. GIS provides a challenging academic program that fulfills graduation requirements, including mastery of TAAS-Exit Level, and thorough preparation in a broad-based curriculum. Remediation is provided to students who enter GIS with low skills or need extra help to complete graduation requirements. GIS also provides college and career advise and guidance to all students at all levels. Last year, 22 of GIS's 90 graduates received college scholarships. GIS's GED program is equally impressive, graduating over 50 students annually. These students generally score higher on the GED tests than students from other GED preparation programs in the Houston area.

The educational program offered by the charter school will provide the students with mastery in reading, writing, mathematics, and oral skills. GIS students think creatively, visualize situations, and know how to learn and reason across all subject areas. Students practice the virtues of respect, self-esteem, sociability, self-management, integrity, and honesty. The curriculum of GIS is based on interdisciplinary themes relevant to preparing students for competition in the "info-age." This satisfactorily meets all essential elements as required by TEA. Teachers participate in common planning sessions to insure that teachers in all subject areas are working to the central focus, or theme of the school's instruction. Lesson plans are designed to utilize an integrated curriculum, thus affording students the support to learn concepts across disciplines. All courses follow time lines of pivotal historical and technological events. Also, all students use the school's computer lab as a tool for learning in content courses and take courses in particular which train them to effectively use computer technologies. Each student will take in developmental sequence the following courses:

- 4 years of English/language arts
- 1-2 years of computer technology and applications
- 3 years of social studies
- 2-3 years of Spanish
- 3 years of mathematics
- 3 years of science
- 3 years of integrated studies, apprenticeship, or fine arts (electives)
- 1 year of economics and government
- 1 year of health/family living

GIS provides each student with opportunities to take courses in integrated course clusters. Students may choose classes from among the academic, career development, or technology clusters. Graduation requirements meet those required by TEA.

While GIS has run a standard schedule of classes in the past, class schedules and activities will be made starting next year in such a way that students receive more instructional time in

subject areas where mastery is necessary for success in other subjects. Each students may take eight classes each semester, thus enabling them to catch up on credits or advance more quickly to graduation. Teachers are provided with time between six-weeks cycles to provide remediation to students, and to participate in professional development training. Teachers regularly receive training to design and implement a successful curriculum and to better serve the special needs of the student population. The current faculty has been able to increase its success due to better understanding of how to intervene with gangs, promote student accountability and high achievement, and develop leadership skills with all students. Faculty training augments the more traditional preparation offered to teachers in education programs by focusing on the unique needs of students who had previously not experienced school success.

Student attendance exceeds state requirements as outlined by TEA. GIS implements programs that significantly increase student attendance. GIS has maintained a 90% average daily attendance for the past two years as a direct result of its attendance incentive programs. GIS's attendance rates are higher than all of HISD's alternative school programs. Obviously, students want to attend school after enrolling in GIS, even though a majority of them had previously experienced debilitating absenteeism at their home schools.

GIS provides many programs that compliment its curriculum. Mentoring programs match students with volunteer-professionals and business partners. Our mentoring programs currently include volunteers from Southwestern Bell and The Communications Workers of America (HACEMOS), the United States Customs Service, and the United States Immigration and Naturalization Service. The Society of Hispanic Professional Engineers (SHPE) and volunteers from Lockheed have contributed their expertise and time to help develop the school's computer lab and maintain its efficient operation. The school's Explorer Post has consistently helped about twenty students annually to remain in school and increase their academic performance. Through the services of AAMA, GIS is provided gang intervention and prevention support, drug abuse prevention counseling, and job placement assistance. Each faculty member sponsors at least one extra-curricular club, such as Student Council, Math Club, Chess Club, Debate Team, Jogging Club, Parenting Club, Hispanic Culture Club, School Newspaper, and Senior Class. GIS's athletics program competes with other private schools. The school's fine arts program contributes to special projects sponsored by local arts organizations and the City of Houston and has won state and district events. GIS provides day care for children of students and operates a child development laboratory for students to learn and apply parenting and child development skills. The day care and child development lab minimize absenteeism by student-parents and provide all students with resources and guidance for parenting and family health. GIS's college advising program provides students with help making college choices, practicing and tutoring for college entrance exams, applying to colleges for admission, and seeking financial aid and scholarships.

Located in an area where 80% of the population is eligible for free or reduced lunches and where about 50% of ninth graders in the public high schools will drop-out before graduating, George I. Sanchez High School has continuously proven that such dire circumstances can be

changed. That success has been, and continues to be, directly linked to GIS's ability to independently evaluate its students academic and social needs. The Sanchez School has provided an educational environment where academic success, high self-esteem, and personal accountability are expected and achieved, instead of merely being wished for and left unachieved.

(2) Specify the period for which the charter, if approved, will be valid:

Three (3) years beginning in 1996-97, the school attendance dates will be as follows:

August 19, 1996 - May 30, 1997

August 18, 1997 - May 29, 1998

August 17, 1998 - May 28, 1999

Specify any renewal period for which the charter, if approved, will be valid:

for three (3) years from the 1999 to 2002 as approved by SBOE

- (3) Identify the specific levels of student performance on assessment instructions adopted under TEC Chapter 39, Subchapter B that constitute acceptable performance for the open-enrollment charter:

We feel that our growth in the exit level TAAS test for 1995 was very significant. Our 1995 results are shown below:

Percentage of Students Passing

Grade	Reading	Math	Writing
10th			
Spring '95	31%	13%	23%
Fall '95	44%	42%	70%
Growth	+42%	+220%	+200%
11th			
Spring '95	6%	4%	29%
Fall '95	44%	30%	25%
Growth	+630%	+650%	-13%
12th			
Spring '95	13%	3%	39%
Fall '95	41%	42%	57%
Growth	+215%	+1300%	+46%
%Increase of students growth for all grades	+300%	+450%	+70%

We feel our students and staff have a lot to be proud of with this very significant growth. We will continue to improve in these areas, but have made great strides in the increased student performance measured to date.

- (4) Describe any additional accountability provisions to those required under Texas Education Code, Subchapters B, C, D, and G, Chapter 39, by which the performance of the open-enrollment charter will be assessed:

AAMA's George I. Sanchez Charter High School has established the following criteria, expressed as target areas, which can be used as an additional form of accountability assessment. Our target areas are:

Target Areas

1. Academic Performance
2. Student Attendance
3. Extracurricular/Cocurricular Activities
4. Parent Involvement
5. Facilities and Resources

Goals and Objectives

1. As per the Sanchez Charter Accountability Proposal, we plan to increase (a) the number of courses passed per semester, (b) the aggregated average of students' GPA's, and (c) the number of parts of the GED test passed compared to the number attempted.
2. Maintain a 90% attendance rate in the academic program and 70% in the GED program.
3. Increase parental involvement in school activities.
4. Increase opportunities for students to participate in extracurricular/cocurricular activities.
5. Improve the overall facilities and resources at the school.

Major Strategies

1. Increase the number of courses taken by a student each semester, establish enrichment/tutoring programs, provide remedial instruction, provide guidance and counseling about careers and college, and provide TAAS - related instruction and enrichment.
2. Provide support and incentives for excellent attendance, make telephone contacts to homes of absent students, and provide day care and counseling services to students.
3. Create a structure for parent organization and training.
4. Promote faculty and student involvement in extracurricular activities.
5. Develop partnerships with businesses/community groups.

Provided the deadline or intervals by which the performance of the open-enrollment charter will be determined for accountability purposes:

The target areas above will be assessed at the end of each six week period, at the end of each semester and each school year.

(5) Specify any basis, in addition to a basis specified by the State Board of Education, on which the charter may be placed on probation or revoked or on which renewal of the charter may be denied:

(a) The State Board of Education may modify, place on probation, revoke, or deny renewal of the charter of an open-enrollment charter school if the board determines that the person operating the school:

(1) committed a material violation of the charter, including failure to satisfy accountability provisions prescribed by the charter;

(2) failed to satisfy generally accepted accounting standards of fiscal management; or

(3) failed to comply with this subchapter or another applicable law or rule.

(b) The action the board takes under Subsection (a) shall be based on the best interest of the school's students, the severity of the violation, and any previous violation the school has committed.

(6) Describe the governing structure of the open-enrollment charter:

Initially, the governing body will be composed of an odd number of members, no more than 9 members, of appointed and elected members to be determined at a future date. The majority of this group will be comprised of members of the existing AAMA, Inc. Board of Directors. This governing board will submit all action items to the AAMA, Inc. Board for its approval.

The AAMA, Inc. Board of Directors has asked its Legal Counsel to determine the best governing structure required under the guidelines promulgated by Senate Bill 1 and in accordance with SBOE guidelines for Open-Enrollment Charter Schools. In this transition process, Legal Counsel will review the guidelines and propose any changes to the governing body necessary to ensure compliance.

AAMA's George I. Sanchez Charter High School (GIS) will be under the instructional leadership of the Chief Operating Officer (COO), Dr. Hulberto Saenz. The COO, who has a Texas mid-management and superintendent's certification, will also be the GIS School's Principal/Superintendent.

**

Under the AAMA, Inc. organizational structure, Dr. Saenz reports to the AAMA President & CEO, Gilbert Moreno. These two individuals report to the AAMA, Inc. Board President, who oversees overall Board policy and provides strategic direction of the agency.

(7) Specify the qualifications to be met by professional employees of the program:

The professional employees currently on our staff are all degreed. About twenty-five percent of our teachers are certified and several more are working on their certification. Our goal is to have all of our teachers certified, although most of our noncertified teachers are outstanding. We have an intense interview system in place to hire only the most highly motivated and student centered candidates. We have had tremendous student success with our professional staff. All of our professional staff must have a commitment to working with students who have not had success in the regular schools. Our student performance as illustrated in item # 3 of this application will illustrate the success we have elicited from our students. We propose to be able to continue this type of success with all of our students.

(8) Describe the process by which the person providing the open-enrollment charter will adopt an annual budget:

The annual budget will be initially adopted by the AAMA Controller and President/CEO based on past historical operations for the GIS High School. The AAMA President is a former CPA, who has prepared all school budgets for the past four years. The key components of the budget, including all school administrative and faculty salaries, special activities, and educational supplies, are provided by the Superintendent/Principal. As the budget is being developed, senior management will review the final budget for completeness and reasonableness of all figures. Actual expenditures for the previous year are reviewed to determine any unusual items or amounts which have increased or been reduced during the prior year. Upon completion, the final budget will be presented to the AAMA Board for their review and input. The Board will ultimately vote to approve the GIS budget with any revisions deemed necessary.

In subsequent years, the School's Site Based Decision Making Committee will be able to provide input on key areas of the GIS budget. This will include such categories as computer expenditures, extra-curricular activities, educational materials and other appropriate accounts. These recommendations will be reviewed and incorporated into the budget to the extent possible. The final budget will be presented to the Governing Board for their approval, with any revisions deemed necessary incorporated in the final budget.

- (9) **Submit a proposed budget as an attachment to this application.**

See attachment D

- (10) **Describe the manner in which an annual audit of the financial and programmatic operations of the open-enrollment charter will be conducted. Describe the manner in which the charter will participate in the Public Education Information Management System (PEIMS) information, required by state statute or by State Board of Education rule:**

AAMA is a tax-exempt non-profit 501 (c) (3) entity that operates an array of educational and social service programs. These programs are financed by government grants from a variety of sources, coupled with other private sector donations and fundraising efforts. All Federal and State monies received for the various programs require an independent annual audit conducted by a Certified Public Accounting firm. The firm utilized has been selected by the AAMA Board of Directors based upon competitive bid process emphasizing expertise in audit and tax matters, past experience with non-profit accounting, and review of management's internal controls.

The audit firm conducts the annual audit of all AAMA, Inc. operations, including the George I. Sanchez High School. The audit is based on the applicable OMB Circulars such as, but not limited to: A-87 "Cost Principles for State and Local Governments," A-122, "Cost Principles for Nonprofit Organizations", or A-21, "Cost Principles of Educational Institutions" and A-133, "Audits of Institutions of Higher Education and other Non-Profit Institutions."

The audit has been performed for the past five years by the firm of Mir, Fox, and Rodriguez, CPA's. The audit follows all federal guidelines indicated above and Generally Accepted Accounting Practices (GAAP), including a single audit review and detailed testing of programmatic operations for all programs with revenues in excess of \$100,000. Detailed testing is performed of all significant financial accounts.

The audit once completed is presented to the Board of Directors for final approval. A management letter is issued citing any specific concerns, if appropriate. The agency has received a "clean opinion" for all years audited. Copies of the annual audit and management letter are forwarded to all funding sources for their review.

Additionally, a self-monitoring process will be conducted by GIS School staff, that will ensure that all necessary areas will meet compliance with TEA guidelines. This will include such areas of staffing, curriculum, transportation, facility requirements, school furniture and supplies, data processing, student outcomes, procurement and cost effectiveness of the School. The Program Monitor will report to both the School's Chief

Operating Officer and the President and CEO of AAMA, Inc.

PEIMS Reporting

The agency will purchase all computer equipment and software necessary to be in place to comply with all state guidelines pronounced in the Texas Education Agency PEIMS data standard for the coming year. Training will be provided to the appropriate personnel to ensure that proper reporting of PEIMS data is accurate and timely.

(11) Describe the facilities to be used:

The buildings C-3, C-5, C-6 and B-3 comprise the G.I.S. Sanchez Charter High School. They are single story brick structures with flat roofs and very sturdy construction. The use and area of each G.I.S. building is on attachment B through B-5. As illustrated on attachment B-2, the three (3) "B" buildings and the six (6) "C" buildings are owned by AAMA. Building B-1 is an AAMA administrative office, while B-2 houses AAMA'S "SAY YES" elementary school program, AARP offices and AAMA'S AIDS prevention program. C-1 is used as an adult education building for students taking classes in English, citizenship and English/Spanish GED for students 21 years and older. Classes are held there mainly in the evening. Building C-2 is used for storage and the NW part is leased to an upholstery shop. Building C-4 is leased by the Association for the Developmentally Disabled. Currently there is an open field located between the C and the B building complex. This field is about 180' x 300', or about 1.25 acres. We are proposing to build a multi-purpose educational center with a cafeteria, auditorium, gym, library and computer lab on this field commencing during the 1996-97 school year. All of these buildings were at one time part of the original NASA office complex.

If the facility to be used for an open-enrollment charter school is a facility of a school district, describe the terms established by the board of trustees or other governing body of the district stipulating the relationship between the proposed charter school and the district pertaining to the use of the facility. Attach a copy of the agreement, or pending agreement, signed by the president of the board of trustees or other governing body of the proposed open-enrollment charter school, and the chief operating officer of the proposed charter.

N/A

If the facility is not operated by a school district, attach a copy of the agreement, or pending agreement, signed by the entity owning and operating the facility and the chief operating officer of the proposed charter.

See attachment A-A2

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(12) Describe the geographical area served by the program.

The GIS School serves an area that is known as the "East End of Houston. This area is on the southeast corridor surrounding the Downtown Business District, bordered by State Highway 59 North, Interstate 45 South, and Interstate 10 East (see map, Attachment C). This area includes a total population of about 100,000 persons. The ethnic breakdown of this population is 84% Hispanic, 10% African-American, 4% Anglo, and 2% Asian. The median income of this area is approximately \$18, 728. Two key areas in this target area, the Manchester and Canal Street areas (census tracts 321.02 and 311) are ranked among the highest numbers of total youth in poverty of inner-city areas in Harris County.

The East End area includes four of the six largest Hispanic census tracts in the City of Houston. A study by AAMA indicates a very young median age as an astonishing 36, 273 (or 35%) of youth are below the age of 17. This study show that of this group 15, 600 youth range from age 7 through 14, and another 15,000 youth are below the age of 6 per the 1990 U.S. Census data.

Current demographics indicate that the Hispanic population of Houston will more than double over the next 30 years, and grow from 650,000 persons to over 1.4 million individuals by the year 2026. In the year 2023, these projections by the State Controller's Office indicate that the Hispanic population will exceed the Anglo population and comprise 40% of the City's residents.

The educational attainment of this population has unfortunately been severely lacking. In certain key census tracts in the East End, over 50% of the adult population did not complete the 9th grade level. Unfortunately, studies have shown that if the parents are educational deficient, this tends to result in poor educational performance by their children.

A review of the two key area High Schools, Austin (school pop. 3,300) and Milby (school pop. 3,500), indicate some of the highest drop-out rates of any schools in the HISD system. These two schools had drop-out rates of 11.5% and 9.9%, respectively as of May 1995. A review of SAT test scores indicates that students scored 591 and 683, respectively at these two schools, far below the top median score of 1,030 at Bellaire High School, top performing school in HISD. TAAS scores are also significantly below the HISD averages for all high schools.

The housing occupancy is about 45 rental, 43 % owner/occupied, and 13 % vacant. Area students are very mobile, but, when families in apartment units move, they typically move within the East End area.

Located approximately three miles from GIS School is the University of Houston - Central Campus and the Houston Community College, East Campus. Partnerships with these two

institutions continue to assist us in promoting and encouraging post-secondary educational opportunities for our students.

- (13) Provide a list of all districts within the geographical area that may be affected by the open-enrollment charter with the date the *Statement of Impact* form was sent to each affected district.

Houston Independent School District - February 23, 1996

- (14) Specify any type of enrollment criteria to be used. (*For admission to an open-enrollment charter school, the person operating the school may require the students seeking admission to complete and submit applications not later than a reasonable deadline the school establishes.*) Indicate whether the open-enrollment charter provides for the exclusion of a student who has a documented history of criminal offense, juvenile court adjudication, or discipline problems under TEC, Chapter 27, Subchapter A:

The GIS Charter High School requires all academic, GED and pre-GED students to be submitted through an admissions process which includes: 1) the completion of a TABE examination, 2) submission of required personal documentation, and 3) an interview with members of the admissions committee. The admissions committee determines whether an applicant is accepted for enrollment. All of the students are accepted on a first come, first serve basis. Students applying for admissions after full capacity has been reached will be listed on a waiting list. Students on the waiting list will be admitted on a space available basis.

TABE TEST

Fall '96	June 10, 1996 - August 2, 1996
Spring '97	December 2, 1996 - January 13, 1997

The test serves as a measurement tool and/or grade level indicator. The results on this test should not be below two grade levels from current academic grade level for a student seeking admissions in the academic program. For students in the GED program, grade levels on the TABE test should not be lower than 8th grade and for pre-GED not lower than 7th grade.

Student Documentation

Every applicant will furnish the following documents to the admissions office:

- 1) admissions application which includes a detailed medical record with an updated immunization component completed by a physician; a signed school pledge; and a list of required attachments to the application
- 2) transcript - most current academic record from former school
- 3) checkout sheet/withdrawal form from former school.
- 4) last report card, if entering from the 8th grade or not included on most recent transcript.
- 5) official immunization records
- 6) social security card
- 7) birth certificate
- 8) proof of address (light bill, driver's license, etc.)
- 9) proof of income (2 current payroll stubs, food stamps/AFDC)
- 10) selective service card (if male is over 18 years old)
- 11) one recent photograph of applicant

All student documents need to be submitted to the admissions office within 5 days after TABE test. Once student file is complete, the records clerk will schedule an interview with members of the admissions committee, the applicant, and his or her parent(s).

Interview

Thirty minute interviews are scheduled every morning from 9:00 a.m. to 11:30 a.m. The interview serves as an orientation session where the admissions committee along with the student and parent discuss the school's and student's expectations. The committee is looking for a commitment and strong interest about education from the student and strong support from the parent. Discussion is also based on all documents furnished to the school starting with the TABE Test scores, transcript and student school pledge. The school pledge is discussed thoroughly to the parent and to the student. A copy of the Student Code of Conduct Booklet is explained and signed by both student and parent. The parent is given a copy of our school year calendar and the PTA/volunteer procedures. The admissions committee will emphasize on the required and expected parent involvement in the student's education and extra-curricular activities. If the student is a teen parent, we explain our parenting program and day care facilities. The admissions committee will

reach a decision within 24 hours.

A student who has a documented history of criminal offense(s), juvenile court adjudication, or discipline problems under TEC, chapter 27, subchapter A may be excluded.

(15) Describe provisions for transportation, if any, for students served by the open-enrollment charter school:

The school will make bus passes available from the Metro Transit Authority available to those students who require bus transportation to school. Additionally, we have budgeted for the purchase of two, new transportation vehicles in the initial year. These vehicles will be used for field trips, athletic activities, and other special needs. We will provide transportation in accordance with the TEA rules and regulations.

Once approved, a revision of this open-enrollment charter may be made only with the approval of the State Board of Education.

Assurances

Signature of the Chief Operating Officer certifies that the following statements are addressed through policies adopted by the charter school and, if approved, the governing body, administration, and staff of the open-enrollment charter will abide by them:

- 1) The proposed open-enrollment charter school prohibits discrimination in its admission policy on the basis of sex, national origin, ethnicity, religion, disability, academic or athletic ability, or the district the child would otherwise attend in accordance with state statute.
- 2) Any educator employed by a school district before the effective date of a charter for an open-enrollment charter school operated at a school district facility will not be transferred to or employed by the open-enrollment charter school over the educator's objection.
- 3) The proposed open-enrollment charter school will retain authority to operate under the charter contingent on satisfactory student performance on assessment instruments adopted under TEC, Chapter 39, Subchapter B and as provided by the open-enrollment charter agreement approved by the State Board of Education.
- 4) The proposed open-enrollment charter school will not impose taxes, use financial incentives or rebates to recruit students, or charge tuition other than tuition allowable under TEC Section 12.106.
- 5) If the proposed open-enrollment charter school provides transportation, it will provide transportation to each student attending the school to the same extent a school district is required by law to provide transportation to district students.
- 6) The proposed open-enrollment charter school will operate in accordance with federal laws and rules governing public schools; applicable provisions of the Texas Constitution; state statute pertaining to provisions establishing a criminal offense; and prohibitions, restrictions, or requirements, as applicable, under state statute or rule adopted relating to:
 - the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance as determined by the commissioner;
 - criminal history records under TEC Subchapter C of Chapter 22;
 - high school graduation under TEC Section 28.025;
 - special education programs under TEC Subchapter A of Chapter 29;
 - bilingual education under TEC Subchapter B of Chapter 29;
 - prekindergarten programs under TEC Subchapter E of Chapter 29;
 - extracurricular activities under TEC Section 33.081;
 - health and safety under TEC Chapter 38; and
 - public school accountability under TEC Subchapters B, C, D, and G of Chapter 39.
- 7) The governing body of the school is considered a governmental body for purposes of Chapters 551 and 552, Government Code, and will comply with those requirements of state statute.
- 8) The employees and volunteers of the open-enrollment charter school are held immune from liability to the same extent as school district employees and volunteers under applicable state laws.
- 9) The open-enrollment charter school will ensure that any of its employees who qualify for membership in the Teacher Retirement System of Texas will be covered under the system to the same extent a qualified employee of a school district is covered. For each employee of the school covered under the system, the charter will be responsible for making any contribution that otherwise would be the legal responsibility of the school district, and will ensure that the state makes contributions for which it is legally responsible to such employees.
- 10) The open-enrollment charter school complies with all health and safety laws, rules, and regulations of the federal, state, county, region, or community that may apply to the facilities and school property.

