



Financial Framework Report

ACADEMY OF DOVER CHARTER SCHOOL

Reporting Period: July 1, 2015 to June 30, 2016

Published: September 23, 2016

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:

Audited Financial Statements Current Assets divided by Current Liabilities

2011-12	2012-13	2013-14	2014-15	2015-16
1.09	1.01	2.34	1.15	1.44

The current ratio measures a school's ability to pay its obligations over the next twelve months. A current ratio of greater than 1.0 indicates that the school's current assets exceed its current liabilities, thus indicating ability to meet current obligations. A ratio of less than 1.0 indicates that the school does not have sufficient current assets to cover the current liabilities and is not in a satisfactory position to meet its financial obligations over the next 12 months.

Measure 1b. Days Cash:

Audited Financial Statements Unrestricted Cash divided by (Total Expenses / 365)

2011-12	2012-13	2013-14	2014-15	2015-16
27	22	60	49	50

The unrestricted days cash on hand ratio indicates how many days a school can pay its expenses without another inflow of cash.

Measure 1c. Enrollment Variance:

Actual Enrollment as of September 30 divided by Authorized Enrollment

2011-12	2012-13	2013-14	2014-15	2015-16
85%	94%	103%	97%	95%

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.

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

2011-12	2012-13	2013-14	2014-15	2015-16
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:

Audited Financial Statements Net Income divided by Total Revenue.

2011-12	2012-13	2013-14	2014-15	2015-16
Not Rated	1 YR: -1.87% 3 YR: 0.31%	1 YR: 8.23% 3 YR: 3.08%	1 YR: 14.19% 3 YR: 7.52%	1 YR: 4.44% 3 YR: 9.20%

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.

Measure 2b. Debt to Asset Ratio:

Audited Financial Statements Total Liabilities divided by Total Assets

2011-12	2012-13	2013-14	2014-15	2015-16
2.49	2.67	1.64	0.95	0.75

The debt to asset ratio compares the school’s liabilities to its assets. Simply put, the ratio demonstrates what a school owes against what it owns. A lower debt to asset ratio generally indicates stronger financial health.

Measure 2c. Cash Flow

2011-12	2012-13	2013-14	2014-15	2015-16
Not Rated	1 YR: -\$33,380 3 YR: \$78,416	1 YR: \$352,730 3 YR: \$319,350	1 YR: -\$74,674 3 YR: \$278,056	1 YR: -\$5,901 3 YR: -\$80,575

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:

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

2010-12	2012-13	2013-14	2014-15	2015-16
N/A	N/A	N/A	N/A	N/A

The debt service coverage ratio indicates a school’s ability to cover its debt obligations in the current year. This school does not have any debt service.

SUMMARY AND OVERALL RATING

Academy of Dover Charter School

Year	1a	1b	1c	1d	2a	2b	2c	2d	OVERALL RATING
11-12	M	D	D	M	NR	F	NR	NA	D
12-13	D	D	D	M	D	F	D	NA	D
13-14	M	M	M	M	M	F	M	NA	M
14-15	M	D	M	M	M	D	D	NA	D
15-16	M	M	M	M	M	M	F	NA	M