



Delaware Department of Education

2014-15 FINANCIAL FRAMEWORK REPORT

ODYSSEY CHARTER SCHOOL

DOE CHARTER SCHOOL OFFICE MISSION

To provide high-quality public school options for all Delaware students and their families through clear and transparent requirements and systems; rigorous application processes; renewal of only schools that meet or exceed high performance standards; protection of student and public interests; and safeguarding charter school autonomy.

DOE CHARTER SCHOOL OFFICE VISION

To be a nationally-recognized charter school authorizer by creating a diverse portfolio of high-achieving schools that strike a balance between academic rigor and joy and that offers genuine educational alternatives for all students and their families.

DOE CHARTER SCHOOL OFFICE CORE VALUES

*Students First
Accountability
Collaboration
Transparency
Integrity
Excellence
Dedication*



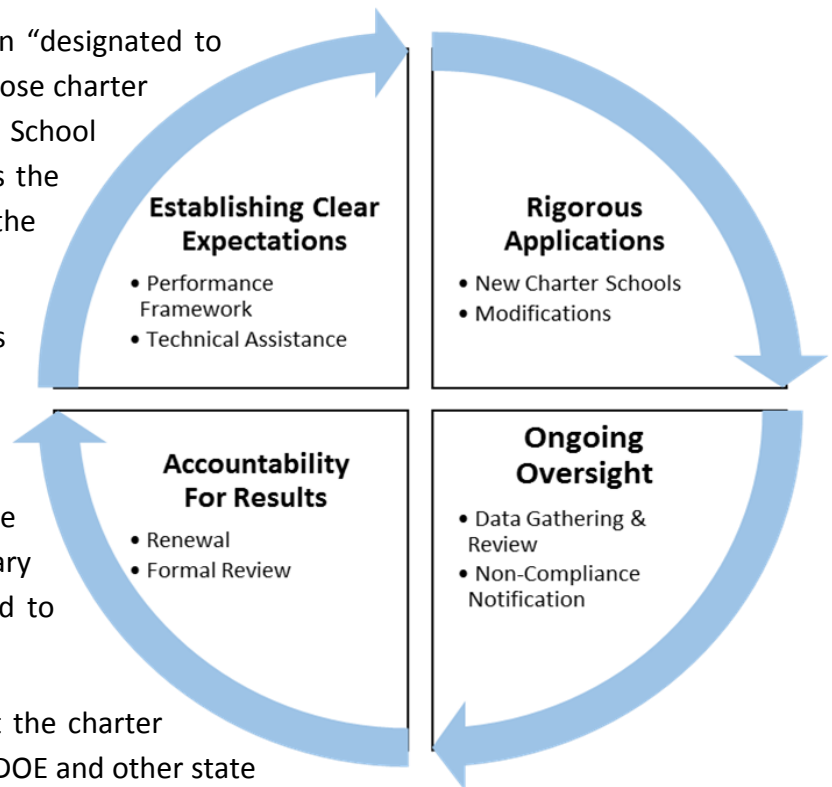
This document incorporates many ideas from highly-respected charter school authorizers and researchers from around the country, including the New Jersey Department of Education, the Rhode Island Department of Education, the Governor John Engler Center for Charter Schools at Central Michigan University, the D.C. Public Charter School Board, the Portfolio Management Team at Denver Public Schools, and the National Association of Charter School Authorizers. The DOE Charter School Office is grateful for their support.

DOE'S ROLE AS CHARTER SCHOOL AUTHORIZER

A charter school authorizer is an organization “designated to approve, monitor, renew, and, if necessary, close charter schools” (National Association of Charter School Authorizers). The Department of Education is the larger of two charter school authorizers in the State of Delaware.

The Secretary of Education makes all decisions related to approving, modifying, renewing, placing conditions, and revoking charter schools pursuant to applicable laws and regulations, and with the assent of the State Board of Education. CSO supports the Secretary by obtaining and evaluating information used to make decisions.

Pursuant to state law, CSO also ensures that the charter schools receive technical assistance from the DOE and other state agencies.