11) The open-enrollment charter school agrees to assist in the completion of an annual evaluation of the charter that includes consideration of:

- students' scores on assessment instruments administered under TEC, Chapter 39, Subchapter B;
- student attendance;
- students' grades;
- incidents involving student discipline;
- socioeconomic data on students' families;
- parents' satisfaction with their children's schools;
- students' satisfaction with their schools;
- the costs of instruction, administration, and transportation incurred by the open-enrollment charter; and
- the effect of the open-enrollment charter on surrounding school districts and on teachers, students, and parents in those districts.

(12) An assignment of the operation of the charter to another entity is a revision to the charter, and must be submitted to the State Board of Education for approval.

(13) Charter schools will provide parents of prospective students with a one-page prospectus of the charter which includes, but is not limited to, information about staff qualifications and the instructional program.

*Signature of Chief Operating Officer of the School,
testifying to the provisions of the charter
and the assurances above:*

*Signature of the Chair of the State Board of
Education, Approving the Open-Enrollment
Charter in accordance with the provisions of
this document:*

Date: _____

Date: _____

COOPERATIVE AGREEMENT

BETWEEN

GEORGE I. SANCHEZ CHARTER HIGH SCHOOL

AND

ASSOCIATION FOR THE ADVANCEMENT OF MEXICAN AMERICANS (AAMA, Inc.)

This agreement is entered by George I. Sanchez Charter High School, an open-enrollment charter school herein referred to as GIS and the Association for the Advancement of Mexican Americans, a 501 c(3) non profit corporation, herein referred to as AAMA. AAMA, Inc. is the non-profit organization that has operated GIS for over 20 years. GIS as an open-enrollment charter school is represented by its Chief Operating Officer, Dr. Hulberto Saenz. AAMA is represented by its President & CEO, Gilberto Moreno and the AAMA Board of Directors Chair, Karen Becerra.

The roles of GIS and AAMA in regards to the operation of an open-enrollment charter school are as follows:

The Association for the Advancement of Mexican Americans (AAMA) agrees to:

- ◆ Provide the physical facility for the school at fair market rental rates. This includes classroom space, administrative office space, restrooms, cafeteria, janitorial service, facility maintenance and grounds keeping and that these facilities meet State Code.
- ◆ Provide all accounting support for GIS including drawing funds from the State of Texas, Accounts payable and Receivable, payroll and applicable taxes.
- ◆ Ensure annual audit is performed on GIS operations.
- ◆ Provide review of all contracts.
- ◆ Provide required fiducial responsibility and legal liability through the Board of Directors.
- ◆ Provide oversight of the open-enrollment charter school operations and management assistance, as deemed necessary.
- ◆ Provide grant writing and management assistance and procurement assistance.

George I. Sanchez Charter High School (GIS) agrees to:

- ◆ The COO is responsible for staffing and individual personnel matters.
- ◆ The COO is responsible for curriculum development and ensuring TEA guidelines are followed.
- ◆ The COO is responsible for student attendance and outcomes as measured by acceptable State standards and testing instruments.
- ◆ GIS agrees to provide all necessary backup documentation to the AAMA accounting department for timely processing of accounts receivable and payable.
- ◆ GIS agrees to abide by all TEA rules and regulations in the operation of an open-enrollment charter school.
- ◆ GIS agrees to abide by all Local, State and Federal Laws in the operation of an open-enrollment charter school.
- ◆ The COO will set the school calendar in accordance with TEA regulations for time and attendance.
- ◆ The COO will set the open-enrollment charter school budget with the oversight of the AAMA President & CEO and the AAMA Board of Directors.

This agreement is entered cooperatively between AAMA and GIS on February 23, 1996 and is effective on date charter is granted by SBOE until July 31, 1999 or until mutually terminated.

ATTEST: (SEAL)

P. M. Yabano
Corporate Secretary

ASSOCIATION FOR THE ADVANCE-
MENT OF MEXICAN AMERICANS

By: *Karen Becerra*
Karen Becerra

Title: Board Chairman, AAMA, Inc

Name: *Gilberto Moreno*
Gilbert Moreno

Title: President & CEO, AAMA, Inc

Date of Signature Execution:

February 23, 1996

ATTEST: (SEAL)

Maria A. Ben
School Secretary

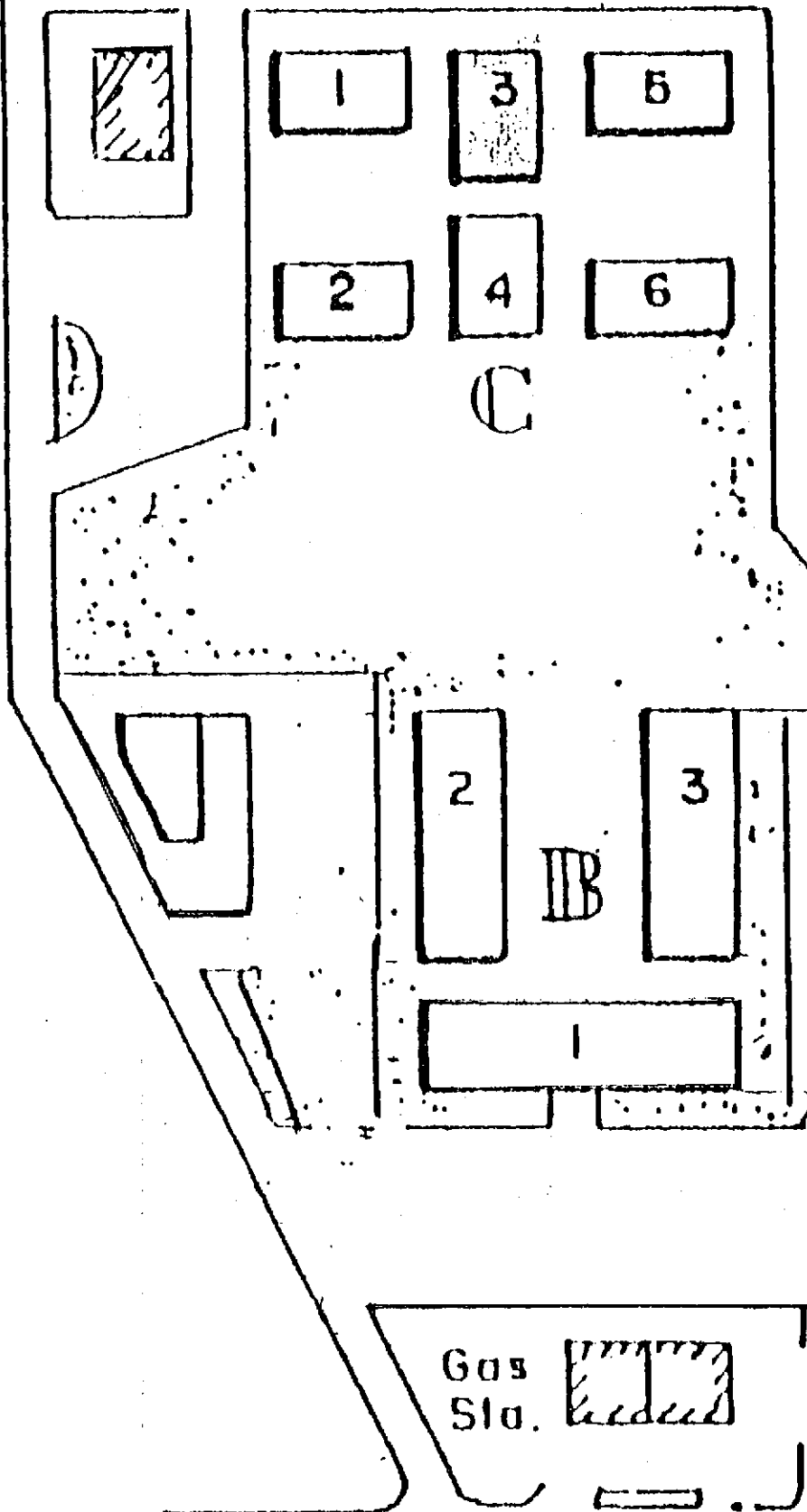
GEORGE I. SANCHEZ HIGH SCHOOL

By: *Hulberto Saenz*
Dr. Hulberto Saenz

Title: Chief Operating Officer

Date of Signature Execution:

23 Feb. 1996



GULF FREEWAY FEEDER ROAD

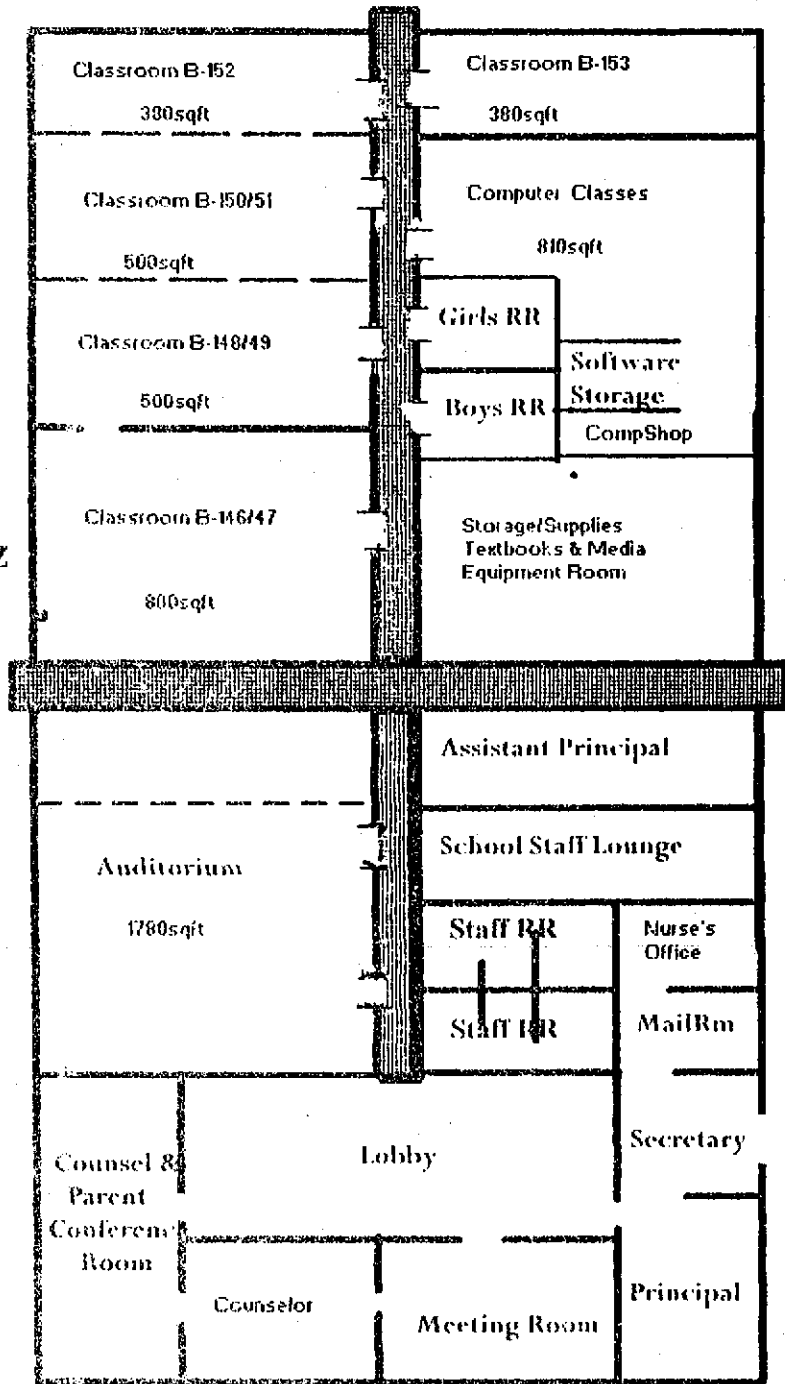
6001 GULF FREEWAY

GEORGE I. SANCHEZ HIGH SCHOOL

Building Descriptions

Bldg. No.	Gross Ft.	Net Ft.	Year
B-3	11,700	9,840	1963
C-3	6,272	5,376	1964
C-5	6,272	5,324	1970
C-6	6,272	5,324	1971
Total	30,516 sq ft	25,564 sq ft	

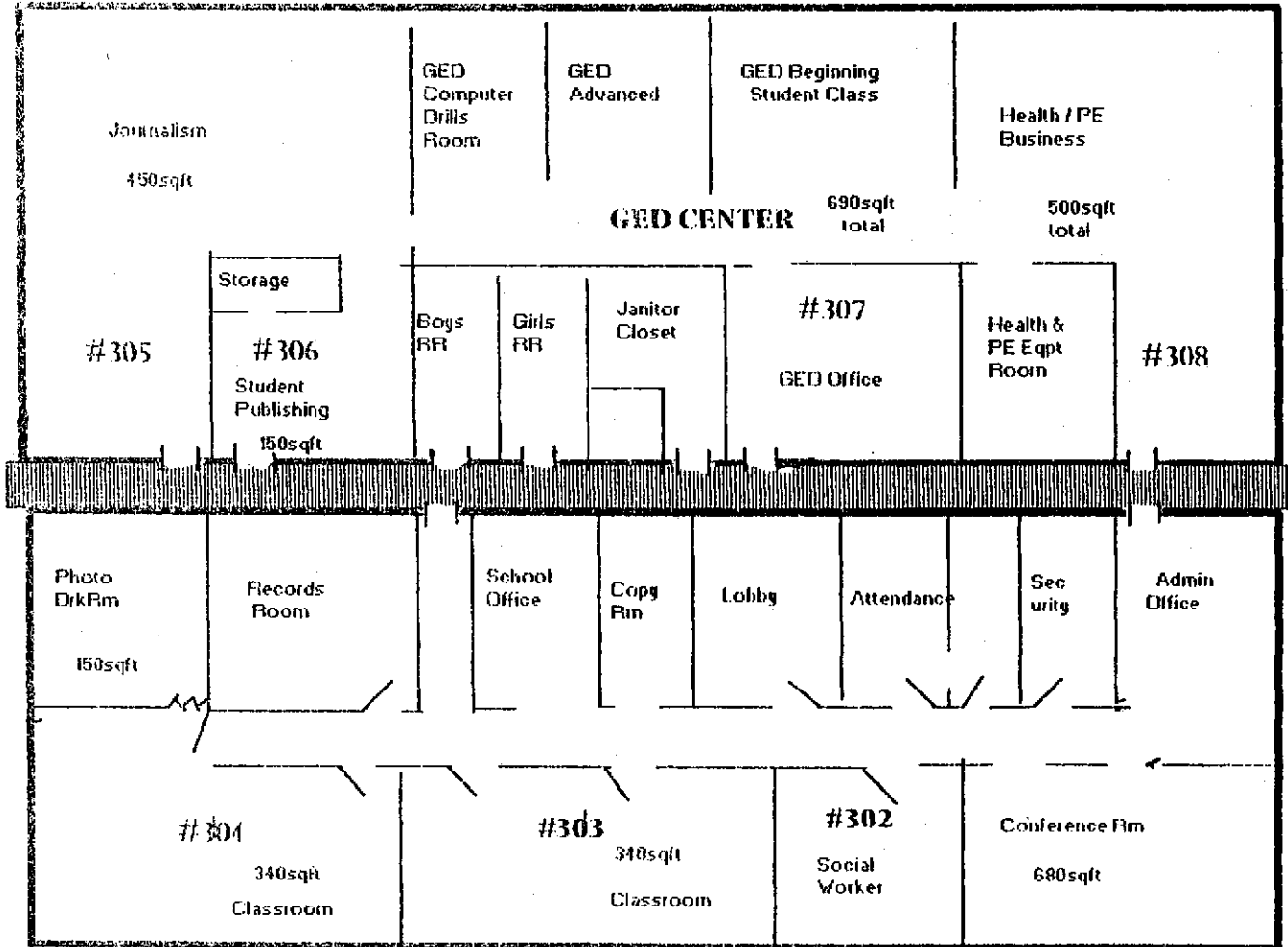
AAMA
GEORGE I. SANCHEZ
HIGH SCHOOL
Administration
Bldg B-3



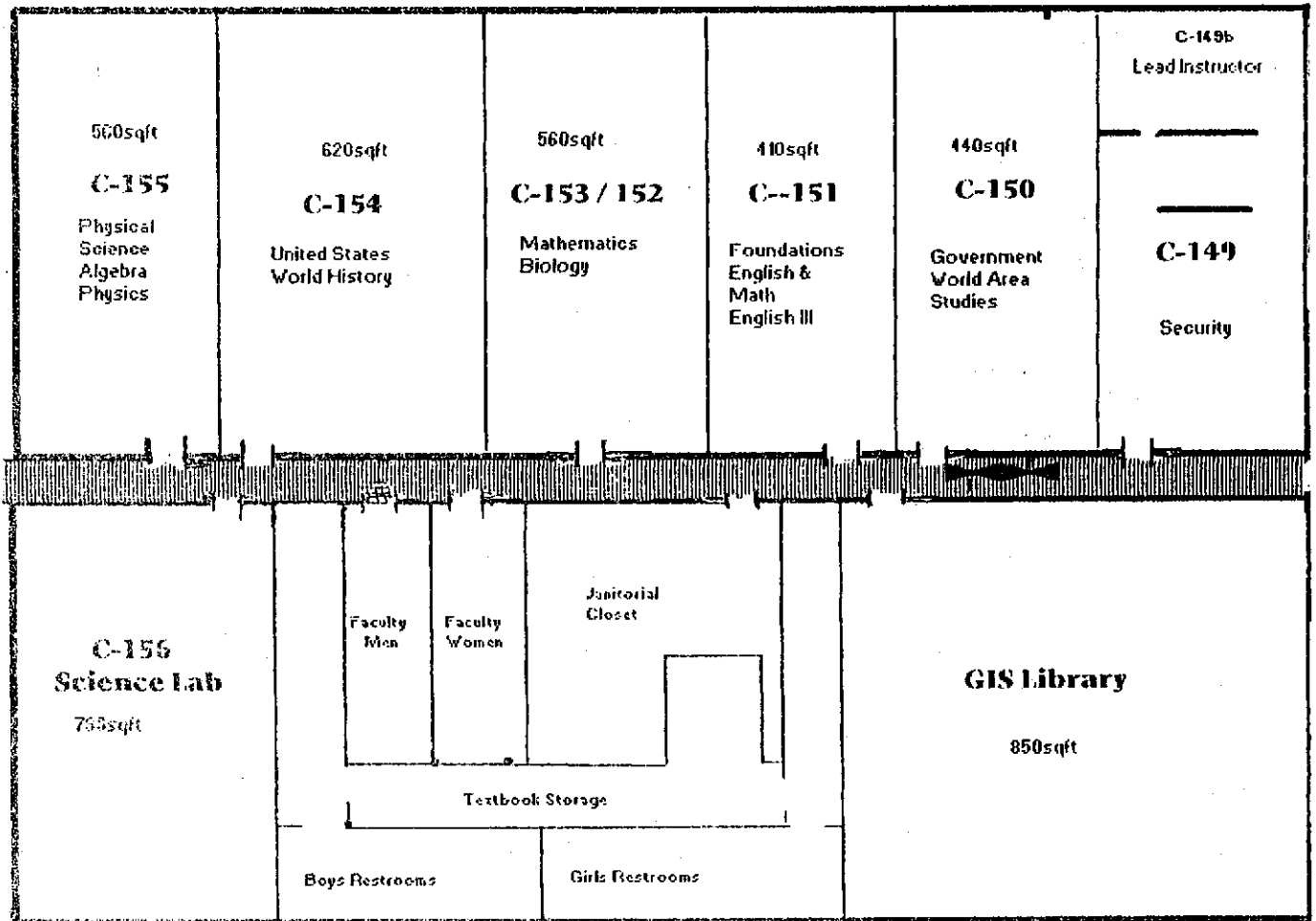
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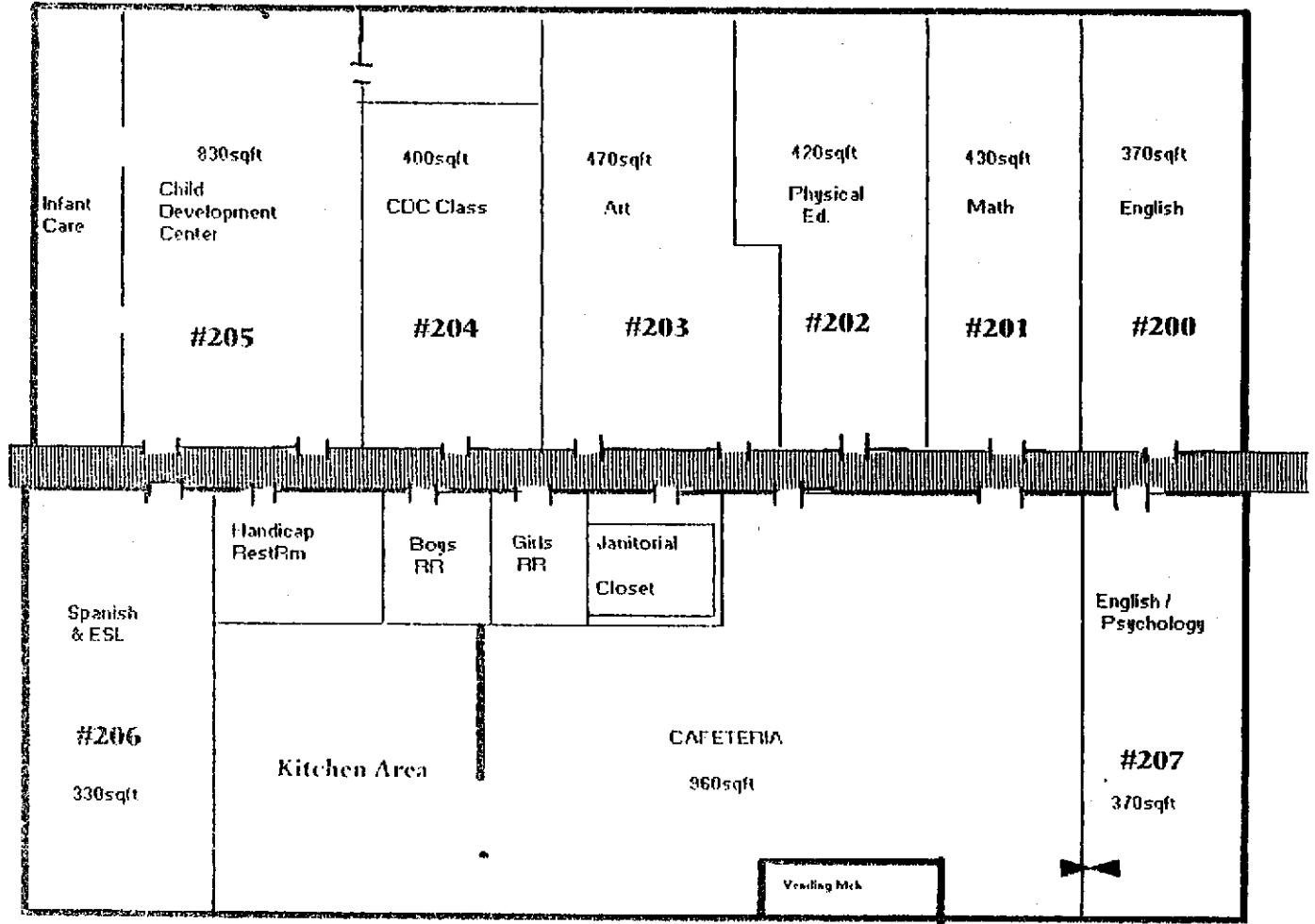
0296AGG



