



# Financial Framework Report

## POSITIVE OUTCOMES CHARTER SCHOOL

Reporting Period: July 1, 2020 to June 30, 2021

Published: March 02,2022

Beginning in SY16/17 for each measure, a school receives one of three ratings:

Meets Standard
Approaching Standard
Far Below Standard

In the years prior to SY16/17 a school received one of the three ratings below:

Meets Standard
Does Not Meet Standard
Far Below Standard

Rating targets for each measure can be referenced on the Organizational Section of the [Delaware Performance Framework](#). Further clarifications for each measure’s data and methodology can be referenced in the [Financial Framework Guidance Document](#). School performance on each measure is presented below.

Each measure is weighted equally with discretion of the Authorizer incorporated to determine an overall rating.

*The school has elected to submit a response to one or more measures to provide context of not meeting standard(s). The statements made therein are not made by or on behalf of Delaware Department of Education.*

### 1. NEAR TERM INDICATORS

#### Measure 1a. Current Ratio:

*Current Assets divided by Current Liabilities*

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
3.20	3.90	3.95	5.06	5.77

The current ratio measures a school’s ability to pay its obligations over the next twelve months. The preferred result is more than 1.0, which indicates that the school’s current assets exceed its current liabilities.

**Measure 1b. Days Cash:**

*Cash divided by (Total Expenses / 365)*

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
127	176	190	225	261

The days cash on hand ratio indicates how many days a school can pay its expenses without another inflow of cash. The preferred result is more than 60 days cash.

**Measure 1c. Enrollment Variance:**

*Actual Enrollment as of September 30 divided by Authorized Enrollment*

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
104%	105%	100%	101%	93%

The enrollment variance depicts actual versus authorized enrollment. A school budgets based on projected enrollment but is funded based on actual enrollment; therefore, a school that fails to meet its enrollment targets may not be able to meet its budgeted expenses. The preferred result is more than 95%.

**Measure 1d. Default, Loan Covenants, & Debt Service Payments**

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
No	No	No	No	No

This metric addresses whether or not a school is meeting its loan covenants and / or is delinquent with its debt service payment, as noted in the notes accompanying the audited financial statements. A school which cannot meet the terms of its loan may be in financial distress.

## 2. SUSTAINABILITY INDICATORS

**Measure 2a. Total Margin:**

*Net Income divided by Total Revenue*

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
1 YR: 7.32%	1 YR: 11.44%	1 YR: 5.13%	1 YR: 9.51%	1 YR: 9.56%
3 YR: 7.1%	3 YR: 8.52%	3 YR: 7.99%	3 YR: 8.72%	3 YR: 8.13%

Total margin measures the deficit or surplus a school yields out of its total revenues ; in other words, whether or not the school is living within its available resources. The preferred result is a positive margin for the past year and the past 3 years.

**Measure 2b. Debt to Asset Ratio:**

*Total Liabilities divided by Total Assets*

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
0.65	0.59	0.56	0.51	0.47

The debt to asset ratio compares the school’s liabilities to its assets, or what a school owes against what it owns. The preferred result is less than 0.90.

**Measure 2c. Cash Flow**

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
1 YR: \$-265304	1 YR: \$461979	1 YR: \$226947	1 YR: \$370935	1 YR: \$378620
3 YR: \$-103526	3 YR: \$196675	3 YR: \$688926	3 YR: \$597882	3 YR: \$749555

Cash flow indicates the trend in the school’s cash balance over a period of time. This measure is similar to days cash on hand, but indicates long-term stability versus near-term. Since cash flow fluctuations from year-to-year can have a long-term impact on a school’s financial health, this metric assesses both three-year cumulative cash flow and annual cash flow. The preferred result is greater than zero.

**Measure 2d. Debt Service Coverage Ratio:**

*(Net Income + Depreciation + Interest Expense) / (Principal and Interest Payments)*

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
6.19	4.06	2.44	3.67	3.88

The debt service coverage ratio indicates a school’s ability to cover its debt obligations in the current year.

### 3. FINANCIAL MANAGEMENT AND OVERSIGHT

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
M	M	M	M	M

This measure assesses the timeliness of reporting, the implementation of the Citizen Budget Oversight Committee, and the adherence to the policies and procedures of the First State Financial Management System.

## SUMMARY AND OVERALL RATING

### Positive Outcomes Charter School

Year	1a	1b	1c	1d	2a	2b	2c	2d	3	OVERALL RATING
2016-2017	M	M	M	M	M	M	F	M	M	Meets Standard
2017-2018	M	M	M	M	M	M	M	M	M	Meets Standard
2018-2019	M	M	M	M	M	M	M	M	M	Meets Standard
2019-2020	M	M	M	M	M	M	M	M	M	Meets Standard
2020-2021	M	M	AS	M	M	M	M	M	M	Meets Standard