



# Financial Framework Report

## FIRST STATE MONTESSORI ACADEMY

Reporting Period: July 1, 2016 to June 30, 2017

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*

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
N/R	N/R	3.17	3.2	3.02

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.

#### School Response To Rating : (Max 1100 Characters)

**Measure 1b. Days Cash:**

*Cash divided by (Total Expenses / 365)*

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
N/R	N/R	122	142	111

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.

**School Response To Rating : (Max 1100 Characters)**

**Measure 1c. Enrollment Variance:**

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

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
N/R	N/R	104%	104%	100.00%

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%.

**School Response To Rating : (Max 1100 Characters)**

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

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
N/R	N/R	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.

**School Response To Rating : (Max 1100 Characters)**

## 2. SUSTAINABILITY INDICATORS

### Measure 2a. Total Margin:

*Net Income divided by Total Revenue*

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
1 YR: N/R	1 YR: N/R	1 YR: 20.79%	1 YR: 11.71%	1 YR: -1.23%
3 YR: N/R	3 YR: N/R	3 YR: N/R	3 YR: N/R	3 YR: 8.85%

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 : (Max 1100 Characters)

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

*Total Liabilities divided by Total Assets*

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
N/R	N/R	0.24	0.24	0.26

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 :

### Measure 2c. Cash Flow

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
1 YR: \$N/R	1 YR: \$N/R	1 YR: \$N/R	1 YR: \$473528	1 YR: \$274519
3 YR: \$N/R	3 YR: \$N/R	3 YR: \$N/R	3 YR: \$N/R	3 YR: \$748047

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 : (Max 1100 Characters)**

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

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

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
N/R	N/R	N/R	N/R	N/R

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

**School Response To Rating : (Max 1100 Characters)**

### 3. FINANCIAL MANAGEMENT AND OVERSIGHT

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
N/R	N/R	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.

**School Response To Rating : (Max 1100 Characters)**

## SUMMARY AND OVERALL RATING

### First State Montessori Academy

Year	1a	1b	1c	1d	2a	2b	2c	2d	3	OVERALL RATING
2014-2015	M	M	M	M	N/R	M	N/R	N/R	M	Meets Standard
2015-2016	M	M	M	M	N/R	M	N/R	N/R	M	Meets Standard
2016-2017	M	M	M	M	AS	M	M	N/R	M	Meets Standard