GIS-C3



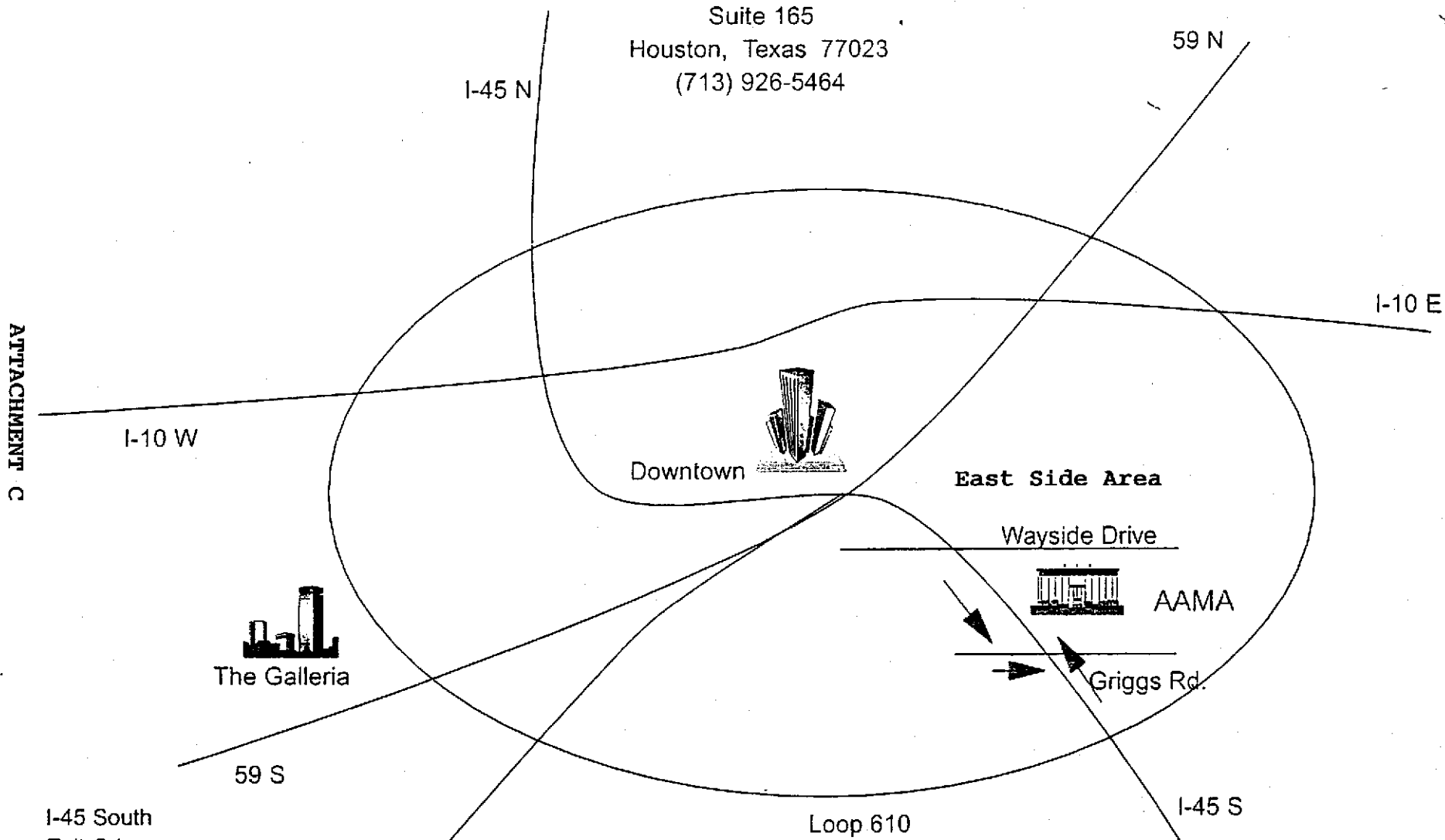
GIS-C5



GIS-C6

AAMA

6001 Gulf Freeway B-3
Suite 165
Houston, Texas 77023
(713) 926-5464



ATTACHMENT C

I-45 South
Exit Griggs
Stay in far right lane
Make U-turn at light (under freeway)
North on access road
Turn right at oil Derrick (right before Shell Station)
AAMA is second white building on left with bright blue trim

APPLICATION

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
 FISCAL YEAR OPERATING BUDGETS
 FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
 22-Feb-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
	# of Students to be Served		375	400	425
	ADA Student Rate		\$4,500	\$4,500	\$4,500
	Attendance Rate		90.0%	90.0%	90.0%
	Projected ADA Revenues		1,518,750	1,620,000	1,721,250
	State Book Allotment		11,250	12,000	12,750
	Grand Total State Revenues		1,530,000	1,632,000	1,734,000
	Contributions - Private Donations		40,000	40,000	40,000
	Contributions - AAMA Capital Campaign		65,000	25,000	15,000
	TEA Parent Educ. Program		35,000	30,000	30,000
	Other Government Grants		30,000	35,000	38,000
	Total Other Revenues		170,000	130,000	123,000
	Grand Total Revenues		1,700,000	1,762,000	1,857,000

ATTACHMENT D

Personnel:

School Administration:

Dr. Saenz	Superintendent / Principal	(26)	77,050	83,213	89,871
Serna	Assistant Principal	(26)	46,000	49,680	53,654
Gallegos	Facilities Manager	(26)	37,084	40,051	43,255
Cherin	Lead Teacher / Registrar	(26)	36,400	39,312	42,457
Foster	Grants Director/ Proj. Monitor	(75%)	31,500	34,020	36,742
Garza	Child Development Instructor	(60%)	23,220	25,078	27,084
Abarca	Adelante Supvr.	(25%)	10,000	10,800	11,664
Rosas	Office Manager	(26)	25,000	27,000	29,160
Pacheco	Records Clerk	(26)	21,400	23,112	24,961
De Leon	Attendance Clerk	(26)	20,000	21,600	23,328
TBA	School Secretary	(26)	21,000	22,680	24,494

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APPLICATION

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
 FISCAL YEAR OPERATING BUDGETS
 FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
 22-Feb-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
Acosta	Intake / Assessments Clerk	(75%)	15,000	16,200	17,496
TBA	School Clerk	(50%)	11,000	11,880	12,830
Sonnen	Security Manager	(26)	24,840	26,827	28,973
Galvan	Security / In-house Suspensions	(26)	23,980	25,898	27,970
TBA	Security / In-house Suspensions	(26)	21,000	22,680	24,494
TBA					
	Total School Admin. Salaries		444,474	480,031	518,434
Teaching Faculty:					
Mitton	Teacher - Health / PE / Coach	10 mos.	29,645	32,017	34,578
Beene	Teacher - History / Government	10 mos.	27,560	29,765	32,146
Gudur	Teacher - Lead G.E.D. Instructor	10 mos.	27,275	29,457	31,814
Hernandez	Teacher - PE / Coach	10 mos.	25,658	27,711	29,927
Rodriguez	Teacher - Psychology / English	10 mos.	25,300	27,324	29,510
Wong	Teacher - Math / Science	10 mos.	25,300	27,324	29,510
Jones	Teacher - History / Social Sciences	10 mos.	24,200	26,136	28,227
Olmos	Teacher - Computer Classes	10 mos.	24,200	26,136	28,227
Scott	Teacher - Drama / Journalism.	10 mos.	24,200	26,136	28,227
Vega	Teacher - Math	10 mos.	23,595	25,483	27,521
Garcia	Teacher - Science / Math	10 mos.	23,100	24,948	26,944
TBA	Teacher - Math	10 mos.	23,000	24,840	26,827
TBA	Teacher - G.E.D.	10 mos.	22,000	23,760	25,661
Padilla	Teacher - Art / Photo Lab	10 mos.	22,000	23,760	25,661
Perez	Teacher - Spanish / ESL	10 mos.	22,000	23,760	25,661
TBA	Teacher - Substitute Basis	P-T	24,000	25,920	27,994
TBA	Teacher ESL / English	10 mos.	22,000	23,760	25,661
Nunez	Assistant Librarian	10 mos.	19,000	20,520	22,162
TBA	School Nurse	10 mos.	20,000	21,600	23,328
Rodriguez	Teacher - SAT / ACT Coordinator	P-T	5,900	6,372	6,882
Various	Child Development Lab Assistants	P-T	18,500	19,980	21,578
	Total Faculty Salaries		478,433	516,708	558,044

APPLICATION

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
 FISCAL YEAR OPERATING BUDGETS
 FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
 22-Feb-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
Support Personnel:					
Moreno	Executive Director	(18.5%)	15,170	16,384	17,694
TBA	Exec. Secretary	(20%)	4,800	5,184	5,599
Jalomo	Public Relations Director	(17%)	4,675	5,049	5,453
Duron	Controller	(25%)	9,500	10,260	11,081
Ortiz, M.	Acct Clerk	(50%)	11,825	12,771	13,793
Reeder	Acct Clerk	(35%)	8,050	8,694	9,390
Ortiz, N.	Acct Clerk	(25%)	5,625	6,075	6,561
Total Support Personnel Salaries			59,645	64,417	69,570
Grand Total Personnel Salaries			982,552	1,061,156	1,146,048
Fringe Benefits		22.0%	216,161	233,454	252,131
Grand Total Salaries & Fringe Benefits			1,198,713	1,294,610	1,398,179
Travel					
Local @ \$.27 / mile			2,642	2,774	2,971
Conventions / In service			2,000	2,500	2,800
Field trips			4,500	4,725	5,000
Total - Travel			9,142	9,999	10,771
Equipment / Accessories					
Comp peripherals, modem, etc.			3,500	3,745	4,000
Fax (machine, paper, batch, software)			725	350	500
Software			2,250	2,375	2,500
Total - Equipment			6,475	6,470	7,000

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
 FISCAL YEAR OPERATING BUDGETS
 FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
 22-Feb-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
	<u>Supplies</u>				
	Student Textbook Purchases		49,500	17,325	12,500
	Educ, Printing, Duplicating		15,000	15,750	16,538
	Office Supplies		9,500	9,975	10,474
	Athletic / Extra-curricular activities.		7,800	9,000	9,500
	Administrative / Educ. Software		2,000	2,100	2,205
	Childcare Lab Supplies		4,500	5,000	5,500
	Postage		1,000	1,050	1,103
	Bank Service Charge		300	250	300
	Publications / Brochures		800	840	879
	Parent Meeting Supplies		1,500	1,575	1,650
	Total - Supplies		91,900	62,865	60,648
	<u>Training / Fees</u>				
	G.E.D. Books		3,500	3,675	4,000
	G.E.D. Fees		6,000	6,300	6,615
	SAT Test Fees - Youth Leadership Prg.		1,000	1,250	1,500
	Childhood Development Lab		2,000	2,100	2,205
	Total - Training		12,500	13,325	14,320
	<u>Contractual</u>				
	In-service training		3,000	3,706	4,500
	Copy machines		4,700	4,935	5,000
	Equipment Maintenance		1,500	1,594	1,869
	Accreditation site visits		1,000	1,050	1,094
	Audit Reports		7,500	8,500	8,800
	Total - Contractual		17,700	19,785	21,263

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
 FISCAL YEAR OPERATING BUDGETS
 FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
 22-Feb-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
<u>Other Overhead</u>					
	General Liab. Insurance		6,250	6,565	6,893
	Director's Liability Insurance		4,000	4,400	5,000
	Communications / Fax / Long-Distance		6,000	6,500	7,250
	Facilities Rental / Utilities / Maintenance		183,100	201,500	218,000
	Gasoline & Maintenance - Vehicles		8,000	8,600	9,460
	Transportation Services / Student Bus Passes		9,720	10,206	10,716
	Total - Other		<u>217,070</u>	<u>237,771</u>	<u>257,319</u>
	Grand Total Expenses		<u>1,553,500</u>	<u>1,644,825</u>	<u>1,769,500</u>
<u>Capital Expenditures</u>					
	Transportation Vehicles		55,000	0	0
	Chairs, Desks, Bookcases		12,500	15,500	7,000
	Library Book Purchases		17,000	24,000	17,000
	Building Renovations		25,000	22,675	10,000
	Science & Other Lab Equipment		7,000	10,000	3,500
	Computers / Networks / PEIMS Hardware & Software		30,000	45,000	50,000
	Total Capital Expenditures		<u>146,500</u>	<u>117,175</u>	<u>87,500</u>
	Grand Totals - All Expenses / Capital Expds.		<u>1,700,000</u>	<u>1,762,000</u>	<u>1,857,000</u>
	Excess of Revenues vs. Expenses / Capital Expds.		<u>0</u>	<u>0</u>	<u>0</u>

LETTER OF SUPPORT
FROM
HONORABLE RICHARD RILEY
U.S. SECRETARY OF EDUCATION



APPLICATION

LETTER OF SUPPORT
FROM
HONORABLE GENE GREEN
U.S. CONGRESSMAN

LETTER OF SUPPORT
FROM
HONORABLE MARIO GALLEGOS
STATE SENATOR

LETTER OF SUPPORT

FROM

HONORABLE DIANA DAVILA

STATE HOUSE OF REPRESENTATIVES

LETTER OF SUPPORT

FROM

MR. BOB LANIER

MAYOR OF HOUSTON

LETTER OF SUPPORT

FROM

DR. ROD PAIGE

SUPERINTENDENT OF HISD

LETTER OF SUPPORT
FROM
DR. LUIS CANO
FOUNDER OF
GEORGE I. SANCHEZ HIGH SCHOOL

February 8, 1996

Page 1 of 7

APPLICATION

GEORGE I. SANCHEZ H.S. PUBLIC MEETING FOR OPEN ENROLLMENT CHARTER

We the parents and community members of George I. Sanchez High School met at a public meeting on February 8, 1996. The open enrollment charter school concept as it would apply to our school was discussed and explained. We had the opportunity to provide input, ask questions and express options for our children's education. We endorse and support the idea of our school being seriously considered to become one of twenty open enrollment charters granted by the state of Texas. We sincerely believe that this will have a significant positive impact on our children's educational opportunity. My signature herein formally endorses support in this charter school concept.

Nosotros los padres de familia y miembros de la comunidad de George I. Sanchez High School estuvimos en reunion el 8 de febrero de 1996. El concepto de escuelas con titulo estatal fue definido y explicado. Tuvimos la oportunidad de proveer informacion, hacer preguntas y expresar opciones que se relacionan a la educacion de nuestros niños. Respaldamos la posibilidad de que nuestra escuela sea considerada como escuela de titulo estatal autorizada por el estado de Texas. Sinceramente cremos que esto, ampliara las oportunidades educacionales para nuestro niños. Mi firma en esta peticion formalmente asegura mi apoyo a la idea de que nuestra escuela sea seriamente conciderada como una escuela de titulo estatal.

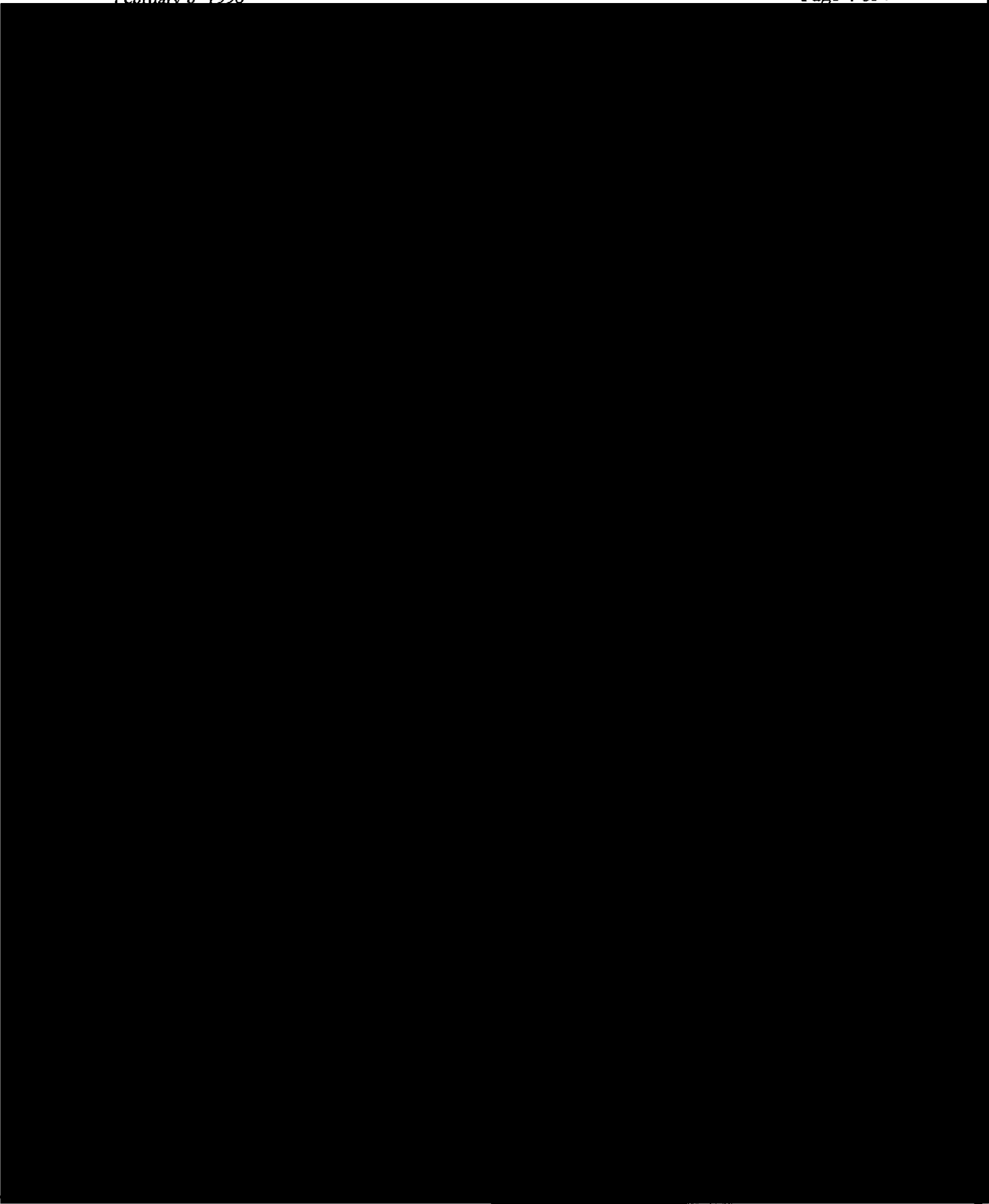
February 8, 1996

APPLICATION
Page 2 of 7

February 8, 1996

APPLICATION
Page 3 of 7

February 8, 1996



GENE GREEN
29TH DISTRICT, TEXAS

APPLICATION

**COMMITTEE ON ECONOMIC
AND EDUCATIONAL OPPORTUNITIES**

- SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
TRAINING, AND LIFE-LONG LEARNING
- SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS

**COMMITTEE ON GOVERNMENT
REFORM AND OVERSIGHT**

- SUBCOMMITTEE ON HUMAN RESOURCES AND
INTERGOVERNMENTAL RELATIONS
- SUBCOMMITTEE ON POSTAL SERVICE

- 1024 LONGWORTH
WASHINGTON, DC 20515
(202) 225-1888
- 8602 LAWNDALE
HOUSTON, TEXAS 77023
(713) 823-8881
- 420 W. 19TH ST.
HOUSTON, TEXAS 77008
(713) 880-4284

**Congress of the United States
House of Representatives
Washington, DC 20515-4329**

March 25, 1996

Ms. Patricia Linares
Texas Education Agency
William B Travis Bldg
1701 Congress Avenue
Austin, Texas 78701-1402

Dear Ms. Linares:

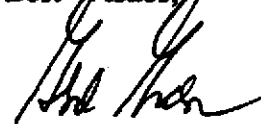
I am writing in support of a grant proposed by the George I. Sanchez Alternative School and the Association for the Advancement of Mexican Americans(AAMA) to build an open enrollment charter school. The goal of this school would be to take at-risk-students and produce academically prepared, culturally enriched, economically competitive, productive citizens.

