

Sustainability Indicator 1: Financial Performance

The Financial Performance Indicator evaluates the charter school's fiscal short-term performance and long-term sustainability. The following criteria and their measures make up the Financial Performance Sustainability indicator.

Annual Rating

The annual rating summarizes the performance on the indicator's criteria.

| | Meets Expectations | Approaches Expectations | Does Not Meet Expectations |
|--|---|--|---|
| | For 1.1, 1.2, 1.3, 1.4, and 1.5, no more than one criterion is rated as "Approaches" and all others are rated as "Meets." | For 1.1, 1.2, 1.3, 1.4, and 1.5, no more than one criterion is rated as "Does Not Meet" and all others are rated as "Approaches" or "Meets." | For 1.1, 1.2, 1.3, 1.4, and 1.5, two or more criteria are rated as "Does Not Meet." |

1.1 Current Ratio

Does the organization's current ratio indicate that its current assets can cover its current liabilities?

Calculation: Current Assets / Current Liabilities

Data Source: Audited Financial Statements

| | Meets Expectations | Approaches Expectations | Does Not Meet Expectations |
|--|--|-----------------------------------|----------------------------|
| | Current ratio is equal to or greater than 1. | Current ratio is between .9 and 1 | Current ratio is below .9 |

1.2 Unrestricted Days of Cash*

For how many days can the organization pay its expenses without another inflow of cash?

Calculation: (Unrestricted Cash & Equivalents x 365 Days) / (Total Operating Expenses - Annual Depreciation)

Data Source: Audited Financial Statements *Not reported for District Charters

| | Meets Expectations | Approaches Expectations | Does Not Meet Expectations |
|--|---|---|---|
| | School has 60 days or more of unrestricted cash on hand. OR School has between 30 and 60 days of cash and one-year trend is positive. | School has between 15 and 30 days of unrestricted cash OR School has between 30 and 60 days of cash and one-year trend is negative. | School has 15 days or less of unrestricted cash on hand |

Long Term

1.3 Debt to Asset Ratio

Does the school have a low level of debt relative to assets? *New to this Framework

Calculation: Total Liabilities / Total Assets

Data Source: Audited Financial Statements

| | Meets Expectations | Approaches Expectations | Does Not Meet Expectations |
|--|--|--|--|
| | School's debt to asset ratio is less than 0.90 | School's debt to asset ratio is between .9 to 1, inclusive | School's debt to asset ratio is greater than 1 |

1.4 Total Margin & 3-Year Aggregate Total Margin

Does the school have a positive net income relative to its total revenues? Does the school have a positive three-year net income relative to its total three-year revenue?

Calculation: TM = Net Income / Revenue 3ATM = Total 3yr Net Income / Total 3yr Revenue

Data Source: Three years of Audited Financial Statements

| | Meets Expectations | Approaches Expectations | Does Not Meet Expectations |
|--|---|--|---|
| | Aggregated three- year total margin is positive AND The most recent year total margin is positive | Aggregated three- year total margin is negative OR The most recent year total margin is negative | Aggregated three- year total margin is negative AND The most recent year total margin is negative |

1.5 Debt Service Coverage Ratio

Does the school have the ability to cover its debt obligations in the current year?

Calculation: (Net Income + Depreciation Expense (if not included in net income) / (Annual Principal, Annual Interest, and Lease/Rent Payments)

Data Source: Audited Financial Statements and school-provided annual principal and interest obligations

| | Meets Expectations | Does Not Meet Expectations | |
|--|--|---|--|
| | School's debt service coverage ratio is greater than or equal to 1.1 | School's debt service coverage ratio is less than 1.1 | |