Financial Framework Report

LAS AMÉRICAS ASPIRA ACADEMY

Reporting Period: July 1, 2017 to June 30, 2018

Published: January 11, 2019

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

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
0.87	1.51	1.31	3.12	3.58

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)

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
30	84	79	75	66

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

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
105%	105%	102%	105%	105%

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

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
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

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
1 YR: 5.57%	1 YR: 14.44%	1 YR: 7.9%	1 YR: -14.33%	1 YR: -4.36%
3 YR: 10.45%	3 YR: 11.4%	3 YR: 9.61%	3 YR: 1.31%	3 YR: -4.09%

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.

School Response To Rating:

LAAA secured $21MM bond financing in July 2016 to refinance its existing mortgage and support an $11.5MM construction and renovation of the school building, which allowed us to grow to a 125,000 sq. ft. school to accommodate 900 students. LAAA also used $1.15MM of its operating funds to cover the remaining construction, equipment and furniture costs in FY18. GASB 65 accounting standards requires LAAA to recognize $1.04MM of interest on its long-term debt. By backing out the overall $2.19 MM from our expenses, the total margin increases to 9.16% and the three-year aggregate increases to 8.83%, thus a rating of “Meets Standard."

Measure 2b. Debt to Asset Ratio:

Total Liabilities divided by Total Assets

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
0.57	0.8	0.76	0.95	0.96

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.

School Response To Rating:

Total Liabilities = $23,706,150 and Total Assets = $24,667,449. As of FY18, LAAA was in its first full year of long-term debt service ($22MM in bonds payable as of June 30, 2018), which was a result of its bond financing in July 2016. The preferred result for this metric is <.90, and LAAA is at .96; however, we will continue to pay down the debt which has a maximum annual debt service (MADS) of $1.3MM.

Measure 2c. Cash Flow

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
1 YR: $-122148	1 YR: $1013507	1 YR: $270903	1 YR: $558355	1 YR: $-83247
3 YR: $-150188	3 YR: $891359	3 YR: $1284410	3 YR: $829258	3 YR: $475108

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.

School Response To Rating:

LAAA used $1.15MM of its operating funds to cover the remaining construction, equipment and furniture costs in FY18. We ended the year with just a deficit spend of $83K, which shows our success in securing additional funding through local grants and donations. We successfully completed a wonderful school expansion, which will allow us to accommodate the education of 900 students in a beautiful and welcoming facility, which was formally a warehouse. Our ability to operate in the black for the previous six years enabled our continued school facility and enrollment expansion that shows LAAA's ability to manage its resources and finances.

Measure 2d. Debt Service Coverage Ratio:

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

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
2.06	1.23	3.14	0.06	1.1

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

3. FINANCIAL MANAGEMENT AND OVERSIGHT

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
M	M	M	M	M

This measures 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

Las Américas Aspira Academy

Year	1a	1b	1c	1d	2a	2b	2c	2d	3	OVERALL RATING
2013-2014	F	D	M	M	M	M	F	M	M	Meets Standard
2014-2015	M	M	M	M	M	M	M	M	M	Meets Standard
2015-2016	M	M	M	M	M	M	M	M	M	Meets Standard
2016-2017	M	M	M	M	F	AS	M	AS	M	Meets Standard
2017-2018	M	M	M	M	F	AS	AS	M	M	Meets Standard