The George I. Sanchez Alternative School has served Houston since 1973. It is a school designed to help at-risk-students. The program has been incredible successful and has a special contract with HISD to provide schooling for their at-risk-students. This school has an attendance rate of 90%, because of their unique and integrated curriculum and environment.

This school would serve Houston's East End area, which is 84% Hispanic. In this area 50% of the adult population does not have an education level above the 9th grade. Studies have shown that parents who are educationally deficient tend to have children who grow up the same way. This open enrollment charter school would combat that problem. This school would create students who are thinkers, who are creative, who will succeed.

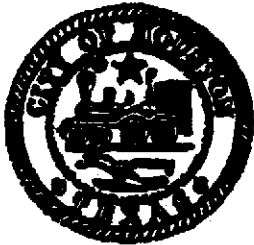
Again, I want to restate my commitment to education, to Houston, and to this program's attempt to better educate their community. If I can be of any further assistance, please feel free to contact me at my office.

Best Wishes,



Gene Green
Member of Congress

GG:wg



CITY OF HOUSTON

Post Office Box 1562 Houston, Texas 77251 713/241-1000

OFFICE OF THE

Bob Lanier, Mayor

March 19, 1996

Dr. Hulberto Saenz, Principal
George I. Sanchez High School
6001 Gulf Freeway, Bldg. C-3
Houston, Texas 77023

Dear Dr. Saenz:

Your proposal to operate an open enrollment charter, as authorized by the Texas Legislature has been reviewed by my staff.

I am well aware that the Association for the Advancement of Mexican-Americans (AAMA), has been providing a valuable service to high-risk youth for the past 23 years.

I understand that you hope to start up with 375 students in grades 9-12, and then later increase enrollment to 450 students. Hopefully you will eventually be able to provide additional educational choices to more families in the East End and in the metropolitan area.

Operating as a charter school should give you the funding and the flexibility you deserve to become an even better educational institution.

I am supportive of your project and I encourage the State Board of Education to approve your request for an open-enrollment charter.

Sincerely,

Bob Lanier
Mayor

BL:rh

Orlando Sanchez

HOUSTON CITY COUNCIL
AT LARGE POSITION 3

APPLICATION

March 26, 1996


George I. Sanchez High School
6001 Gulf Freeway, Bldg. C-3
Houston, Tx. 77023
Attn: Dr. Hulberto Saenz

Dear Dr. Saenz,

I would like to convey to you my full support for the George I. Sanchez High School and their bid to become a charter school. The George I. Sanchez High School has been educating the high-risk youth of the Hispanic community for the last 23 years, and has made great strides within the academic arena for this community. They have done an outstanding job in the past, and I feel that the added funding that comes with becoming a charter school, will greatly increase their ability to assist the high-risk students of this area.

It is with the best interests of the community in mind that I support the George I. Sanchez High School in this endeavor. I would like to thank you for your time and consideration. If I can be of any further assistance, please do not hesitate to call me at (713) 247-2005.

Sincerely,



Orlando Sanchez
Councilman At Large Position 3

47





APPLICATION

February 15, 1996

Texas Education Agency
Document Control Center
Room 6-108
1701 North Congress Avenue
Austin, Texas 78701

Dear Board Members:

I am writing this letter to support the Open Enrollment Charter Application of the George I. Sanchez Charter High School.

In 1973 I founded the George I. Sanchez school to help adjudicated youth and school dropouts. The school had its humble beginnings in a drafty muffler warehouse in Houston's warehouse district, graduating fifteen students in its first class. After several years of operation the school moved to an old church building in Southeast Houston with a current enrollment of 300 students. The George I. Sanchez school applied for and obtained accreditation from the Texas Education Agency in 1978.

I have worked very closely with the George I. Sanchez school and feel very strongly that their Open Enrollment Charter application will prove very beneficial to the Houston community and will most certainly have a great impact on the education of its youth and the involvement of their parents. The administration of the George I. Sanchez school headed by Dr. Hulberto Saenz and his staff has been excellent and their visions for the future are such that I support their application strongly.

If you require additional information please call me at (713) 694-6027.

Sincerely,

Luis R. Cano, Ed.D.
President

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John Castillo

APPLICATION

City of Houston City Councilmember District 1

March 13, 1996

Texas Education Agency
Document Control Center, Room 6-108
1701 North Congress Ave.
Austin, Texas 78701

Re: Charter School Application
Association for the Advancement of Mexican Americans

Dear Sirs:

This is in support of the application by the Association for the Advancement of Mexican Americans (AAMA) for approval of an open enrollment Charter School. The proposed Charter will be called "George I. Sanchez Charter High School".

The school will serve an urban population of 9th-12th grade level students who are primarily economically disadvantaged and high risk for dropping out. The school already has provided a valuable service to our high risk youth for 23 years, and charter school status will enhance it as a vital resource for the community as we strive to find optimum delivery systems for education.

The Association for the Advancement of Mexican Americans is an innovator for delivery of human services. Dr. Hulberto Saenz and the Board are totally committed to quality performance. I recommend approval of the Charter School without reservation.

Cordially,


John E. Castillo

cc: Dr. Hulberto Saenz
George I. Sanchez High School
6001 Gulf Freeway, Bldg. C-3
Houston, Texas 77023

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COMMUNICATIONS CENTER
1996 MAR 19 PM 2:56



APPLICATION

P.O. BOX 2910
AUSTIN, TEXAS 78768-2910
1512-463-0614
FAX: 1512-463-5896

GERARD TORRES
STATE REPRESENTATIVE
DISTRICT 143

1026 MERCURY
JACINTO CITY, TEXAS 77029
713-675-8596

March 12, 1996

Pat Linares
Senior Director, School/Community Support
Texas Education Agency
William B. Travis Building
1701 North Congress Avenue
Austin, TX 78701

Dear Ms. Linares:

It is a pleasure to write this letter of support on behalf of the George L. Sanchez Alternative High School in Houston. The school has submitted an application for consideration as an open enrollment charter school and I strongly urge its approval. This alternative high school has been providing quality education to at-risk students who reside in and around my legislative district in Houston's east side for 23 years.

The approval of the application would only enhance the current efforts of Sanchez. The school has extensive experience educating youth who are at risk of dropping out of school. Higher numbers of Sanchez graduates are enrolling in college. Sanchez has been highly successful in turning at-risk youth around.

Thank you for your time and consideration. Please feel free to contact me if you have any questions regarding the George L. Sanchez High School. I would be pleased to provide you with any further information that you may require.

Sincerely,

A handwritten signature in black ink that reads "Gerard Torres". The signature is written in a cursive style with a horizontal line above the name.

Gerard Torres
State Representative

**Position on Charter Schools
Houston Independent School District**

Prior to the 74th Legislature, the HISD Board adopted a statement of support for charter school proposals which addressed the following issues:

- authority to negotiate charter provisions and grant charters reserved to the local school district.
- costs equal to or less than allocations granted to public schools.
- performance contracts addressing student achievement gain,
- fiscal responsibility of group operating under a charter guaranteed through contract, and
- nonrestrictive student enrollment policies and other safeguards to prevent the non-charter public schools from becoming an adverse selection pool.

While no individual charter school will have a significant financial impact on the district, the district is concerned about the combined impact of a large number of charter schools within the district. Additional information may be transmitted after HISD School Board consideration at its April 4, 1996 Board Meeting.



TEXAS EDUCATION AGENCY

1701 NORTH CONGRESS AVENUE ★ AUSTIN, TEXAS 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838

MIKE MOSES

COMMISSIONER OF EDUCATION

April 17, 1996

Dr. Hulberto Saenz
6001 Gulf Freeway
Houston, Texas 77023

Dear Dr. Saenz:

Congratulations on being named as a charter schools in the state of Texas. This is a new and creative initiative originating from the passage of Senate Bill 1 passed by the 74th Legislature. Your approval as a charter school by the State Board of Education in April shows your dedication to educational excellence for the students of Texas.

In order to help facilitate the opening of your charter school, you are invited to attend a two-day workshop session to discuss logistical and programmatic issues related to the operation of your school. The workshop will occur on Monday, April 29, and Tuesday, April 30, at the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas. Monday's meeting will be held in Room 1-104 and Tuesday's meeting will be held in Room 8-101. The meeting will begin at 8:30 a.m. and conclude no later than 5:00 p.m. on both days. It is advised that each charter school have at least one representative present at this meeting. School districts impacted by any charter school have also been invited to this meeting.

Operational issues to be discussed include, but are not limited to, distribution of funds, public school accountability, textbook requisition and distribution, technology allotments, compliance monitoring and federal law and court order compliance. Programmatic issues include bilingual education, special education, compensatory education, and GED programs. An agenda has not formally been adopted to date, however, as soon as one is available it will be forwarded to you. If you have any suggestions regarding issues you would like addressed, please contact Pat Linares. During the meeting, we will have your contracts available for signing. It is my hope that the notification at this early date will allow you ample time to plan for this meeting within your busy schedules.

Included in this mailing is an RFA for federal funds available to eligible charter schools. Each eligible charter may receive as much as \$15,000 for start-up funds. Please review and submit your application as soon as possible since they will be disbursed on a first come, first serve basis. If you have any questions or concerns, please contact Pat Linares at (512) 463-9575.

Sincerely,

Gene E. Davenport, Ed.D.
Associate Commissioner
for School/Community Support

GED:PL:gl

Enclosure



GEORGE I. SANCHEZ HIGH SCHOOL

APPLICATION

6001 Gulf Freeway, Bldg C-3
Houston, Texas 77023
(713) 926 -1112 / Fax 926 -8035

Dr. Hulberto Sáenz
Principal

Home Of The Eagles

January 25, 1996

Document Control Center
Room 6-108, TEA
1701 N. Congress Ave
Austin, Texas 78701-1494

Dear TEA,

This letter is to formally submit our intent to apply for an open enrollment charter.

We at George I. Sanchez Alternative High School have been in operation since 1973. We are currently accredited by TAAPS - (Texas Alliance for Accredited Private School) and have had a contract with Houston ISD for the past four (4) years.

Our student population of 350 students is comprised mainly of low SES (Social Economic Status) high risk students who have not been successful in the Houston public school system. Of our 90 seniors, who graduated in June 1995, 22 received college scholarships. We are projecting, that we will have 130 graduates in June 1996. This represents a fivefold increase since 1992.

We are also very proud of our growth in TAAS scores from the Spring 1995 to the Fall 1995 testing time frame. We improved overall in Reading, Math, and Writing, across all grade levels (10-12) by approximately 235%. (i.e. +158% in Reading; +480% in Math, and +67% in Writing)

We are very confident that with an open enrollment charter we can significantly improve our services to this very needy student population in Houston. We look forward to working with you in relation to the application.

Yours in Quality Education,

Hulberto Saenz, Ed. D.

cc: Mr. Gilbert Moreno
Executive Director, AAMA

Ms. Karen Becerra
President, AAMA Board of Trustees

TEA DOCUMENT
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GEORGE I. SANCHEZ CHARTER

SINCE THE 1991-1992 SCHOOL YEAR, THE HOUSTON INDEPENDENT SCHOOL DISTRICT (HISD) HAS ENJOYED A PARTNERSHIP WITH THE ASSOCIATION FOR THE ADVANCEMENT OF MEXICAN AMERICANS (AAMA) AND THE GEORGE I. SANCHEZ SCHOOL. THIS PARTNERSHIP HAS BENEFITED AT-RISK STUDENTS BY PROVIDING ACADEMIC AND COUNSELING SERVICES TO MEET INDIVIDUAL STUDENT NEEDS. AS STUDENTS ENROLL AT GEORGE I. SANCHEZ, A PRE-TEST IS ADMINISTERED, ALLOWING THE INSTRUCTIONAL PROGRAM TO BE TAILORED TO STUDENT NEED. SINCE THAT FIRST YEAR, GEORGE I. SANCHEZ'S GRADUATING CLASS HAS MORE THAN TRIPLED, WITH 90 STUDENTS GRADUATING IN 1995. ADDITIONALLY FROM THAT 1995 CLASS, TWENTY-TWO (22) STUDENTS RECEIVED ACADEMIC SCHOLARSHIPS TOTALING IN EXCESS OF \$67,000. PARENTAL INVOLVEMENT IS A STRONG COMPONENT OF THE PROGRAM AND IS ADDRESSED THROUGH THE PARENT'S INSTITUTE, A BI-MONTHLY PARENTAL INVOLVEMENT PROGRAM.

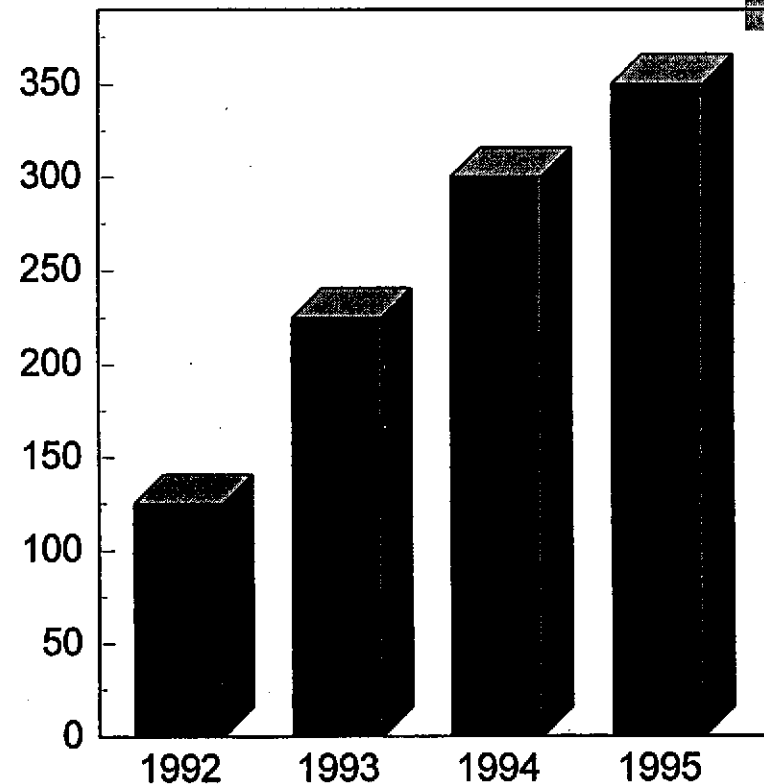
HISD IS PLEASED TO SUPPORT THE GEORGE I. SANCHEZ CHARTER PROPOSAL. THE ADMINISTRATION AND STAFF OF THIS PROGRAM HAVE PROVEN THEIR COMMITMENT AND EXPERTISE THROUGH THE SUCCESSES THEIR STUDENTS HAVE EXPERIENCED.

AAMA's GEORGE I. SANCHEZ ALTERNATIVE HIGH SCHOOL
 SELECTED SCHOOL DATA - FALL 1995

	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Grade	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sex	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ethnicity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Age	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zip Code	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prior School - District	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Absences @ Prior School	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
YTD Absences @ Sanchez Sch.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Initial TABE Scores - Grade Eqv.:					
Reading	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Math	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Language	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Battery	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Report Cd. Grades - 1st Sem. '95					
English	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
English -Adv	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Journalism / Reading Imp.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Algebra	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Geometry	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Biology	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Phys. Science / Physics	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Computer Science	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
World / U.S. History	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Geography	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Government/Economics	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Spanish	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Art 2A - Photo / Film / Theatre	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Parenting / Child Dev./ Psych.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Health/Office Adm./Phys. Ed.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GIS - 1st Semester Avg. Grades	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prior School - Average Grades	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improvement in 1995	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Projected Credits - Fall '95	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Credits Earned @ Former Sch.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

GIS Student Enrollment 1992 - 1995

- ★ **Since 1992, enrollment has increased 180% from 125 to 350 students.**
- ★ **This is due to student demand & pressures to balance GIS budget.**
- ★ **Current size will be closely maintained as added growth would severely impact quality and atmosphere of GIS.**



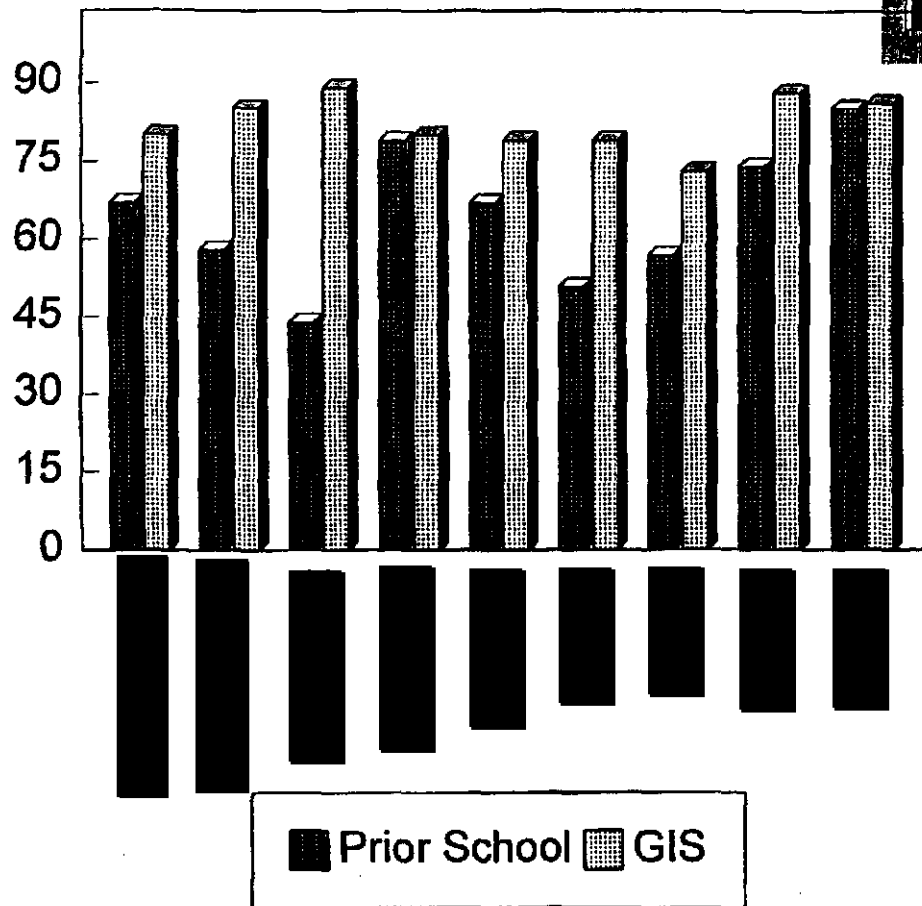
■ Stud. Enrollment

GIS Report Card Grades

★ A sample of recent report cards indicated a huge increase in grades for most GIS students in all grades.

★ Grade increases for these students ranged from 10 to 49 points higher at GIS than at their former school.

★ GIS average grades ranged from 83 to 93 for the students selected in our sample.

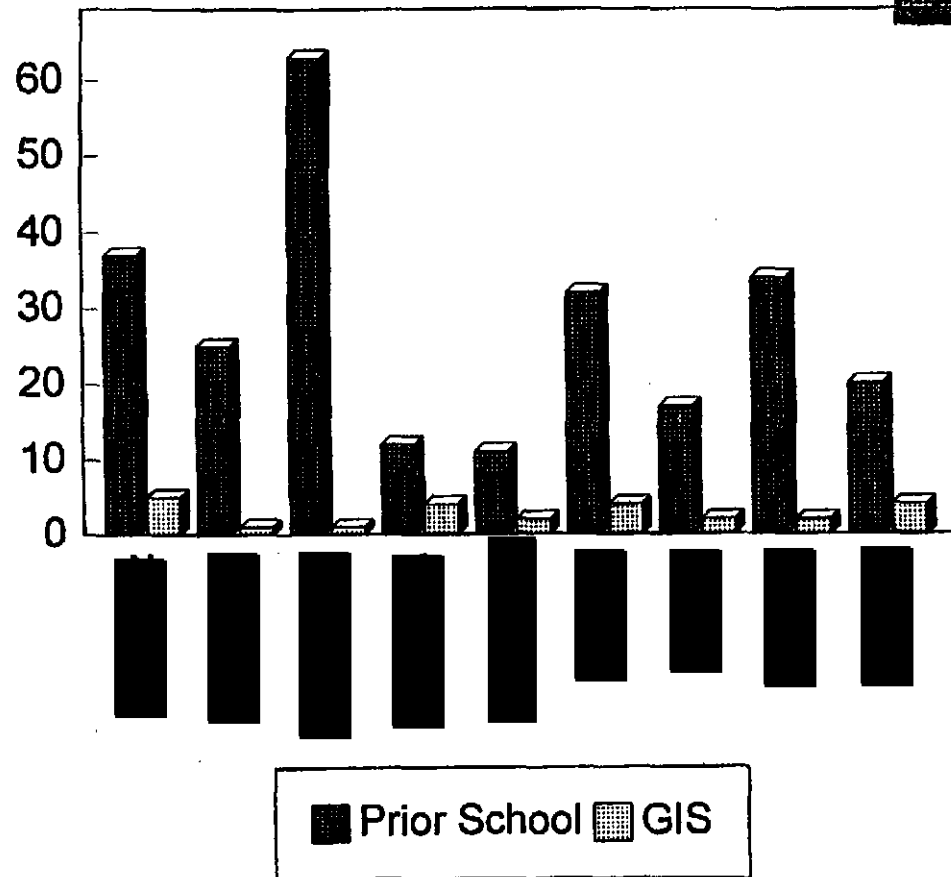


GIS Student Attendance

★ For the last two years, GIS has averaged an overall annual attendance rate of 90%.

★ Absences for the students (in our sample) at their prior school ranged from a high of 63 to 11.

★ At Semester break, no student had greater than 5 unexcused absences. Most students showed a complete turn-around in their attendance.