CSO's ongoing oversight work includes review of multiple sources of information, including but not limited to:

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|-------------------------------------|---------------------------------------|---|
| • Financial Revenues & Expenditures | • Renewal Application | • Curriculum Documents |
| • Payroll Transactions | • State Assessment Data | • Budgets |
| • Financial Policies | • Admissions and Enrollment Materials | • Facility Plans |
| • Audited Financial Statements | • Enrollment Data | • Federal and State Reporting Requirements |
| • Charter School Application | • Board Minutes | • Documentation of current Certificate of Occupancy, Health, Safety, and Fire inspections |
| • Annual Reports | • Curriculum Documents | |
| • Special Education Documentation | • School Policies | |
| • Charter Modifications | • Student Handbooks | |
| | • Teacher Certification Data | |
| | • Discipline Data | |

As issues arise, CSO notifies the schools and recommends appropriate next steps based upon the severity of the issue and the charter school's overall performance. The next steps could include notification of the issue and correction by the school; notation in the organizational framework; corrective action plan; and formal review with the potential end result of probation with conditions or revocation of the charter.

Delaware Performance Framework

PERFORMANCE FRAMEWORK OVERVIEW

In 2011 and 2012, the Delaware State Board of Education, Governor's Office, and Department of Education (DDOE) collaborated to develop a comprehensive Performance Framework to help ensure that each and every charter school is serving students with a high-quality public education. The Performance Framework sets the academic, fiscal, and organizational standards by which these public charter schools are evaluated, informing the authorizer and charter school about each school's performance and sustainability.

ACADEMIC FRAMEWORK

The first component of the Performance Framework is a tool that provides a comprehensive summary of the charter school's academic outcomes for the academic year just completed.

Note: The Academic Framework is currently being updated.

FINANCIAL FRAMEWORK

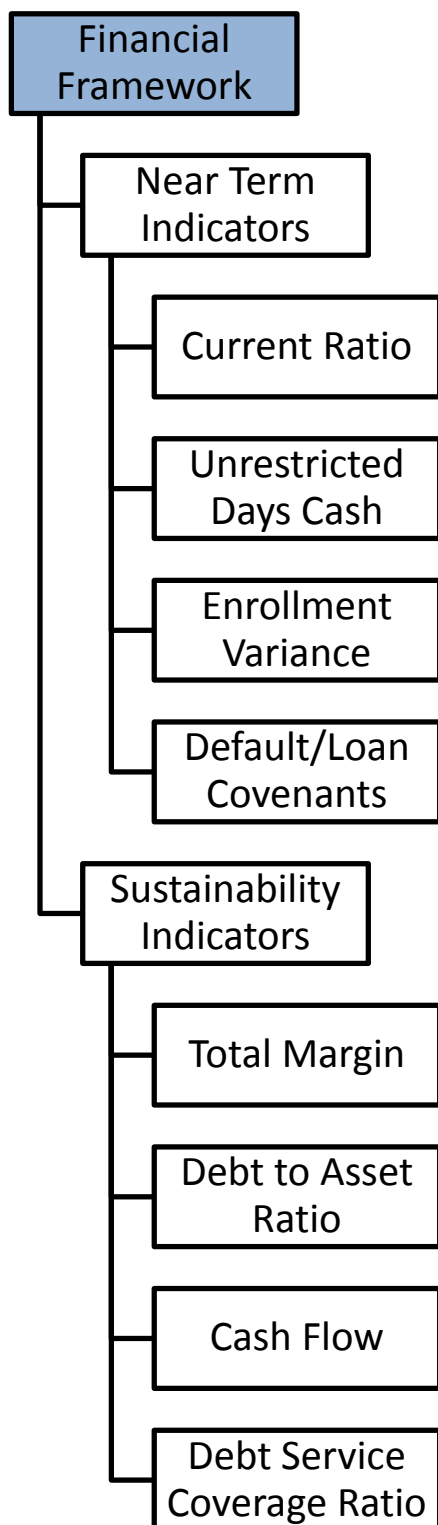
The second component of the Performance Framework is a tool that uses data from the audited financial statements to provide a comprehensive summary of the charter school's financial position at the end of the last fiscal year.

ORGANIZATIONAL FRAMEWORK

The third component of the Performance Framework is a tool that uses data from multiple DOE workgroups, other state agencies, and audited financial statements to provide a comprehensive summary of the charter school's performance against compliance requirements for the academic year just completed.

