

Financial Performance Framework

1. Near-Term Measures

| |
|---|
| <p>Measure 1a Current Ratio: Current Assets divided by Current Liabilities</p> |
| <p>Meets Standard:</p> <p><input type="checkbox"/> Current Ratio is greater than or equal to 1.1 or <input type="checkbox"/> Current Ratio is between 1.0 and 1.1 and one-year trend is positive (current year ratio is higher than last year's)</p> <p><i>Note: For schools in their first or second year of operation, the current ratio must be greater than or equal to 1.1.</i></p> |
| <p>Does Not Meet Standard:</p> <p><input type="checkbox"/> Current Ratio is between 0.9 and 1.0 or equals 1.0 or <input type="checkbox"/> Current Ratio is between 1.0 and 1.1 and one-year trend is negative</p> |
| <p>Falls Far Below Standard:</p> <p><input type="checkbox"/> Current ratio is less than or equal to 0.9</p> |
| <p>Measure 1b Unrestricted Days Cash: Unrestricted Cash divided by ([Total Expenses minus Depreciation Expense] / 365)</p> |
| <p>Meets Standard:</p> <p><input type="checkbox"/> 60 Days Cash or <input type="checkbox"/> Between 30 and 60 Days Cash and one-year trend is positive</p> <p><i>Note: Schools in their first or second year of operation must have a minimum of 30 Days Cash.</i></p> |
| <p>Does Not Meet Standard:</p> <p><input type="checkbox"/> Days Cash is between 15–30 days or <input type="checkbox"/> Days Cash is between 30–60 days and one-year trend is negative</p> |
| <p>Falls Far Below Standard:</p> <p><input type="checkbox"/> Fewer than 15 Days Cash</p> |
| <p>Measure 1c Enrollment Variance: Actual Enrollment divided by Enrollment Projection in Charter School Board-Approved Budget</p> |
| <p>Meets Standard:</p> <p><input type="checkbox"/> Enrollment Variance equals or exceeds 95 percent in the most recent year</p> |
| <p>Does Not Meet Standard:</p> <p><input type="checkbox"/> Enrollment Variance is between 85–95 percent in the most recent year</p> |
| <p>Falls Far Below Standard:</p> <p><input type="checkbox"/> Enrollment Variance is less than 85 percent in the most recent year</p> |

Measure 1d**Default****Meets Standard:**

School is not in default of loan covenant(s) and/or is not delinquent with debt service payments

Does Not Meet Standard:

Not applicable

Falls Far Below Standard:

School is in default of loan covenant(s) and/or is delinquent with debt service payments

2. Sustainability Measures

Measure 2a

Total Margin: Net Income divided by Total Revenue

Aggregated Total Margin: Total Three-Year Net Income divided by Total Three-Year Revenues

Meets Standard:

Aggregated Three-Year Total Margin is positive and the most recent year Total Margin is positive

or

Aggregated Three-Year Total Margin is greater than -1.5 percent, the trend is positive for the last two years, and the most recent year Total Margin is positive

Note: For schools in their first or second year of operation, the cumulative Total Margin must be positive.

Does Not Meet Standard:

Aggregated Three-Year Total Margin is greater than -1.5 percent, but trend does not “Meet Standard”

Falls Far Below Standard:

Aggregated Three-Year Total Margin is less than or equal to -1.5 percent

or

The most recent year Total Margin is less than -10 percent

Measure 2b

Debt to Asset Ratio: Total Liabilities divided by Total Assets

Meets Standard:

Debt to Asset Ratio is less than 0.9

Does Not Meet Standard:

Debt to Asset Ratio is between 0.9 and 1.0

Falls Far Below Standard:

Debt to Asset Ratio is greater than 1.0

Measure 2c**Cash Flow:**

Multi-Year Cash Flow = Year 3 Total Cash – Year 1 Total Cash

One-Year Cash Flow = Year 2 Total Cash – Year 1 Total Cash

Meets Standard:

- Multi-Year Cumulative Cash Flow is positive and Cash Flow is positive each year
or
 Multi-Year Cumulative Cash Flow is positive, Cash Flow is positive in one of two years, and Cash Flow in the most recent year is positive

Note: Schools in their first or second year of operation must have positive Cash Flow.

Does Not Meet Standard:

- Multi-Year Cumulative Cash Flow is positive, but trend does not “Meet Standard”

Falls Far Below Standard:

- Multi-Year Cumulative Cash Flow is negative

Measure 2d

Debt Service Coverage Ratio: (Net Income + Depreciation + Interest Expense) / (Annual Principal, Interest, and Lease Payments)

Meets Standard:

- Debt Service Coverage Ratio is equal to or exceeds 1.1

Does Not Meet Standard:

- Debt Service Coverage Ratio is less than 1.1

Falls Far Below Standard:

- Not Applicable