GIS - 1995 Graduates

- Total # of Graduates - 90
- 22 Graduates (24%) received scholarships
- 6 received \$250 scholarships
- 9 received \$500 scholarships
- 3 received \$1,650 scholarships
- 1 received a \$3,000 scholarship
- 1 received a one year tuition to school of choice
- 2 received a \$24,000 four year scholarship to the University of Houston
- Total of 22 graduates receiving almost \$68,0000 in scholarships

STUDENT GROWTH ON TAAS DURING 1995

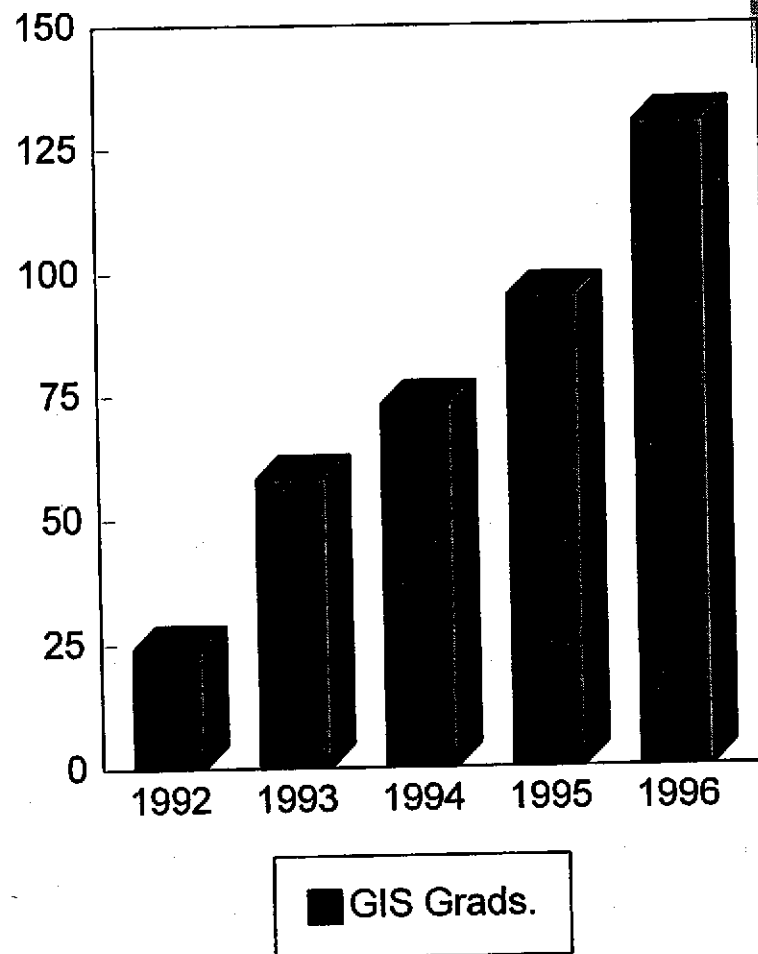
Grade	Reading	Math	Writing
10th			
Spring '95	31%	13%	23%
Fall '95	44%	42%	70%
Growth	+42%	+220%	+200%
11th			
Spring '95	6%	4%	29%
Fall '95	44%	30%	25%
Growth	+630%	+650%	-13%
12th			
Spring '95	13%	3%	39%
Fall '95	41%	42%	57%
Growth	+215%	+1300%	+46%
%Increase	+300%	+450%	+70%
of students growth for all grades			

Key GIS Educational Attributes

- Promote academic success & high self-esteem
- High student expectations & commitment
- Safe learning environment
- Small campus size - low student/teacher ratios
- Very committed faculty & staff
- Involved parents & community
- Gang and substance abuse counselors provide added support to faculty & staff
- Excellent support from HISD

GIS Graduation Rate 1992 - 1996

- ★ **Since 1992, GIS graduates have increased five-fold from 24 students to a projected 130 in 1996.**
- ★ **Of these 1996 graduates, 55 will be GED, while about 75 are on the full academic track .**
- ★ **Almost 40% of the total student body is expected to graduate & at a much faster pace than at their former school.**



AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
FISCAL YEAR OPERATING BUDGETS - REVISED @ 4/96
FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
08-Apr-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
	# of Students to be Served		375	400	425
	ADA Student Rate		\$4,200	\$4,200	\$4,200
	Attendance Rate		90.0%	90.0%	90.0%
	Projected ADA Revenues		1,417,500	1,512,000	1,606,500
	State Book Allotment		11,250	12,000	12,750
	Grand Total State Revenues		1,428,750	1,524,000	1,619,250
	Contributions - Private Donations		40,000	45,000	50,000
	Contributions - AAMA Capital Campaign		80,000	35,000	20,000
	TEA Parent Educ. Program		35,000	30,000	30,000
	Other Government Grants		35,000	45,000	60,000
	Total Other Revenues		190,000	155,000	160,000
	▲ Grand Total Revenues		1,618,750	1,679,000	1,779,250

Personnel:

School Administration:

Dr. Saenz	Superintendent / Principal	(26)	77,050	83,213	89,038
Serna	Assistant Principal	(26)	46,000	49,680	53,158
Gallegos	Facilities Manager	(26)	37,084	40,051	42,854
Cherin	Lead Teacher / Registrar	(26)	36,400	39,312	42,064
Foster	Grants Director/ Proj. Monitor	(75%)	31,500	34,020	36,401
Garza	Child Development Instructor	(60%)	23,220	25,078	26,833
Abarca	Adelante Supvr.	(15%)	6,000	6,480	6,934
Rosas	Office Manager	(26)	25,000	27,000	28,890
Pacheco	Records Clerk	(26)	21,400	23,112	24,730
De Leon	Attendance Clerk	(26)	20,000	21,600	23,112
TBA	School Secretary	(26)	21,000	22,680	24,268

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APPLICATION

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
FISCAL YEAR OPERATING BUDGETS - REVISED @ 4/96
FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
08-Apr-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
Acosta	Intake / Assessments Clerk	(75%)	15,000	16,200	17,334
TBA	School Clerk	(50%)	11,000	11,880	12,712
Sonnen	Security Manager	(26)	24,840	26,827	28,705
Galvan	Security / In-house Suspensions	(26)	23,980	25,898	27,711
TBA	Security / In-house Suspensions	(50%)	10,500	11,340	12,134
TBA					
	Total School Admin. Salaries		429,974	464,371	501,521
Teaching Faculty:					
Mitton	Teacher - Health / PE / Coach	10 mos.	29,645	32,017	34,258
Beene	Teacher - History / Government	10 mos.	27,560	29,765	31,848
Gudur	Teacher - Lead G.E.D. Instructor	10 mos.	27,275	29,457	31,519
Hernandez	Teacher - PE / Coach	10 mos.	25,658	27,711	29,650
Rodriguez	Teacher - Psychology / English	10 mos.	25,300	27,324	29,237
Wong	Teacher - Math / Science	10 mos.	25,300	27,324	29,237
Jones	Teacher - History / Social Sciences	10 mos.	24,200	26,136	27,966
Olmos	Teacher - Computer Classes	10 mos.	24,200	26,136	27,966
Scott	Teacher - Drama / Journalism.	10 mos.	24,200	26,136	27,966
Vega	Teacher - Math	10 mos.	23,595	25,483	27,266
Garcia	Teacher - Science / Math	10 mos.	23,100	24,948	26,694
TBA	Teacher - Math	10 mos.	23,000	24,840	26,579
TBA	Teacher - G.E.D.	10 mos.	22,000	23,760	25,423
Padilla	Teacher - Art / Photo Lab	10 mos.	22,000	23,760	25,423
Perez	Teacher - Spanish / ESL	10 mos.	22,000	23,760	25,423
TBA	Teacher - Substitute Basis	P-T	18,000	19,440	20,801
TBA	Teacher ESL / English	10 mos.	22,000	23,760	25,423
Nunez	Assistant Librarian	10 mos.	19,000	20,520	21,956
TBA	School Nurse	10 mos.	20,000	21,600	23,112
Rodriguez	Teacher - SAT / ACT Coordinator	P-T	5,900	6,372	6,818
Various	Child Development Lab Assistants	P-T	18,500	19,980	21,379
	Total Faculty Salaries		472,433	510,228	545,944

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
 FISCAL YEAR OPERATING BUDGETS - REVISED @ 4/96
 FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
 08-Apr-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
Supplies					
	Student Textbook Purchases		42,075	14,726	12,500
	Educ, Printing, Duplicating		12,750	13,388	14,057
	Office Supplies		9,500	9,975	10,474
	Athletic / Extra-curricular activities.		7,800	9,000	9,500
	Administrative / Educ. Software		2,000	2,100	2,205
	Childcare Lab Supplies		4,500	5,000	5,500
	Postage		1,000	1,050	1,103
	Bank Service Charge		300	250	300
	Publications / Brochures		800	840	879
	Parent Meeting Supplies		1,500	1,575	1,650
	Total - Supplies		82,225	57,904	58,167
Training / Fees					
	G.E.D. Books		3,500	3,675	4,000
	G.E.D. Fees		6,000	6,300	6,615
	SAT Test Fees - Youth Leadership Prg.		1,000	1,250	1,500
	Childhood Development Lab		2,000	2,100	2,205
	Total - Training		12,500	13,325	14,320
Contractual					
	In-service training		3,000	3,706	4,500
	Copy machines		4,700	4,935	5,000
	Equipment Maintenance		1,500	1,594	1,869
	Accreditation site visits		1,000	1,050	1,094
	Audit Reports		7,500	8,500	8,800
	Total - Contractual		17,700	19,785	21,263

APPLICATION

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
 FISCAL YEAR OPERATING BUDGETS - REVISED @ 4/96
 FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
 08-Apr-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
Support Personnel:					
Moreno	Executive Director	(15%)	12,300	12,977	13,885
TBA	Exec. Secretary	(15%)	3,600	3,852	4,122
Jalomo	Public Relations Director	(17%)	4,675	5,002	5,352
Duron	Controller	(20%)	7,600	8,132	8,701
Ortiz, M.	Acct Clerk	(50%)	11,825	12,712	13,602
Reeder	Acct Clerk	(30%)	6,900	7,383	7,937
Ortiz, N.	Acct Clerk	(20%)	4,500	4,815	5,176
Total Support Personnel Salaries			51,400	54,873	58,775
Grand Total Personnel Salaries			953,807	1,029,472	1,106,239
Fringe Benefits		21.5%	205,068	221,336	237,841
Grand Total Salaries & Fringe Benefits			1,158,875	1,250,808	1,344,081
Travel					
Local @ \$.27 / mile			2,642	2,774	2,971
Conventions / In service			2,000	2,500	2,800
Field trips			4,500	4,725	5,000
Total - Travel			9,142	9,999	10,771
Equipment / Accessories					
Comp peripherals, modem, etc.			3,500	3,745	4,000
Fax (machine, paper, batch, software)			725	350	500
Software			2,263	2,375	2,500
Total - Equipment			6,488	6,470	7,000

AAMA's GEORGE I. SANCHEZ HIGH SCHOOL
 FISCAL YEAR OPERATING BUDGETS - REVISED @ 4/96
 FOR THE FISCAL YEARS 1996-'97 THROUGH 1998-'99

GJM
 08-Apr-96

Personnel Name	Description	# Wks / %	Budget 96 / 97	Budget 97 / 98	Budget 98 / 99
Other Overhead					
	General Liab. Insurance		4,500	4,727	4,963
	Director's Liablity Insurance		3,500	4,400	5,000
	Communications / Fax / Long-Distance		6,000	6,500	7,250
	Facilities Rental / Utilities / Maintenance		183,100	198,601	214,941
	Gasoline & Maintenance - Vehicles		7,000	7,525	8,278
	Transportation Services / Student Bus Passes		9,720	10,206	10,716
	Total - Other		213,820	231,959	251,148
	Grand Total Expenses		1,500,750	1,590,250	1,706,750
Capital Expenditures					
	Transportation Vehicles		35,000	0	0
	Chairs, Desks, Bookcases		10,500	8,750	7,000
	Library Book Purchases		15,000	20,000	17,000
	Building Renovations		20,000	10,000	4,000
	Science & Other Lab Equipment		7,500	10,000	4,500
	Computers / Networks / PEIMS Hardware & Software		30,000	40,000	40,000
	Total Capital Expenditures		118,000	88,750	72,500
	Grand Totals - All Expenses / Capital Expds.		1,618,750	1,679,000	1,779,250
	Excess of Revenues vs. Expenses / Capital Expds.		0	0	0

STATE OF TEXAS
HOUSE OF REPRESENTATIVES

APPLICATION



DIANA DÁVILA

April 9, 1996

Dear State Board of Education Member:

George I. Sanchez High School has provided educational opportunities in my legislative district for over twenty years. I am familiar with the special way Sanchez High School works closely with students who have experienced problems or failure in the traditional public schools. The students who attend Sanchez High School stay in school and graduate. For our area, this is quite an achievement, given the fact that almost 50% of our area's youth continue to drop out of high school due to inequitable resources and opportunities.

The students at Sanchez High School are representative of my district's population: low-income, Hispanic, undereducated and underemployed. However, unlike their peers in many public schools, students at Sanchez High School succeed at a higher rate and are living evidence that a small school that accommodates its students' individual needs can make a bigger impact than a one-size-fits-all traditional curriculum and school setting. Students at Sanchez High School frequently cite smaller class sizes and highly qualified teachers who actively instill the importance of education as the reasons for their success. Given that Sanchez operates on very limited resources, its success is truly a testament of commitment and quality. Parents frequently reflect excitement when their children become newly inspired by their academic success to graduate and seek post-secondary educational opportunities.

Based on a wonderful record of success in our community, I am excited about George I. Sanchez High School's application for an open enrollment charter. I was most impressed by the level of parental interest and support for this process and I am confident that such involvement is sure to increase student achievement. Last year, I was honored to serve as the keynote speaker at the school's commencement ceremony. How fitting it would be to return to a Sanchez High School that has been granted an open enrollment charter to discuss with students and parents how effectively government and our educational system has worked together to improve the quality of their high school academic program.

CAPITOL OFFICE:
CAPITOL EXTENSION, ROOM E1.406
P.O. Box 2910
AUSTIN, TEXAS 78768-2910
(512) 463-0732
(512) 463-5896 FAX



DISTRICT 145
6633 GULF FREEWAY
P.O. Box 231423
HOUSTON, TEXAS 77223-1423
(713) 926-8777
FAX (713) 926-8984

I respectfully request your favorable consideration of the George I. Sanchez Open Enrollment Charter application. I am hopeful that you will consider the school's long track record of success with students that unfortunately many other schools have failed. Its carefully tailored curriculum and program which addresses students' needs and problems is truly an example of a school that has improved the success of our state's educational system. Granting Sanchez a charter will undoubtedly enhance our success!

Sincerely,

A handwritten signature in cursive script that reads "Diana Dávila". The signature is written in dark ink and is positioned to the left of the typed name.

Diana Dávila
State Representative

George I. Sanchez Charter

Staff Checklist for Open Enrollment Charter Applicants

Name of Proposed Charter George I Sanchez Charter High SchoolName of Sponsoring Entity: Association for the Advancement of Mexican AmericansChief Operating Officer: Dr. Hulberto SaenzDate of Receipt by TEA 2/27/96Date sent to the SBOE 3/15/96

The Charter Application has met the following application requirements:

- Y 1) The application of the proposed charter school is completed.
- X 2) Includes a list of the districts to whom a Statement of Impact form was sent and the date the form was sent.
- X 3) Statement of Impact forms included. If not included, the date TEA staff contacted the impacted districts:
Contacted Larry Yawn of Houston ISD on 3/12/96. They will
submit statement by 3/25/96.
- X 4) Signed copy of written agreement for use of a facility.
- X 5) Evidence of parental support for the proposed charter.
- X 6) A proposed budget for the operation of the proposed charter school.
- X 7) Assurances document, signed by the Chief Operating Officer of the proposed charter school, is included.



TEXAS EDUCATION AGENCY

1701 NORTH CONGRESS AVENUE ★ AUSTIN, TEXAS 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838

MIKE MOSES
COMMISSIONER OF EDUCATION

November 1, 1996

Mr. Gilbert Moreno, President and CEO
Association for the Advancement of Mexican Americans
6001 Gulf Freeway, Bldg. B-3, Suite 165
Houston, Texas 77023

Dear Mr. Moreno:

During a recent meeting the State Board of Education instructed the Agency to request current budgets from all open-enrollment charter schools to compare them to the projected budgets in the charter applications, and to review them for generally accepted business practices under state law and regulation. The review of the budget for George I. Sanchez Charter School (GIS) did raise several issues that warrant further consideration. The Charter School office together with the School Audit Division arrived at several points of concern that need to be addressed by the School and its parent organization, Association for the Advancement of Mexican Americans (AMAA). Please respond, with supporting documentation, to each of the following:

- As a state entity, a public school may not grant monies to any organization except in direct payment for services rendered. Compensation for those services must be billed with an actual cost reimbursement request each month. The supporting documentation of services rendered becomes an auditable accounting trail and must be kept on file to support any claims questioned in an audit. This is in reference to the \$79,692.00 budgeted as "Support Personnel." The analysis of the charter application indicates that this is for the provision of accounting support for GIS. As this is a considerable increase in cost and personnel from the original projected budget, and quite a large sum for these services, the school should solicit other options for its financial services from Region IV ESC or through hiring an on-site staff. Considerable state money could be saved with that savings returned to the instructional budget.
- Explain how the audit procedure as approved in the charter application is represented in the budget line item entitled "Annual Audit...Both Separate Audit & Inc." Will there be two audits paid for with school funds? The benchmark cost for an audit for a Texas Public School of this size is between \$10.00 and \$14.00 per child enrolled. The GIS budget allots approximately \$38.46 per child. Again the school needs to seek another source for its audit that is more cost effective.

- A comparison to general public school practices also shows an unusually high administrative cost ratio (administrative costs divided by instructional costs). A preliminary analysis shows a GIS School ratio of approximately 0.7991, where in public schools of like size, the commissioner has set a standard ratio of 0.2654. This ratio is a PEIMS reported element and would draw unnecessary adverse publicity to the GIS School as well as the charter school movement in general to have a charter school that is so expensive to administer. Enclosed is a worksheet for calculating this element. Please complete and include with your response.
- Does the line item entitled "Director's Liability Insurance," funded at a 25% level according to the budget, cover anyone else other than the GIS board?
- The line item entitled "Interest Charges - Bank Line of Credit" funded annually at \$10,800.00 would indicate a large debt owed by GIS, yet the charter school has existed only a few months. Detail the debt being serviced here and explain how such a debt has been incurred in such a short time. It would of course be inappropriate for the public charter school to pay off debts incurred by the pre-existing non-profit entity.

As a Texas public school, the George I. Sanchez Charter School budget is now a public document. It may well be scrutinized by many different groups and organizations as illustrated by the well-publicized audit of HISD by the Comptroller's office staff. Keeping costs within standards set to provide the public schools of Texas with appropriate stewardship of tax money will funnel more money toward instruction and less adverse attention to the school.

Mr. Tom Canby, Senior Director for School Financial Audits, and/or a member of his staff will be contacting the school to arrange an on-site visit to facilitate the school in its budgeting and accounting procedures. His goal is to eliminate potential problems before they occur. I encourage the school to submit the requested information before Mr. Canby's visit so he may be best prepared to help GIS in this most important area.

Sincerely,



Brooks Flemister
Senior Director for Charter Schools

/bf

cc: Mike Moses, Ed.D., Commissioner of Education
Mr. Raymond T. Garcia, President of GIS Board of Trustees
Dr. Hulberto Saenz, GIS COO
Dr. Gene Davenport, Associate Commissioner
Mr. Tom Canby, Senior Director

November 1, 1996

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Association for the Advancement of Mexican Americans
6001 Gulf Freeway, Bldg. B-3, Suite 165
Houston, Texas 77023

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Sincerely,

Brooks Flemister
Senior Director for Charter Schools

/bf

cc: Mike Moses, Ed.D., Commissioner of Education
Mr. Raymond T. Garcia, President of GIS Board of Trustees
Dr. Hulberto Saenz, GIS COO
Dr. Gene Davenport, Associate Commissioner
Mr. Tom Canby, Senior Director

ASSOCIATION FOR THE ADVANCEMENT
OF MEXICAN AMERICANS
(AAMA)

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Number of Pages, including cover sheet: 5

Fax Number: (512) 463 - 9376

To: BROOKS FLEAMISTER

Place of Business: TGA

From: GILBERT MORENO / DR. SAGUNZ

Date: _____

Time: _____

Message: FOR YOUR REQUEST, ENCLOSED IS
OUR RESPONSE TO YOUR LETTER.
Thanks / GJM

PLEASE CONFIRM RECEIPT

6001 Gulf Freeway, B-3, Suite 168, Houston, Texas 77023 Tel. (713) 926-5464 Fax (713) 926-8035

ASSOCIATION FOR THE ADVANCEMENT OF MEXICAN AMERICANS**EDUCATIONAL SERVICES * SOCIAL SERVICES * COMMUNITY DEVELOPMENT**

6001 GULF FREEWAY, BLDG. B-1, SUITE 102, HOUSTON, TEXAS 77023 * TEL (713) 926-4756 * FAX (713) 926-8035

November 20, 1996

CONTINGENCIES

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Vice Chair

Maria (Cris) Garza
Vice Chair
of Education

Fernando Tovar
Vice Chair
of Social Services

Anthony R. Magdaleno, II
Secretary

Brooks Flemister
Senior Director for Charter Schools
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701-1494

Dear Mr. Flemister:

We are enclosing our response to your letter of November 1, 1996 related to the review for the George I. Sanchez Charter High School (GISCHS). As you noted, there were several points of concern that need to be addressed by the School and its parent organization, the Association for the Advancement of Mexican Americans (AAMA). We have responded separately to the various points raised (See enclosed Response) and hope that this commentary provides you with some additional basis for the manner in which we have allocated certain costs to the School.

The Sanchez Charter School has discussed this matter thoroughly with its Charter School Board and the AAMA, Inc. Board and we welcome this review of our initial budget submitted to TEA. We feel that this review will provide us with some direction in several key areas including some noted in your letter.

