

# Financial Performance Framework

## 1. Near-Term Measures

### Measure 1a

**Current Ratio: Current Assets divided by Current Liabilities**

**Meets Standard:**

Current Ratio is greater than or equal to 1.1  
or  
Current Ratio is between 1.0 and 1.1 and one-year trend is positive (current year ratio is higher than last year's)

*Note: For schools in their first or second year of operation, the current ratio must be greater than or equal to 1.1.*

**Does Not Meet Standard:**

- Current Ratio is between 0.9 and 1.0 or equals 1.0
- or
- Current Ratio is between 1.0 and 1.1 and one-year trend is negative

**Falls Far Below Standard:**

- Current ratio is less than or equal to 0.9

### Measure 1b

**Unrestricted Days Cash: Unrestricted Cash divided by ([Total Expenses minus Depreciation Expense] / 365)**

**Meets Standard:**

- 60 Days Cash
- or
- Between 30 and 60 Days Cash and one-year trend is positive

*Note: Schools in their first or second year of operation must have a minimum of 30 Days Cash.*

**Does Not Meet Standard:**

Days Cash is between 15-30 days  
or  
Days Cash is between 30-60 days and one-year trend is negative

**Falls Far Below Standard:**

Fewer than 15 Days Cash

### Measure 1c

**Enrollment Variance: Actual Enrollment divided by Enrollment Projection in Charter School Board-Approved Budget**

**Meets Standard:**

Enrollment Variance equals or exceeds 95 percent in the most recent year

**Does Not Meet Standard:**

Enrollment Variance is between 85-95 percent in the most recent year

**Falls Far Below Standard:**

Enrollment Variance is less than 85 percent in the most recent year

### 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 + Lease Payments) / (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