FINANCIAL FRAMEWORK REPORT GUIDE

Guiding Question: Is the charter school financially viable?



FREQUENTLY-ASKED QUESTIONS

What is the Financial Framework Report?

The Financial Framework Report is a summary of the charter school's financial position at the end of the last fiscal year. The report uses ratios that are widely used in the financial sector to evaluate the charter school's near term sustainability and long term sustainability.

Where does the DOE get the data for the Financial Framework Report?

All of the Financial Framework Data comes directly from the charter school's audited financial statements. The fiscal year ends June 30 and the audited financial statements are due to the DOE October 1.

What are the possible Financial Framework Report ratings?

Meets Standard, Does Not Meet Standard, and Falls Far Below Standard.

Does a "Does Not Meet Standard" rating mean that the charter school is not managing its money properly?

No. There are different reasons why a charter school may earn a "Does Not Meet Standard" rating on a specific measure even while it is making sound decisions. For example, a charter school may choose to invest money in a new program or repair its building. Such decisions, which may be carefully made and in the best interests of the school, would require spending money, which would then impact several of the ratios.

Does a "Does Not Meet Standard" rating, either on one measure or overall, mean a charter school is about to close or that I should take my child out of the school?

No. When the DOE considers corrective action for a charter school, the Financial Framework Report is just one piece of information among many others that is considered.

Additionally, it is important to remember that the Financial Framework Report is based on one point in time – June 30, 2015. Today, the charter school's financial position may be very different than what is reflected in the report. Please contact charter school leaders for more detailed information about any measures on the report.

How can parents and guardians use the Financial Framework Report?

Parents and guardians can use the Financial Framework Report to learn about the charter school's financial position as of the end of the last school year. If there are any questions about a specific rating or note, please ask the school leaders for additional information.



Financial Framework Report

ODYSSEY CHARTER SCHOOL

Reporting Period: July 1, 2014 to June 30, 2015

Published: November 12, 2015

For each measure, a school receives one of three ratings:

Meets Standard
Does Not Meet Standard
Falls 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.

1. NEAR TERM INDICATORS

Measure 1a. Current Ratio:

Current Assets divided by Current Liabilities

2010-11	2011-12	2012-13	2013-14	2014-15
1.02	1.10	1.04	0.47	3.64

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:

Unrestricted Cash divided by (Total Expenses / 365)

2010-11	2011-12	2012-13	2013-14	2014-15
57	65	77	17	22

The unrestricted 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

2010-11	2011-12	2012-13	2013-14	2014-15
100%	114%	101%	89%	99%

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 Payments, and Debt Service Payments:

2010-11	2011-12	2012-13	2013-14	2014-15
No	No	No	No	Yes

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.

2010-11	2011-12	2012-13	2013-14	2014-15
Not Rated	Not Rated	1 YR: 4.42% 3 YR: 4.37%	1 YR: -16.39% 3 YR: -3.01%	1 YR: -3.39% 3 YR: -5.37%

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 results 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

2010-11	2011-12	2012-13	2013-14	2014-15
0.82	0.75	0.79	0.95	1.01

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

2010-11	2011-12	2012-13	2013-14	2014-15
Not Rated	Not Rated	1 YR: \$415,010 3 YR: \$641,892	1 YR: -\$948,898 3 YR: -\$533,888	1 YR: \$244,849 3 YR: -\$704,049

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:

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

2010-11	2011-12	2012-13	2013-14	2014-15
2.12	3.40	1.47	-0.26	-0.03

The debt service coverage ratio indicates a school's ability to cover its debt obligations in the current year. The preferred result is greater than 1.1.

SUMMARY AND OVERALL RATING

Odyssey Charter School

Year	1a	1b	1c	1d	2a	2b	2c	2d	OVERALL RATING
10-11	M	M	M	M	NR	M	NR	M	Meets Standard
11-12	M	M	M	M	NR	M	NR	M	Meets Standard
12-13	D	M	M	M	M	M	M	M	Meets Standard
13-14	F	D	D	M	F	D	F	D	Does Not Meet Standard
14-15	M	D	M	F	F	F	F	D	Falls Far Below Standard