We look forward to working with Mr. Canby to discuss these matters further. We will be in contact with him to arrange an on-site visit to the School to cover these matters in greater detail. We appreciate your assistance in this matter. Should you need any further information, please call me at (713) 926-4756. Thanks.

Sincerely,



Gilbert Moreno
President / CEO
AAMA, Inc.



Dr. Hulberto Saenz
Principal / Superintendent
George I. Sanchez Charter High School

cc: Raymond Garcia, GISCHS Board President
David Corpus, GISCHS Finance Committee Chair
Tom Canby, Senior Director for School Financial Audits

Gilbert Moreno
Executive Director

CONTINGENCIES

GEORGE I. SANCHEZ CHARTER HIGH SCHOOL**RESPONSE TO TEA FINANCIAL ISSUES****NOVEMBER 1996****1.) Support Personnel Salaries / Fringe Benefits of \$79,692**

We have performed our review of the components of this category that is in question. This figure represents AAMA, Inc. support personnel as follows:

- A.) President / CEO - \$16,520 (Performs certain Business Manager Functions as well as other duties including overall facilities management).
- B.) Chief Financial Officer - \$15,625 (Performs Business Manager Functions).
- C.) Accounting Personnel - \$21,816 (Accounting Functions including Payroll, Accounts Payable, RSCCC Accounting items, Purchasing, Accounts Receivable and other Accounting support duties).
- D.) Administrative Staff - \$11,094 (Includes Board Support, Fund-Raising efforts, though part-time budgeted position is vacant to date).

Our review notes that the positions provided above would constitute, at a minimum the salary pay schedule for 1 full-time Business Manager, 1 full-time Accounting Clerk, and 1 half-time Administrative Assistant.

It is our opinion that these costs are required to provide the accountability aspects required of the Charter School, especially the Finance and Accounting Functions. The workload involved in setting-up the RSCCC system has been extensive and the costs allocated to date are less than the actual time spent on supporting GIS for the first few months of the '96 School Year. It is our belief that if the School hired full-time individuals to handle these functions the costs would be incrementally higher and would not result in a considerable savings as noted.

We are working on ensuring that adequate documentation is provided to support these cost allocations to the School. Time sheets noting the number of hours performed on School functions is currently maintained for all employees currently allocated to the School. The support AAMA, Inc. has provided to the School has been instrumental in ensuring the success of the Sanchez Charter School and at a much lower cost than if the services were provided directly through School full-time personnel, who would have to be hired and trained.

CONTINGENCIES

2.) Audit Costs of \$15,000

This figure is comprised of \$10,000 budgeted for the separate GIS Audit and \$5,000 for GIS's contribution to the overall AAMA, Inc. audit. TEA indicates that these charges are high versus the benchmark cost for a Texas Public School of this size. Based on our current ADA of 380 students this would provide an amount of \$5,320 (calculated on the maximum benchmark of \$14 per child) for the annual School audit.

We feel that our estimate of \$10,000 is a more realistic figure of the projected overall cost for a separate GIS audit, although we have not put this contract out for bid. Our goal is to find a quality CPA firm that has expertise in School audits of this type at a reasonable cost.

Related to the AAMA Inc. audit, we are aware that this may generate some separate issues, including whether TEA funds may be used for this purpose. We currently have a separate audit and file a separate tax return as a Section 501 (c) (3) organization that includes the program financial components of the Sanchez School and would still need to do so on an ongoing basis. We wish to discuss these issues further in our review with Mr. Canby.

3.) High Administrative Cost Ratio - 0.7991 vs. 0.2654 (Other like schools)

It was noted that the School has an "unusually high administrative cost ratio". The ratio that is referred to is determined from our initial Summary Budget as follows:

Total Administrative Costs per Budget	\$406,900
Divided by Total Faculty Salaries	518,014
Equals (Administrative Cost Ratio)	0.7991

Our review indicates that certain support and instructional staff salaries were included in our overall figure presented above. Our CFO, Sylvia Cabrera has been working to properly break out these cost categories in her input of the budget figures for the RSCCC System. I am enclosing a new Schedule of Expenditures by Function code based our Budgeted figures per the RSCCC system.

Our new calculation of the "Administrative Cost Ratio" is as follows:

Function 41 (Accts 6100- 6400) - Gen. Admin.	\$132,755
Divided by Functions 11, 12, 13 & 31	683,990
Administrative Cost Ratio	0.1941

Thus, as is noted above our administrative costs are not out of line. Instead, it is our understanding that certain costs were not properly included by us in the correct Function codes and that the initial calculation was in error. We are enclosing the worksheet provided to us with our completed calculation noted above.

CONTINGENCIES

4.) Director's Liability Insurance - 25% Allocation

This cost includes Liability Insurance for all GISCHS Board members that are also Inc. Board Members. The overall allocation of cost to the School totals \$1,500. We are currently working on ensuring that all GISCHS Board Members are included as well. We will allocate to the School only that portion of the overall cost that relates to the proper members in question. In light of the number of school employees and the issues related to the nature of the program, we do not feel that this allocation is out of line. We will be glad to discuss this issue further at length with Mr. Canby.

5.) Interest Charges - \$10,800

This charge relates to the interest on the existing Line of Credit of \$150,000 utilized to fund the startup of the School, due to the lack of TEA funds being available. GIS is paying an estimated \$900 per month of a total of \$1,350 or 66.7%. This line of credit will need to be in place throughout the year as GIS does not have sufficient funds to pay off the line and have sufficient cash flow for ongoing operations. It is estimated that we should be able to extinguish this amount during the Summer of '97. Due to the lack of funds required for Startup of the Charter School, we were required to obtain this Line of Credit in order to be able to open the School on August 19, 1996. We will discuss this issue further with Mr. Canby and work to resolve any concerns with the financing of the Sanchez Charter School.

CONTINGENCIES

Business Services Workshop

Date: August 5, 1996

Brooks Flemister, Senior Director of Charter Schools, TEA

Please complete the following information for Mr. Flemister's records:

Charter School Name George I. Sanchez Charter H.S.

Contact Person Dr. Huberto Saenz Sylvia CABRERA 921-6371

Contact Person Gilbert Moreno

Phone Number 926-1112 / 926 5464

Fax Number 926-8035

E-mail address none

School Starting Date Aug 19, 1996

Fiscal Year 9/1-8/31

Question:

Contact Person: _____ Contact Number: _____



TEXAS EDUCATION AGENCY

1701 NORTH CONGRESS AVENUE ★ AUSTIN, TEXAS 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838

MIKE MOSES
COMMISSIONER OF EDUCATION

CONTINGENCIES

January 6, 1997

Mr. Gilbert Moreno, President and CEO
Association for the Advancement of Mexican Americans
6001 Gulf Freeway, Bldg. B-3, Suite 165
Houston, Texas 77023

Dear Mr. Moreno:

The Agency has received your response to my letter of November 1, 1996, outlining the concerns developed in reference to the George I. Sanchez Charter High School (GISCHS) budget. While the information you sent was of great interest, it did not allay the concerns of the Agency on these matters. Your December 19 request for a letter stating that the Agency was satisfied with the budget data to date cannot at this time be forwarded.

The Agency will need to review a current budget generated by the RSCCC system in order to establish that the allocations of state funds are within the acceptable parameters of sound fiscal management. The Agency will then complete a calculation of the Administrative Cost Ratio. Further documentation on the noninstructional professional and support personnel time sheets matched to current expenditures is also needed. The GISCHS \$5,000.00 contribution to the general audit of AAMA is indeed an issue being reviewed by the legal staff of the Agency at this time.

These concerns need to be addressed as soon as possible to ensure that the GISCHS budget will not generate any concerns during its annual audit review by the Agency, nor by any other state agency that may become involved. Please forward to this office the requested documentation nonlater than January 24, 1997.

Sincerely,

Brooks Flemister
Senior Director for Charter Schools

/bf

cc: Mike Moses, Ed.D., Commissioner of Education
Mr. Raymond T. Garcia, President of GIS Board of Trustees
Dr. Hulberto Saenz, GIS COO
Dr. Gene Davenport, Associate Commissioner
Mr. Tom Canby, Senior Director

January 6, 1997

Mr. Gilbert Moreno, President and CEO
Association for the Advancement of Mexican Americans
6001 Gulf Freeway, Bldg. B-3, Suite 165
Houston, Texas 77023

Dear Mr. Moreno:

The Agency has received your response to my letter of November 1, 1996, outlining the concerns developed in reference to the George I. Sanchez Charter High School (GISCHS) budget. While the information you sent was of great interest, it did not allay the concerns of the Agency on these matters. Your December 19, 1996, request for a letter stating that the Agency was satisfied with the budget data to date cannot at this time be forwarded.

The Agency will need to review a current budget generated by the RSCCC system in order to establish that the allocations of state funds are within the acceptable parameters of sound fiscal management. The Agency will then complete a calculation of the Administrative Cost Ratio. Further documentation on the noninstructional professional and support personnel time sheets matched to current expenditures is also needed. The GISCHS \$5,000.00 contribution to the general audit of AAMA is indeed an issue being reviewed by the legal staff of the Agency at this time.

These concerns need to be addressed as soon as possible to ensure that the GISCHS budget will not generate any concerns during its annual audit review by the Agency, nor by any other state agency that may become involved. Please forward to this office the requested documentation nonlater than January 24, 1997.

Sincerely,

Brooks Flemister
Senior Director for Charter Schools

/bf

cc: Mike Moses, Ed.D., Commissioner of Education
Mr. Raymond T. Garcia, President of GIS Board of Trustees
Dr. Hulberto Saenz, GIS COO
Dr. Gene Davenport, Associate Commissioner
Mr. Tom Canby, Senior Director

Tom -
What do you think?
BF

DRAFT (BF)

December 20, 1996

Mr. Gilbert Moreno, President and CEO
Association for the Advancement of Mexican Americans
6001 Gulf Freeway, Bldg. B-3, Suite 165
Houston, Texas 77023

Dear Mr. Moreno:

The Agency has received your response to my letter of November 1, 1996, outlining the concerns developed in reference to the George I. Sanchez Charter High School (GISCHS) budget. While the information you sent was of great interest, it did not allay the concerns of the Agency on these matters. Your phone request of Tom Canby, Senior Director for School Audits, for a letter stating that AAMA had handled this inquiry in a manner leading to solution cannot at this time be forwarded.

The Agency will need to review a current budget generated by the RSCCC system in order to establish that the allocations of state funds are within the acceptable parameters of sound fiscal management of those state funds. The Agency will then complete a calculation of the Administrative Cost Ratio. Further documentation on the support personnel time sheets matched to current expenditures is also needed. The GISCHS \$5,000.00 contribution to the general audit of AAMA is indeed an issue being reviewed by the legal staff of the Agency at this time.

These concerns need to be addressed as soon as possible to ensure that the GISCHS budget will not generate any concerns during its annual audit review by the Agency, nor by any other state agency that may become involved. Please forward to this office the requested documentation no later than January 17, 1997.

Sincerely,

Brooks Flemister
Senior Director for Charter Schools

/bf

cc: Mike Moses, Ed.D., Commissioner of Education
Mr. Raymond T. Garcia, President of GIS Board of Trustees
Dr. Hulberto Saenz, GIS COO
Dr. Gene Davenport, Associate Commissioner
Mr. Tom Canby, Senior Director

~~Administrative~~
Professional
no support

ASSOCIATION FOR THE ADVANCEMENT
OF MEXICAN AMERICANS
(AAMA)

FAX COVER SHEET

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Number of Pages, including cover sheet: 2

Fax Number: (210) 463-1777

To: MR. Tom CANBY SR. DIRECTOR

Place of Business: SCHOOL FINANCIAL AUDITS

From: MR. GILBERT MORENO

Date: 12-19-96

Time: _____

Message:

PLEASE CONFIRM RECEIPT

6001 Gulf Freeway, B-3, Suite 166, Houston, Texas 77023 Tel. (713) 926-8464 Fax (713) 926-8036

ASSOCIATION FOR THE ADVANCEMENT OF MEXICAN AMERICANS

EDUCATIONAL SERVICES * SOCIAL SERVICES * COMMUNITY DEVELOPMENT

6001 GULF FREEWAY, BLDG. B-1, SUITE 102, HOUSTON, TEXAS 77023 * TEL (713) 826-4756 * FAX (713) 826-8035

CONTINGENCIES

December 19, 1996

OFFICERS

Karen Becerra
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Gilbert Moreno
Executive Director

Brooks Flemister
Senior Director for Charter Schools
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701-1494

Dear Mr. Flemister:

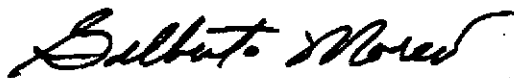
I am sending this letter as a follow-up to your letter of November 1, 1996 related to the review for the George I. Sanchez Charter High School (GISCHS). We had previously sent you a written response in late November on the various points of concern raised.

Last week, I spoke with Tom Canby to discuss these issues more at length. He mentioned to me that he was satisfied with our response, that the points raised had been adequately clarified, and that a subsequent site visit was not necessary.

Our Charter School Board President, Raymond Garcia has indicated to me that he would appreciate written documentation from TEA indicating that this matter has been handled adequately and that no further action is required on our part. Please advise me, if you concur with Mr. Canby's assessment and provide us with a written letter to this affect.

We appreciate your assistance in this matter. Should you need any further information, please call me at (713) 926-4756. Thanks.

Sincerely,



Gilbert Moreno
President / CEO
AAMA, Inc.

cc: Raymond Garcia, GISCHS Board President
David Corpus, GISCHS Finance Committee Chair
Dr. Hulberto Saenz, Superintendent/Principal GISCHS
Tom Canby, Senior Director for School Financial Audits

ASSOCIATION FOR THE ADVANCEMENT OF MEXICAN AMERICANS

EDUCATIONAL SERVICES * SOCIAL SERVICES * COMMUNITY DEVELOPMENT

6001 GULF FREEWAY, BLDG. B-1, SUITE 102, HOUSTON, TEXAS 77023 * TEL (713) 926-4756 * FAX (713) 926-8035

CONTINGENCIES

November 20, 1996

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Vice Chair
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General Counsel

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Robert Mosbacher, Jr.

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Raymond Palacios

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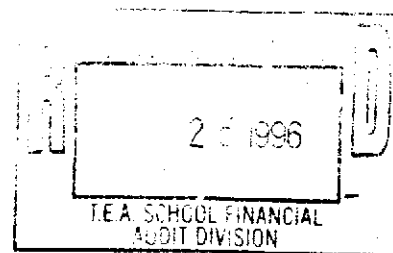
Marc Shapiro

Eduardo U. Tioseco

Ray Villalobos

Gilbert Moreno
Executive Director

Brooks Flemister
Senior Director for Charter Schools
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701-1494



Dear Mr. Flemister:

We are enclosing our response to your letter of November 1, 1996 related to the review for the George I. Sanchez Charter High School (GISCHS). As you noted, there were several points of concern that need to be addressed by the School and its parent organization, the Association for the Advancement of Mexican Americans (AAMA). We have responded separately to the various points raised (See enclosed Response) and hope that this commentary provides you with some additional basis for the manner in which we have allocated certain costs to the School.

The Sanchez Charter School has discussed this matter thoroughly with its Charter School Board and the AAMA, Inc. Board and we welcome this review of our initial budget submitted to TEA. We feel that this review will provide us with some direction in several key areas including some noted in your letter.

We look forward to working with Mr. Canby to discuss these matters further. We will be in contact with him to arrange an on-site visit to the School to cover these matters in greater detail. We appreciate your assistance in this matter. Should you need any further information, please call me at (713) 926-4756. Thanks.

Sincerely,

A handwritten signature in black ink that reads "Gilbert Moreno".

Gilbert Moreno
President / CEO
AAMA, Inc.

A handwritten signature in black ink that reads "Hulberto Saenz".

Dr. Hulberto Saenz
Principal / Superintendent
George I. Sanchez Charter High School

cc: Raymond Garcia, GISCHS Board President
David Corpus, GISCHS Finance Committee Chair
Tom Canby, Senior Director for School Financial Audits

GEORGE L. SANCHEZ CHARTER HIGH SCHOOL**RESPONSE TO TEA FINANCIAL ISSUES****NOVEMBER 1996****1.) Support Personnel Salaries / Fringe Benefits of \$79,692**

We have performed our review of the components of this category that is in question. This figure represents AAMA, Inc. support personnel as follows:

- A.) President / CEO - \$16,520 (Performs certain Business Manager Functions as well as other duties including overall facilities management).
- B.) Chief Financial Officer - \$15,625 (Performs Business Manager Functions).
- C.) Accounting Personnel - \$21,816 (Accounting Functions including Payroll, Accounts Payable, RSCCC Accounting items, Purchasing, Accounts Receivable and other Accounting support duties).
- D.) Administrative Staff - \$11,094 (Includes Board Support, Fund-Raising efforts, though part-time budgeted position is vacant to date).

Our review notes that the positions provided above would constitute, at a minimum the salary pay schedule for 1 full-time Business Manager, 1 full-time Accounting Clerk, and 1 half-time Administrative Assistant.

It is our opinion that these costs are required to provide the accountability aspects required of the Charter School, especially the Finance and Accounting Functions. The workload involved in setting-up the RSCCC system has been extensive and the costs allocated to date are less than the actual time spent on supporting GIS for the first few months of the '96 School Year. It is our belief that if the School hired full-time individuals to handle these functions the costs would be incrementally higher and would not result in a considerable savings as noted.

We are working on ensuring that adequate documentation is provided to support these cost allocations to the School. Time sheets noting the number of hours performed on School functions is currently maintained for all employees currently allocated to the School. The support AAMA, Inc. has provided to the School has been instrumental in ensuring the success of the Sanchez Charter School and at a much lower cost than if the services were provided directly through School full-time personnel, who would have to be hired and trained.

2.) Audit Costs of \$15,000

This figure is comprised of \$10,000 budgeted for the separate GIS Audit and \$5,000 for GIS's contribution to the overall AAMA, Inc. audit. TEA indicates that these charges are high versus the benchmark cost for a Texas Public School of this size. Based on our current ADA of 380 students this would provide an amount of \$5,320 (calculated on the maximum benchmark of \$14 per child) for the annual School audit.

We feel that our estimate of \$10,000 is a more realistic figure of the projected overall cost for a separate GIS audit, although we have not put this contract out for bid. Our goal is to find a quality CPA firm that has expertise in School audits of this type at a reasonable cost.

Related to the AAMA Inc. audit, we are aware that this may generate some separate issues, including whether TEA funds may be used for this purpose. We currently have a separate audit and file a separate tax return as a Section 501 (c) (3) organization that includes the program financial components of the Sanchez School and would still need to do so on an ongoing basis. We wish to discuss these issues further in our review with Mr. Canby.

3.) High Administrative Cost Ratio - 0.7991 vs. 0.2654 (Other like schools)

It was noted that the School has an "unusually high administrative cost ratio". The ratio that is referred to is determined from our initial Summary Budget as follows:

Total Administrative Costs per Budget	\$406,900
Divided by Total Faculty Salaries	518,014
Equals (Administrative Cost Ratio)	0.7991

Our review indicates that certain support and instructional staff salaries were included in our overall figure presented above. Our CFO, Sylvia Cabrera has been working to properly break out these cost categories in her input of the budget figures for the RSCCC System. I am enclosing a new Schedule of Expenditures by Function code based our Budgeted figures per the RSCCC system.

Our new calculation of the "Administrative Cost Ratio" is as follows:

Function 41 (Accts 6100- 6400) - Gen. Admin.	\$132,755
Divided by Functions 11, 12, 13 & 31	683,990
Administrative Cost Ratio	0.1941

Thus, as is noted above our administrative costs are not out of line. Instead, it is our understanding that certain costs were not properly included by us in the correct Function codes and that the initial calculation was in error. We are enclosing the worksheet provided to us with our completed calculation noted above.

4.) Director's Liability Insurance - 25% Allocation

This cost includes Liability Insurance for all GISCHS Board members that are also Inc. Board Members. The overall allocation of cost to the School totals \$1,500. We are currently working on ensuring that all GISCHS Board Members are included as well. We will allocate to the School only that portion of the overall cost that relates to the proper members in question. In light of the number of school employees and the issues related to the nature of the program, we do not feel that this allocation is out of line. We will be glad to discuss this issue further at length with Mr. Canby.

5.) Interest Charges - \$10,800

This charge relates to the interest on the existing Line of Credit of \$150,000 utilized to fund the startup of the School, due to the lack of TEA funds being available. GIS is paying an estimated \$900 per month of a total of \$1,350 or 66.7%. This line of credit will need to be in place throughout the year as GIS does not have sufficient funds to pay off the line and have sufficient cash flow for ongoing operations. It is estimated that we should be able to extinguish this amount during the Summer of '97. Due to the lack of funds required for Startup of the Charter School, we were required to obtain this Line of Credit in order to be able to open the School on August 19, 1996. We will discuss this issue further with Mr. Canby and work to resolve any concerns with the financing of the Sanchez Charter School.



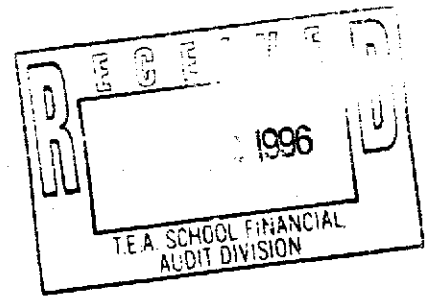
TEXAS EDUCATION AGENCY

CONTINGENCIES

1701 NORTH CONGRESS AVENUE ★ AUSTIN, TEXAS 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838

MIKE MOSES
COMMISSIONER OF EDUCATION

November 1, 1996



Mr. Gilbert Moreno, President and CEO
Association for the Advancement of Mexican Americans
6001 Gulf Freeway, Bldg. B-3, Suite 165
Houston, Texas 77023

Dear Mr. Moreno:

During a recent meeting the State Board of Education instructed the Agency to request current budgets from all open-enrollment charter schools to compare them to the projected budgets in the charter applications, and to review them for generally accepted business practices under state law and regulation. The review of the budget for George I. Sanchez Charter School (GIS) did raise several issues that warrant further consideration. The Charter School office together with the School Audit Division arrived at several points of concern that need to be addressed by the School and its parent organization, Association for the Advancement of Mexican Americans (AMAA). Please respond, with supporting documentation, to each of the following:

- As a state entity, a public school may not grant monies to any organization except in direct payment for services rendered. Compensation for those services must be billed with an actual cost reimbursement request each month. The supporting documentation of services rendered becomes an auditable accounting trail and must be kept on file to support any claims questioned in an audit. This is in reference to the \$79,692.00 budgeted as "Support Personnel." The analysis of the charter application indicates that this is for the provision of accounting support for GIS. As this is a considerable increase in cost and personnel from the original projected budget, and quite a large sum for these services, the school should solicit other options for its financial services from Region IV ESC or through hiring an on-site staff. Considerable state money could be saved with that savings returned to the instructional budget.
- Explain how the audit procedure as approved in the charter application is represented in the budget line item entitled "Annual Audit...Both Separate Audit & Inc." Will there be two audits paid for with school funds? The benchmark cost for an audit for a Texas Public School of this size is between \$10.00 and \$14.00 per child enrolled. The GIS budget allots approximately \$38.46 per child. Again the school needs to seek another source for its audit that is more cost effective.

- A comparison to general public school practices also shows an unusually high administrative cost ratio (administrative costs divided by instructional costs). A preliminary analysis shows a GIS School ratio of approximately 0.7991, where in public schools of like size, the commissioner has set a standard ratio of 0.2654. This ratio is a PEIMS reported element and would draw unnecessary adverse publicity to the GIS School as well as the charter school movement in general to have a charter school that is so expensive to administer. Enclosed is a worksheet for calculating this element. Please complete and include with your response.
- Does the line item entitled "Director's Liability Insurance," funded at a 25% level according to the budget, cover anyone else other than the GIS board?
- The line item entitled "Interest Charges - Bank Line of Credit" funded annually at \$10,800.00 would indicate a large debt owed by GIS, yet the charter school has existed only a few months. Detail the debt being serviced here and explain how such a debt has been incurred in such a short time. It would of course be inappropriate for the public charter school to pay off debts incurred by the pre-existing non-profit entity.

As a Texas public school, the George I. Sanchez Charter School budget is now a public document. It may well be scrutinized by many different groups and organizations as illustrated by the well-publicized audit of HISD by the Comptroller's office staff. Keeping costs within standards set to provide the public schools of Texas with appropriate stewardship of tax money will funnel more money toward instruction and less adverse attention to the school.

Mr. Tom Canby, Senior Director for School Financial Audits, and/or a member of his staff will be contacting the school to arrange an on-site visit to facilitate the school in its budgeting and accounting procedures. His goal is to eliminate potential problems before they occur. I encourage the school to submit the requested information before Mr. Canby's visit so he may be best prepared to help GIS in this most important area.

Sincerely,



Brooks Flemister
Senior Director for Charter Schools

/bf

cc: Mike Moses, Ed.D., Commissioner of Education
Mr. Raymond T. Garcia, President of GIS Board of Trustees
Dr. Hulberto Saenz, GIS COO
Dr. Gene Davenport, Associate Commissioner
Mr. Tom Canby, Senior Director



COMPTROLLER OF PUBLIC ACCOUNTS
STATE OF TEXAS
AUSTIN, 78774

May 11, 1995

Association for the Advancement
of Mexican-Americans
6001 Gulf Frwy., Bldg. B3, Ste. 165
Houston, TX 77023

Dear Taxpayer:

Our records show that Association for the Advancement of Mexican-Americans, Taxpayer No. 3-00009-8959-7, was exempted from the state franchise tax as a 501(c)(3) organization effective May 1, 1979. The corporation is not required to file or pay franchise tax reports as long as the exemption is in effect. In the event that we have reason to believe that it no longer qualifies for exemption, we will notify its registered agent that the exempt status is under review.

This corporation has also been exempted from the Texas limited sales, excise and use tax effective June 14, 1976, and is recognized as a 501(c)(3) organization. It may issue an exemption certificate in lieu of the sales tax on taxable items if they relate to the purpose of the exempt organization and are not used for the personal benefit of a private stockholder or individual. The certificate does not require a number to be valid and may be reproduced in any quantity.

If your organization makes any sales of taxable items or services, please contact our Tax Assistance Section at 1-800-252-5555 to determine if a sales tax permit is needed. The regular number is 512/463-4600.

If the corporation changes its name, registered agent or registered office address, it is required to notify the Secretary of State.

If you have any questions, please call me toll free at 1-800-531-5441, ext. 3-4142. The regular number is 512/463-4142.

Sincerely,

Wanda K. Carter
Exempt Organizations Section

SM/26

Internal Revenue Service

Department of the Treasury

District
Director

1100 Commerce St., Dallas, Texas 75242

Association for the Advancement
of Mexican Americans
204 Clifton
Houston, TX 77011

Person to Contact:
EO Technical Assistor
Telephone Number:
(214) 767-3526
Refer Reply to:
EO:TPA:4940DAL
Date:

JUN 06 1991

Employer Identification
Number: 74-1686961

Dear Sir or Madam:

Our records show that Association for the Advancement of Mexican Americans is exempt from Federal Income Tax under section 501(c)(3) of the Internal Revenue Code. This exemption was granted February 1972 and remains in full force and effect. Contributions to your organization are deductible in the manner and to the extent provided by section 170 of the Code.

We have classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code because you are an organization described in section 170(b)(1)(A)(vi).

If we may be of further assistance, please contact the person whose name and telephone number are shown above.

Sincerely



EO Technical Assistor

**ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS**

Financial Statements and Single Audit Reports

June 30, 1994

(With Auditors' Reports Thereon)

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

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MIR. FOX & RODRIGUEZ, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1300 ONE RIVERWAY
HOUSTON, TEXAS 77056
(713) 622 • 1120
(713) 961 • 0625 FAX

1445 ROSS AVE., SUITE 4200
DALLAS, TEXAS 75202
(214) 855 • 7090
(214) 855 • 7088 FAX

INDEPENDENT AUDITORS' REPORT

Board of Directors
Association for the Advancement of
Mexican-Americans:

We have audited the accompanying balance sheet of the Association for the Advancement of Mexican-Americans (AAMA) as of June 30, 1994, and the related statements of revenue and expenses and changes in fund balances, and functional expenses for the year then ended. These financial statements are the responsibility of AAMA's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended June 30, 1993 is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which an unqualified opinion dated January 7, 1994 was expressed.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association for the Advancement of Mexican-Americans as of June 30, 1994, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Mir Fox & Rodriguez

January 11, 1995

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Balance Sheet
June 30, 1994

	<u>Current Funds</u>		<u>Land, Property and Equipment</u>	<u>Totals</u>	
	<u>Unrestricted</u>	<u>Restricted</u>		<u>1994</u>	<u>1993</u>
Assets					
Cash and cash equivalents	\$ 100,886			100,886	122,679
Accounts receivable	170,519	1,062,079		1,232,598	637,200
Interfund receivable (payable)	156,118	(156,118)			
Land			25,000	25,000	25,000
Buildings and improvements			1,202,100	1,202,100	1,095,092
Furniture and equipment			279,844	279,844	237,826
Accumulated depreciation			(521,369)	(521,369)	(426,319)
Total assets	\$ <u>427,523</u>	<u>905,961</u>	<u>985,575</u>	<u>2,319,059</u>	<u>1,691,478</u>
Liabilities, Deferred Revenue and Fund Balance					
Notes payable	201,427		718,451	919,878	993,772
Accounts payable	316,615			316,615	183,253
Accrued liabilities	167,999			167,999	117,248
Deferred revenue	3,939	905,961		909,900	493,628
Due to affiliate					<u>1,319</u>
Total liabilities and deferred revenue	689,980	905,961	718,451	2,314,392	1,789,220
Fund balance	(262,457)		267,124	4,667	(97,742)
Total liabilities, deferred revenue and fund balance	\$ <u>427,523</u>	<u>905,961</u>	<u>985,575</u>	<u>2,319,059</u>	<u>1,691,478</u>

See accompanying notes to financial statements.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Statement of Revenue and Expenses and Changes in Fund Balances
Year Ended June 30, 1994

	<u>Current Funds</u>		<u>Land, Property and Equipment</u>	<u>Totals</u>	
	<u>Unrestricted</u>	<u>Restricted</u>		<u>1994</u>	<u>1993</u>
Revenue:					
Federal grants	\$ 1,156,055	1,384,226		2,540,281	1,714,681
State, city, county and other grants	1,085,833	73,383		1,159,216	854,904
Fundraisers	162,675			162,675	113,934
Contributions	109,623	58,864		168,487	378,058
Property rental income	321,346			321,346	336,834
Other	23,495		2,500	25,995	24,130
Total revenue	<u>2,859,027</u>	<u>1,516,473</u>	<u>2,500</u>	<u>4,378,000</u>	<u>3,422,541</u>
Expenses:					
Program services:					
Social:					
Drug abuse:					
Outpatient/residential	1,224,595	3,308	15,629	1,243,532	1,224,936
Female	1,000	18,419		19,419	20,945
SAY/YIN program	4,507	209,000	6,075	219,582	82,663
E.A.P.	3,416			3,416	35,169
AAMA Laredo		238,059	10,313	248,372	
AAMA House	266,219			266,219	291,239
Educational:					
George I. Sanchez	600,168	186,837	1,799	788,804	512,104
Adelante	37,357	142,694		180,051	264,939
Talent Search		205,859	207	206,066	172,455
AIDS program	112,086	354,545	81	466,712	224,418
SAY YES		58,864		58,864	11,136
Supporting services:					
Management and general	188,636		34,558	223,194	324,969
AAMA Properties	<u>324,388</u>		<u>26,972</u>	<u>351,360</u>	<u>321,437</u>
Total expenses	<u>2,762,372</u>	<u>1,417,585</u>	<u>95,634</u>	<u>4,275,591</u>	<u>3,486,410</u>
Excess (deficiency) of revenue over (under) expenses	96,655	98,888	(93,134)		
Acquisition of equipment	(48,277)	(98,888)	147,165		
Payments on notes payable	(57,580)		57,580		
Fund balance, beginning of year	<u>(253,255)</u>		<u>155,513</u>		
Fund balance, end of year	\$ <u>(262,457)</u>		<u>267,124</u>		

See accompanying notes to financial statements.

CHARTER CONTINGENCIES

<u>Educational</u>					<u>Supporting Services</u>		<u>Totals</u>	
<u>George I. Sanchez</u>	<u>Adelante</u>	<u>Talent Search</u>	<u>AIDS Program</u>	<u>SAY YES</u>	<u>Management and General</u>	<u>AAMA Properties</u>	<u>1994</u>	<u>1993</u>
549,414	107,921	154,350	261,210	43,500	31,584	85,730	2,552,460	2,000,043
32,887	6,584	9,423	15,959	2,996	1,997	5,280	158,759	153,642
<u>41,785</u>	<u>10,442</u>	<u>15,041</u>	<u>25,689</u>	<u>8,804</u>	<u>5,869</u>	<u>9,186</u>	<u>242,855</u>	<u>243,798</u>
624,086	124,947	178,814	302,858	55,300	39,450	100,196	2,954,074	2,397,483
808			50,505			2,033	58,954	90,994
6,319	200	3,270			1,007	4,452	48,149	18,557
8,887				3,564	2,457		16,579	3,832
2,438			18,814		250		72,880	25,807
5,853		1,010	5,980		2,734	6,000	45,934	48,691
2,472	472	646	1,400		597	12,804	25,067	66,672
2,160		97	283		742		6,442	23,163
1,610	306	418	907		387	701	8,680	2,774
106,302	49,378	9,873	47,394				297,410	175,827
3,934	433	1,903	5,682		289		30,184	24,584
1,072					34,041	27,264	64,577	30,863
4,148	1,301	2,804	9,814		181	1,033	36,376	37,966
7,154	2,074	5,739	17,952			55	75,123	38,484
			2,126			96,281	114,829	105,428
4,952	940	1,285	2,786		1,188	2,157	26,592	14,498
					101,607		101,607	66,258
							116,305	122,772
<u>4,810</u>			<u>130</u>		<u>3,706</u>	<u>71,412</u>	<u>80,195</u>	<u>106,590</u>
787,005	180,051	205,859	466,631	58,864	188,636	324,388	4,179,957	3,401,243
<u>1,799</u>		<u>207</u>	<u>81</u>		<u>34,558</u>	<u>26,972</u>	<u>95,634</u>	<u>85,167</u>
<u>788,804</u>	<u>180,051</u>	<u>206,066</u>	<u>466,712</u>	<u>58,864</u>	<u>223,194</u>	<u>351,360</u>	<u>4,275,591</u>	<u>3,486,410</u>

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Notes to Financial Statements
June 30, 1994

1. Description of Organization

The Association for the Advancement of Mexican-Americans (AAMA) is a private, non-profit social and educational service organization. AAMA's principal programs include:

Outpatient/Residential Drug Abuse Program - provides comprehensive inhalant drug abuse treatment and prevention services to youth and their families on an outpatient basis, in addition to a residential program.

Female Drug Abuse Program - provides services for the treatment and prevention of drug and inhalant abuse for women.

SAY/YIN Program - provides services regarding prevention and treatment of substance abuse and gang intervention for "at risk" youth.

E.A.P. - provides treatment and referral services to individuals and their families who are having problems in their employment or in the home.

AAMA Laredo - provides comprehensive inhalant drug abuse treatment and prevention services to youth and their families in Laredo, Texas on an outpatient basis, in addition to a residential program.

AAMA House - recruits and certifies foster homes in the community for children in need of long-term care, and provides emergency shelter care for abused, neglected and/or homeless children and youth.

George I. Sanchez - is an alternative school for youth who have dropped out of the public school system.

Adelante - provides adult basic education and classes in English as a second language to adults seeking residency in the United States.

Talent Search - provides guidance and counseling to "at risk" youth and youth who aspire to attend college.

AIDS Program - provides education and awareness, as well as testing and counseling, to youth and adults at high risk of HIV/AIDS; it also provides homemaking services, in-home nursing training, transportation services, emergency assistance for essential living needs, and food and related grocery items to HIV infected individuals.

SAY YES - is an after-school program for elementary age youth that emphasizes advanced math, science and technology skills.

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Continued

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Notes to Financial Statements, Continued

AAMA is exempt from income taxes under Section 501(c)(3) and Section 501(c)(4) of the U.S. Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. AAMA has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

2. Summary of Significant Accounting Policies

Fund accounting

AAMA maintains three funds, current unrestricted, current restricted, and land, property and equipment.

The current unrestricted fund includes all unrestricted assets and liabilities of AAMA, except land, property and equipment.

AAMA is the recipient of various Federal, state, city and county grants. Under the terms of certain grants, AAMA is reimbursed for allowable costs incurred. Other grants are based on reimbursement for services provided at an established rate not to exceed actual costs of providing services. AAMA maintains a restricted fund to account for all assets, excluding property and equipment, and liabilities relating to these grants.

All property and equipment is accounted for in the land, property and equipment fund. Such fund included approximately \$189,000 at June 30, 1994, which represents the cost of assets and leasehold improvements purchased with restricted government grant funds. Assets purchased with such funds are considered to be owned by AAMA while used in its programs or in subsequently authorized programs. However, the granting authority retains a reversionary interest in these assets as well as the right to determine the use of any proceeds from the sale of property and equipment purchased with its funds.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor.

Depreciation

Land, property and equipment are stated at cost. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

Donated services

AAMA records the value of donated services when there is an objective basis to measure their value. Donated services are reflected as contributions in the accompanying statements at their estimated value at date of receipt. For the year ended June 30, 1994, \$25,995 is included in contributions as well as in expenses to reflect the value of donated services.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Notes to Financial Statements, Continued

3. Notes Payable

Notes payable at June 30, 1994 consist of the following:

To bank:

Note payable, due in monthly installments of \$6,051, including interest at 10.5%, with final installment of outstanding principal and interest due November 1994	\$ 642,976
Note payable, due in monthly installments of \$750, including interest of prime plus 2%, with final installment of outstanding principal and interest due December 1994	98,744
Note payable, due in monthly installments of \$657, including interest at 10.5%, with final installment of outstanding principal and interest due November 1994	67,200
Construction loan, due in monthly installments of \$2,174, plus interest at 10.5%, with final payment of unpaid principal and interest due November 1994	8,275
Mortgage note payable in monthly installments of \$1,664, including interest at 9%, through June 1997; secured by land and buildings	54,370
Capital lease obligation (see note 4)	<u>48,313</u>
	<u>\$ 919,878</u>

All notes payable to bank are secured by a security interest in certain accounts receivable, certificates of deposit and personal property as well as a deed of trust in land and buildings. Also included as collateral on the notes payable to bank is an assignment of rents and/or leases on certain properties of AAMA.

The following is a summary of principal maturities of outstanding debt during the next five years:

Year Ending <u>June 30,</u>	
1995	\$ 851,584
1996	31,863
1997	29,392
1998	<u>7,039</u>
	<u>\$ 919,878</u>

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Notes to Financial Statements, Continued

4. Leases

AAMA leases equipment under capital lease agreements expiring through 1998. Included in land, property and equipment at June 30, 1994 are the following amounts applicable to capital leases:

Office equipment	\$ 61,216
Less accumulated amortization	<u>21,746</u>
	\$ <u>39,470</u>

5. Unrestricted Fund Deficit

As shown in the accompanying financial statements, AAMA had a current unrestricted fund deficit of \$262,457 at June 30, 1994. Through support obtained from foundation sources and other fund-raising activities during the past two years, AAMA's management has eliminated the annual operating deficit experienced in prior years. The agency is continuing to work to reduce any deficits associated with its programs and is expanding its donor base to provide needed capital.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Notes to Financial Statements, Continued

4. Leases

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors
Association for the Advancement of
Mexican-Americans:

We have audited the financial statements of the Association for the Advancement of Mexican-Americans (AAMA) for the year ended June 30, 1994, and have issued our report thereon dated January 11, 1995. These financial statements are the responsibility of AAMA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the Association for the Advancement of Mexican-Americans taken as a whole. The accompanying supplementary information included in Schedules I through VIII is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Mir. Fox & Rodriguez

January 11, 1995

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MEXICAN-AMERICANS
Schedule of Federal Awards
Year Ended June 30, 1994

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Program or Award Amount	Accrued or (Deferred) Revenue July 1, 1993	Receipts	Expenditures	Other Adjustments	Accrued or (Deferred) Revenue June 30, 1994
U.S. Department of Health and Human Services:								
Texas Commission on Alcohol and Drug Abuse:								
Prevention and Treatment of Substance Abuse Services Block Grant	*93.959	16-30-932-AIF	\$ 20,000	(3,341)	3,369	6,710		
Prevention and Treatment of Substance Abuse Services Block Grant	*93.959	16-30-942-AIF	17,000		11,000	8,709		(2,291)
Prevention and Treatment of Substance Abuse Services Block Grant	*93.959	16-94-932-YIN	74,175	5,892	48,634	42,742		
Prevention and Treatment of Substance Abuse Services Block Grant	*93.959	16-94-942-YIN	236,597		154,028	147,544		(6,482)
Prevention and Treatment of Substance Abuse Services Block Grant	*93.959	19-50-943-ATR	366,488		301,270	294,877		(6,393)
Prevention and Treatment of Substance Abuse Services Block Grant	*93.959	19-52-943-ATR	138,700		41,916	15,371		(26,545)
				2,551	560,215	515,953		(41,711)
Houston Recovery Campus	93.911	16-0231-933-CAM	518,491	(21,192)		3,308	17,884	
Total Texas Commission on Alcohol and Drug Abuse				(18,641)	560,215	519,261	17,884	(41,711)
City of Houston:								
AIDS Prevention	93.118	FC33237	45,814	4,246	32,463	28,217		
AIDS Education	93.940	FC33527	44,050		14,094	16,645		2,551
Total City of Houston				4,246	46,557	44,862		2,551
Harris County:								
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	43,185	7,111	1,396	6,960	5,564		
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	43,965	33,398		25,050	25,050		
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	43,966	46,239		40,833	40,833		
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	44,980	221,779		71,777	91,433		19,656
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	45,226	25,000		6,091	8,391		2,300
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	45,446	86,691		7,928	1,434		(6,494)
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	45,447	31,320		416	3,031		2,615
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	45,448	20,861		3,650	3,079		(571)

MEXICAN-AMERICANS
Schedule of Federal Awards
Year Ended June 30, 1994, Continued

**CHARTER
CONTINGENCIES**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Program or Award Amount	Accrued or (Deferred) Revenue July 1, 1993	Receipts	Expenditures	Other Adjustments	Accrued or (Deferred) Revenue June 30, 1994
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	45,449	39,449		268	2,855		2,587
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	45,450	50,250		364	2,963		2,599
Ryan White Comprehensive AIDS Resource Emergency Act	*93.914	45,451	86,691		<u>8,000</u>	<u>10,100</u>		<u>2,100</u>
				<u>1,396</u>	<u>171,337</u>	<u>194,733</u>		<u>24,792</u>
Ryan White Comprehensive AIDS Resource Emergency Act	93.915	43,100	77,148	19,770	58,288	38,518		
Ryan White Comprehensive AIDS Resource Emergency Act	93.915	43,101	45,100	<u>11,733</u>	<u>33,745</u>	<u>22,012</u>		
				<u>31,503</u>	<u>92,033</u>	<u>60,530</u>		
Total Harris County				<u>32,899</u>	<u>263,370</u>	<u>255,263</u>	-	<u>24,792</u>
Harris County Hospital District:								
Ryan White Title III B Early Intervention	93.918	CSH601070-01	30,245	3,724			(3,724)	
Ryan White Title III B Early Intervention	93.918	CSH601070-02	30,000	1,932	11,738	9,806		
Ryan White Title III B Early Intervention	93.918	CSH601070-03	25,000		<u>17,169</u>	<u>19,534</u>		<u>2,365</u>
				<u>5,656</u>	<u>28,907</u>	<u>29,340</u>	(3,724)	<u>2,365</u>
Texas Education Agency:								
Eligible Legalized Alien Adult Program	93.025	33320324-01	202,178	<u>21,103</u>	<u>97,679</u>	<u>76,576</u>		
Total U.S. Department of Health and Human Services				<u>45,263</u>	<u>996,728</u>	<u>925,302</u>	14,160	(12,003)
U.S. Department of Labor:								
Houston Job Training Partnership Council:								
Job Training Partnership Act of 1982	*17.250	JTPA-IIA	58,275		10,675	10,675		
Job Training Partnership Act of 1982	*17.250	JTPA-IIB	41,811	12,543	33,449	20,906		
Job Training Partnership Act of 1982	*17.250	PY '93 HW - 02	172,400		76,962	125,918		48,956
Job Training Partnership Act of 1982	*17.250	PY '94 HW - 2002	58,676		<u>11,735</u>	<u>29,338</u>		<u>17,603</u>
Total U.S. Department of Labor				<u>12,543</u>	<u>132,821</u>	<u>186,837</u>	-	<u>66,559</u>

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Schedule of Federal Awards
Year Ended June 30, 1994, Continued

CHARTER
CONTINGENCIES

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Accrued or (Deferred) Revenue July 1, 1993</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Other Adjustments</u>	<u>Accrued or (Deferred) Revenue June 30, 1994</u>
U.S. Department of Education:								
Texas Education Agency:								
National Literacy Act	84.002	33320024-01	55,000	9,680	10,898	1,218	—	16,981
National Literacy Act	84.002		64,900	—	47,919	64,900	—	16,981
				<u>9,680</u>	<u>58,817</u>	<u>66,118</u>	—	<u>16,981</u>
Direct program - Talent Search	*84.044A	PO44A10000-91	187,200	(23,104)	46,800	69,904	—	(4,335)
Direct program - Talent Search	*84.044A	PO44A10001-92	187,200	—	140,400	136,065	—	(4,335)
				<u>(23,104)</u>	<u>187,200</u>	<u>205,969</u>	—	<u>(4,335)</u>
Total U.S. Department of Education				<u>(13,424)</u>	<u>246,017</u>	<u>272,087</u>	—	<u>12,646</u>
Total federal awards				<u>\$ 44,382</u>	<u>1,375,566</u>	<u>1,384,226</u>	<u>14,160</u>	<u>67,202</u>

*Denotes a major federal award program.
See accompanying notes to supplementary information.

Schedule II

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Texas Commission on Alcohol and Drug Abuse
Award #16-30-932-AIF

Statement of Revenue, Expenditures and
Changes in Fund Balance
Year Ended June 30, 1994

Grant Term: 09-01-92 TO 08-31-93

Revenue - Federal grant	\$ <u>6,710</u>
Expenditures:	
Personnel services	4,650
Fringe benefits	640
Supplies	34
Contractual	47
Other	<u>1,339</u>
Total expenditures	<u>6,710</u>
Excess of revenue over expenditures	<u>-</u>
Fund balance, June 30, 1994	\$ <u>-</u>

See accompanying notes to supplementary information.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Texas Commission on Alcohol and Drug Abuse
Award #16-30-942-AIF

Statement of Revenue and Expenditures and
Changes in Fund Balance
Year Ended June 30, 1994

Grant Term: 9-01-93 to 8-31-94

Revenue:

Federal grant	\$ 8,709
State	3,000
Matching	<u>1,000</u>
	12,709

Expenditures:

Personnel services	10,035
Fringe benefits	1,614
Supplies	154
Contractual	170
Other	<u>736</u>
Total expenditures	<u>12,709</u>

Excess of revenue over expenditures

-

Fund balance, June 30, 1994

\$ -

See accompanying notes to supplementary information.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Texas Commission on Alcohol and Drug Abuse
Award #16-94-932-YIN

Statement of Revenue and Expenditures and
Changes in Fund Balance
Year Ended June 30, 1994

Grant Term: 09-01-93 to 08-31-94

Revenue - Federal grant	\$ <u>42,742</u>
Expenditures:	
Personnel services	26,328
Fringe benefits	4,511
Travel	3,364
Supplies	1,443
Contractual	982
Other	<u>6,114</u>
Total expenditures	<u>42,742</u>
Excess of revenue over expenditures	<u>-</u>
Fund balance, June 30, 1994	\$ <u>-</u>

See accompanying notes to supplementary information.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Texas Commission on Alcohol and Drug Abuse
Award #16-94-942-YIN

Statement of Revenue, Expenditures and
Changes in Fund Balance
Year Ended June 30, 1994

Grant Term: 09-01-93 to 08-31-94

Revenue:

Federal grant	\$ 147,544
State	<u>41,753</u>
	<u>189,297</u>

Expenditures:

Personnel services	123,135
Fringe benefits	17,520
Travel	3,067
Equipment	23,059
Supplies	4,843
Contractual	3,080
Other	<u>14,593</u>
Total expenditures	<u>189,297</u>

Excess of revenue over expenditures

-

Fund balance, June 30, 1994

\$ -

See accompanying notes to supplementary information.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Texas Commission on Alcohol and Drug Abuse
Award #19-50-943-ATR

Statement of Revenue, Expenditures and
Changes in Fund Balance
Year Ended June 30, 1994

Grant Term: 11-01-93 to 08-31-94

Revenue - Federal grant	\$ <u>294,877</u>
Expenditures:	
Personnel services	135,624
Fringe benefits	20,507
Travel	17,834
Supplies	3,047
Contractual	5,780
Other	<u>112,085</u>
Total expenditures	<u>294,877</u>
Excess of revenue over expenditures	<u>-</u>
Fund balance, June 30, 1994	\$ <u>-</u>

See accompanying notes to supplementary information.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Texas Commission on Alcohol and Drug Abuse
Award #19-52-943-ATR

Statement of Revenue, Expenditures and
Changes in Fund Balance
Year Ended June 30, 1994

Grant Term: 11-01-93 to 08-31-94

Revenue - Federal grant	\$ <u>15,371</u>
Expenditures:	
Personnel services	1,588
Fringe benefits	1,220
Travel	447
Supplies	480
Contractual	360
Other	<u>11,276</u>
Total expenditures	<u>15,371</u>
Excess of revenue over expenditures	<u>-</u>
Fund balance, June 30, 1994	\$ <u>-</u>

See accompanying notes to supplementary information.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Texas Commission on Alcohol and Drug Abuse
Award #16-0231-933-CAM

Statement of Revenue and Expenditures and
Changes in Fund Balance
Year Ended June 30, 1994

Grant Term: 09-01-92 to 08-30-93

Revenue - Federal grant	\$ 3,308
Expenditures - Supplies	<u>3,308</u>
Excess of revenue over expenditures	<u>-</u>
Fund balance, June 30, 1994	\$ <u>-</u>

See accompanying notes to supplementary information.

ASSOCIATION FOR THE ADVANCEMENT OF
MEXICAN-AMERICANS

Notes to Supplementary Information
June 30, 1994

1. Basis of Presentation - Schedule of Federal Awards (Schedule I)

The Schedule of Federal Awards presents the Federal program funds received and the expenditures of all Federal award programs of AAMA reflected on the accrual basis of accounting for the year ended June 30, 1994.

2. Basis of Presentation - Supplementary Schedules II through VIII

The accompanying supplementary Schedules II-VIII are presented on the accrual basis of accounting.

3. Relationship to AAMA's Financial Statements

Federal award expenditures, as reported in Schedule I, correspond with the amount reported as Federal grants revenue in AAMA's financial statements and Supplementary Schedules II - VIII, since AAMA's policy is to recognize revenues as budgeted costs attributable to grants and contracts are incurred.

4. Relationship to Grantor Agency Financial Reports

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the supplementary schedules are due to different program year-ends and different methods of accounting (cash versus accrual basis).

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INDEPENDENT AUDITORS' REPORT
ON INTERNAL ACCOUNTING CONTROL
AT THE FINANCIAL STATEMENT LEVEL

Board of Directors
Association for the Advancement of
Mexican-Americans:

We have audited the financial statements of Association for the Advancement of Mexican-Americans (AAMA) as of and for the year ended June 30, 1994, and have issued our report thereon dated January 11, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of AAMA for the year ended June 30, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of AAMA is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- o Cash
- o Revenue and related receivables
- o Expenses and accounts payable

CHARTER CONTINGENCIES

- o Property and equipment
- o Debt and other liabilities
- o Payroll

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the Board and management of AAMA in a separate letter dated January 11, 1995.

This report is intended for the information of the Board of Directors, AAMA's management and applicable governmental agencies. However, this report is a matter of public record and its distribution is not limited.

Mr. Fox & Rodriguez

January 11, 1995

MIR . FOX & RODRIGUEZ, P.C.
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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE AT THE FINANCIAL STATEMENT LEVEL**

Board of Directors
Association for the Advancement of
Mexican-Americans:

We have audited the financial statements of Association for the Advancement of Mexican-Americans (AAMA) as of and for the year ended June 30, 1994, and have issued our report thereon dated January 11, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to AAMA is the responsibility of AAMA's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of AAMA's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, AAMA complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that AAMA had not complied, in all material respects, with those provisions.

We noted certain immaterial instances of noncompliance that we have reported to the Board and management of AAMA in a separate letter dated January 11, 1995.

This report is intended for the information of the Board of Directors, AAMA's management and applicable governmental agencies. However, this report is a matter of public record and its distribution is not limited.

Mir Fox & Rodriguez

January 11, 1995

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**INDEPENDENT AUDITORS' REPORT ON
THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL AWARDS**

Board of Directors
Association for the Advancement
of Mexican-Americans:

We have audited the financial statements of Association for the Advancement of Mexican-Americans (AAMA) as of and for the year ended June 30, 1994, and have issued our report thereon dated January 11, 1995. We have also audited AAMA's compliance with requirements applicable to major federal programs and have issued our report thereon dated January 11, 1995.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether AAMA complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing our audits for the year ended June 30, 1994, we considered AAMA's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on AAMA's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated January 11, 1995.

The management of AAMA is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

Accounting Applications

- o Cash
- o Support and related receivables
- o Expenses and accounts payable
- o Property and equipment
- o Debt and other liabilities
- o Payroll and related liabilities

General Requirements

- o Political activity
- o Civil rights
- o Cash management
- o Federal financial reports
- o Allowable costs/cost principles
- o Drug-free workplace
- o Administrative requirements

Specific Requirements

- o Types of services
- o Eligibility
- o Matching
- o Reporting
- o Cost allocation

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1994, AAMA expended 80% of its total federal awards under major programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of AAMA major programs, which are identified in the accompanying schedule of federal awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

CHARTER
CONTINGENCIES

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the Board and management of AAMA in a separate letter dated January 11, 1995.

This report is intended for the information of the Board of Directors, AAMA's management and applicable governmental agencies. However, this report is a matter of public record and its distribution is not limited.

Min Fox & Rodriguez

January 11, 1995

MIR . FOX & RODRIGUEZ, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1300 ONE RIVERWAY
HOUSTON, TEXAS 77056
(713) 822 • 1120
(713) 961 • 0625 FAX

1445 ROSS AVE., SUITE 4200
DALLAS, TEXAS 75202
(214) 855 • 7090
(214) 855 • 7088 FAX

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH GENERAL REQUIREMENTS
AT THE FEDERAL AWARDS PROGRAM LEVEL**

Board of Directors
Association for the Advancement
of Mexican-Americans:

We have audited the financial statements of Association for the Advancement of Mexican-Americans (AAMA) as of and for the year ended June 30, 1994, and have issued our report thereon dated January 11, 1995.

We have applied procedures to test AAMA's compliance with the following requirements applicable to its federal programs, which are identified in the schedule of federal awards, for the year ended June 30, 1994:

- o Political activity
- o Civil rights
- o Cash management
- o Federal financial reports
- o Allowable costs/cost principles
- o Drug-free workplace
- o Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on AAMA's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that AAMA had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, that we have reported to the Board and management of AAMA in a separate letter dated January 11, 1995.

This report is intended for the information of the Board of Directors, AAMA's management and applicable governmental agencies. However, this report is a matter of public record and its distribution is not limited.

January 11, 1995

Mir Fox & Rodriguez

MIR . FOX & RODRIGUEZ, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1300 ONE RIVERWAY
HOUSTON, TEXAS 77056
(713) 622 - 1120
(713) 961 - 0625 FAX

1445 ROSS AVE., SUITE 4200
DALLAS, TEXAS 75202
(214) 855 - 7090
(214) 855 - 7088 FAX

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS**

Board of Directors
Association for the Advancement
of Mexican-Americans:

We have audited the financial statements of Association for the Advancement of Mexican Americans (AAMA) as of and for the year ended June 30, 1994, and have issued our report thereon dated January 11, 1995.

We have also audited AAMA's compliance with the requirements governing types of services, eligibility, matching, reporting, cost allocation, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to each of its major federal programs, which are identified in the accompanying schedule of federal awards, for the year ended June 30, 1994. The management of AAMA is responsible for AAMA's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about AAMA's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, that we have reported to the Board and management of AAMA in a separate letter dated January 11, 1995. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, AAMA complied, in all material respects, with the requirements governing types of services, eligibility, matching, reporting, cost allocation, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to each of its major federal programs for the year ended June 30, 1994.

CHARTER
CONTINGENCIES

This report is intended for the information of the Board of Directors, AAMA's management and applicable governmental agencies. However, this report is a matter of public record and its distribution is not limited.

Mi Fox & Rodriguez

January 11, 1995

Internal Revenue Service

Department of the Treasury

CHARTER
CONTINGENCIES

District
Director

1100 Commerce St Dallas

75242

Association for the Advancement
of Mexican Americans
204 Clifton
Houston, TX 77011

Person to Contact
EO Technical Assistant
Telephone Number
(214) 767-3526
Refer Reply to
EO:TPA:4940DAL
Date

JUN 06 1991

Employer Identification
Number: 74-1686961

Dear Sir or Madam:

Our records show that Association for the Advancement of Mexican Americans is exempt from Federal Income Tax under section 501(c)(3) of the Internal Revenue Code. This exemption was granted February 1972 and remains in full force and effect. Contributions to your organization are deductible in the manner and to the extent provided by section 170 of the Code.

We have classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code because you are an organization described in section 170(b)(1)(A)(vi).

If we may be of further assistance, please contact the person whose name and telephone number are shown above.

Sincerely

A. Flowers
EO Technical Assistant

CHARTER CONTINGENCIES



The Association for the Advancement of Mexican-Americans

To: Brooks Sulmister, Senior Director

Department: _____

Company: _____

Date: 1/27/99 Time: 10:20 AM No. of Pages 3

Fax Number: (512) 463-9732

Phone Number: (512) 463-9734

From: Edna Villanueva Title: Accounts Payable

Address 6001 Gulf Freeway, B-1 City: Houston State: Texas Zip: 77023

Fax Number: 713-926-8035 Phone Number: 713-926-5464

- AAMA Program**
- | | |
|---|--|
| <input type="checkbox"/> AAMA Administration | <input checked="" type="checkbox"/> AAMA Sanchez Charter High School |
| <input type="checkbox"/> AAMA Barrios Unidos | <input type="checkbox"/> AAMA Adelante Adult Education |
| <input type="checkbox"/> AAMA Dinosaur Project | <input type="checkbox"/> AAMA Project Heart |
| <input type="checkbox"/> AAMA Selena Center For Youth Potential | <input type="checkbox"/> AAMA Minorities Action Program |
| <input type="checkbox"/> AAMA Job Training Partnership Program | <input type="checkbox"/> AAMA Concillio Hispano Libre |
| <input type="checkbox"/> AAMA Community Development Corporation | <input type="checkbox"/> AAMA Hermanos Unidos |
| <input type="checkbox"/> AAMA Region 6 Youth Services | <input type="checkbox"/> AAMA Project Tejas at HRC |
| <input type="checkbox"/> AAMA Buena Salud | <input type="checkbox"/> AAMA Board of Directors |
| <input type="checkbox"/> AAMA Amistad | <input type="checkbox"/> Other: _____ |

Notes/Comments:

Confidential Notice

The information contained in this FAX may be confidential and/or privileged. This FAX is intended to be reviewed by only the individual named above. If the reader of this transmittal page is not the intended recipient or a representative of the intended recipient, you are hereby notified that any review or copying of this FAX is strictly prohibited.

990 FORM

PAGE 129 = 1 PAGE

UNDER SECTION 6103 & 6104 OF U.S. CODE
TITLE 26

1 PAGE HAS BEEN WITHHELD



COMPTROLLER OF PUBLIC ACCOUNTS
STATE OF TEXAS
AUSTIN, 78774

CHARTER
CONTINGENCIES

[Redacted]
May 11, 1995

[Redacted]
6001 Gulf Frwy., Bldg. B3, Ste. 165
Houston, TX 77023

Dear Taxpayer:

Our records show that Association for the Advancement of Mexican-Americans, Taxpayer No. 3-00009-8959-7, was *[Redacted]* effective May 1, 1979. The corporation is not required to file or pay franchise tax reports as long as the exemption is in effect. In the event that we have reason to believe that it no longer qualifies for exemption, we will notify its registered agent that the exempt status is under review.

This corporation has also been exempted from the Texas limited sales, excise and use tax effective June 14, 1976, and is recognized as a 501(c)(3) organization. It may issue an exemption certificate in lieu of the sales tax on taxable items if they relate to the purpose of the exempt organization and are not used for the personal benefit of a private stockholder or individual. The certificate does not require a number to be valid and may be reproduced in any quantity.

If your organization makes any sales of taxable items or services, please contact our Tax Assistance Section at 1-800-252-5555 to determine if a sales tax permit is needed. The regular number is 512/463-4600.

If the corporation changes its name, registered agent or registered office address, it is required to notify the Secretary of State.

If you have any questions, please call me toll free at 1-800-531-5441, ext. 3-4142. The regular number is 512/463-4142.

Sincerely,

Wanda K. Carter

Wanda K. Carter
Exempt Organizations Section

SM/26

130

an equal opportunity employer

Internal Revenue Service

CHARTER
CONTINGENCIES
Department of the TreasuryDistrict
Director

1100 Commerce St., Dallas, Texas 75242

Association for the Advancement
of Mexican Americans
204 Clifton
Houston, TX 77011Person to Contact:
EO Technical Assistor
Telephone Number:
(214) 767-3526
Refer Reply to:
EO:TPA:4940DAL
Date:

JUN 06 1991

Employer Identification
Number: 74-1626961


Dear Sir or Madam:

Our records show that Association for the Advancement of Mexican Americans is exempt from Federal Income Tax under section 501(c)(3) of the Internal Revenue Code. This exemption was granted February 1972 and remains in full force and effect. Contributions to your organization are deductible in the manner and to the extent provided by section 170 of the Code.

We have classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code because you are an organization described in section 170(b)(1)(A)(vi).

If we may be of further assistance, please contact the person whose name and telephone number are shown above.

Sincerely


EO Technical Assistor

131

George I. Sanchez Charter H.S.
6001 Gulf Freeway, Bldg. B-3
Houston, TX 77023
713-926-1112
713-926-1346 FAX

CHARTER
CONTINGENCIES

facsimile transmittal

To: Brooks Flemister
SR. Dir. for Charter Schools Fax: 512-463-9732

From: George I. Sanchez Charter Date: 8/4/99

Pages: 6, plus cover

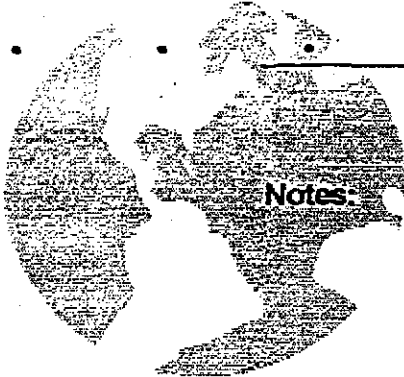
CC:

Urgent For Review

Please
Comment

Please
Reply

Please
Recycle



Response to Urgent Memorandum
dated 8/2/99

1. Evidence of 501(c)(3) status
2. Schedule of governing board meetings
3. Roster of governing board members and addresses.

CONTRACT FOR CHARTER

CONTRACT

CONTRACT entered into this 29th day of April, 1996 by and between the Texas State Board of Education (the "Board") and Association for the Advancement of Mexican Americans ("Charterholder") for the purpose of establishing a charter to operate a public school.

The term of the charter granted by this contract is from September 1996 through August 1999. The charter may be renewed for an additional period by mutual agreement of the parties at any time prior to its expiration.

The charter granted by this contract is contingent upon full and timely compliance with the following, all of which are incorporated by reference:

1. The terms of the Request for Proposals dated October 1995, including the assurances required by the Request;
2. All applicable requirements of state and federal law and court orders, including any amendments thereto; and
3. All additional commitments and representations made in Charterholder's application and any supporting documents which are consistent with the provisions and requirements of this contract.

Charterholder understands that the Board may modify, place on probation, revoke or deny renewal to a charter if the Board determines that a material violation of the charter has occurred, that Charterholder has failed to satisfy generally accepted accounting standards of fiscal management, or that the Charterholder has failed to comply with an applicable law or rule. The parties agree that failure to satisfy accountability provisions adopted under Subchapters B, C, D and G of Chapter 39 of the Texas Education Code, or their successor provisions, or failure to operate an open-enrollment charter school during the period of this contract are material violations of the charter. Charterholder understands that its charter may not be assigned, encumbered, pledged or in any way alienated for the benefit of creditors or otherwise.

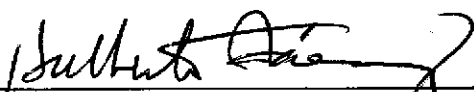
Charterholder represents that it is qualified to enter into this contract and agrees to immediately notify the Board of any legal change in its status which would disqualify it from holding the charter, of any violation of the terms and conditions of this agreement, and of any change in the chief operating officer of the Charterholder.

Entered into this 29th day of April, 1996.

Texas State Board of Education

Association for the Advancement of Mexican Americans
6001 Gulf Freeway
Houston, Texas 77023


By Dr. Jack Christie, Chairman


By Dr. Hulberto Saenz, Principal-Superintendent

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Entered into this 29th day of April, 1996.

Texas State Board of Education

Association for the Advancement of Mexican
Americans
6001 Gulf Freeway
Houston, Texas 77023


By Dr. Jack Christie, Chairman


By Dr. Hulberto Saenz, Principal-Superintendent