

IV. FINANCIAL PERFORMANCE

4.1 Financial Performance

Note: Please utilize the hyperlink in this sentence for more information about the [Financial Performance Framework](#).

Financial Performance Framework Ratings	Near Term Indicators				Sustainability Indicators				Financial Management and Oversight	Overall Rating
	Current Ratio	Days Cash	Enrollment Variance	Default, Loan Covenants, & Debt Service Payments	Total Margin	Debt Asset Ratio	Cash Flow	Debt Service Coverage Ratio		
Year	1a	1b	1c	1d	2a	2b	2c	2d	3	
2015-2016	M	M	M	M	D	M	F	N/R	M	Meets Standard
2016-2017	M	M	M	M	M	M	M	N/R	M	Meets Standard
2017-2018	M	M	AS	M	M	M	M	N/R	M	Meets Standard
2018-2019	M	M	AS	M	M	M	M	N/R	M	Meets Standard

DOE Summary:

Gateway Lab Charter School has maintained an overall rating of meets standard for the past three years on the Financial Performance Framework. The school has met all measures as assessed by the Financial Performance Framework metrics excluding cash flow (2c) in SY 15/16.

a) School's financial performance over the current charter term

School Comments 2017-2018	<p>Gateway Lab School has received a rating of Meets Standard overall with a rating of Approaching Standard in 1c – Enrollment Variance. There are a number of measures that the current administration is taking to increase and steady enrollment:</p> <ul style="list-style-type: none"> • Clearly define the school’s mission and core values internally and externally • Reinforce our school mission to staff and ensure that teachers, paras and specialists are provided with the ongoing professional development and assessment needed to implement our program with fidelity • Create marketing and communications that provides a clear understanding of our arts-integrated curriculum
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	<ul style="list-style-type: none"> • Share student success stories (past and present) along with student growth data to stakeholders and prospective families • Communicate with our families by classroom and school-wide on a consistent basis and evaluate parent/guardian satisfaction via a mid-year survey <p>Engage internal and external stakeholders in our school-wide strategic planning taking place in SY201892019</p>
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School Comments 2016-2017	GLS has met standards in all areas of Financial Performance.
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b) Financial practices that the school has implemented to improve the school's financial outcomes

School Comments 2017-2018	Strong financial oversight has been a practice at GLS since its inception. We will continue with our current budget planning and process. Acting HOS, Catherine Dolan negotiated a 15% reduction in our current lease agreement that will remain steady for two years. The Board has re-established the Finance Committee this school year. The committee will be involved in review of the schools current financial practices to maximize efficiencies and to plan for sufficient funding of the school’s strategic plan. Additionally, the Board has established a Building Search in anticipation of a move in the next couple of years with an eye toward finding an economical, long-term solution.
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School Comments 2016-2017	Strong financial oversight has been a practice at GLS since its inception. We will continue with our current budget planning and process. Acting HOS, Catherine Dolan negotiated a 15% reduction in our current lease agreement that will remain steady for two years. The Board has re-established the Finance Committee this school year. The committee will be involved in review of the schools current financial practices to maximize efficiencies and to plan for sufficient funding of the school’s strategic plan. Additionally, the Board has established a Building Search in anticipation of a move in the next couple of years with an eye toward finding an economical, long-term solution.
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c) Indicator measure where school did not meet standard or is approaching standard

School Comments
2017-2018

1. NEAR TERM INDICATORS

Measure 1c. Enrollment Variance:

Actual Enrollment as of September 30 divided by Authorized Enrollment

2017-2018

88%

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:

The Gateway Lab School Board and Administration is aware of the enrollment variance and is implementing practices internally and externally (as shared above) to bring our enrollment to >100% for the 2019-2020 school year. There was a further decline in enrollment for the current school year (2018-2019), due to administrative turnover and the reasons mentioned previously. We believe that the enrollment and retention strategy that we are implementing will be instrumental in increasing and retaining enrollment.

School Comments
2016-2017

School comments for SY 16/17 can be found at:
<https://www.doe.k12.de.us/Page/2654>

School Comments
2015-2016

School comments for SY 15/16 can be found at:
<https://www.doe.k12.de.us/Page/2654>

a. Describe the school's Financial performance over the current charter term (This section is for the school to address any overall rating where the school has not met standards. The school will be able to address individual metrics in the sections below.)

Gateway Lab School achieved an overall rating of Meets Standard for its Financial Performance Framework for SY 2018-2019. The school has maintained a Meets Standard rating over the current charter term due to vigilant oversight by the Administration and Board. The costs to keep our class sizes small and to ensure that our students have the appropriate support as mandated by their Needs Based classification is heavy, however necessary to provide our students with the resources they need for success and to meet federal and state requirements. The school has been able to meet the needs of our students while accumulating a healthy contingency of upwards of \$1 million dollars.

b. Identify changes to Financial practices that the school has implemented to improve the school's financial outcomes.

Strong financial oversight has been a practice at GLS since its inception. We will continue with our current budget planning and process. In 2018, Head of School, Catherine Dolan negotiated a 15% reduction in our current lease agreement that will remain steady for two years. An Expansion Committee has been formed and the Board is preparing to purchase a property or find a more affordable lease option at the end of our current lease. An analysis provided by a local commercial lender projected that the school could save between 30-50% of our building operating costs by purchasing a facility versus leasing. The savings would be instrumental in helping us to make our teacher salaries more competitive and increase our retention rate. Gateway has continually maintained a healthy contingency. It has provided a reassuring cushion through times that we have had difficulty meeting our enrollment targets. We will continue to spend conservatively and continue the practice of building our contingency with the prior year's surplus funds.

c. Address any measure where school did not meet standard or is approaching standard

Achieving 100% student enrollment is our leading goal. As we mentioned in our 2017-18 response to Measure 1c. Enrollment Variance, school leaders continue to implement practices internally and externally to bring our actual enrollment in line with our approved enrollment. While our enrollment numbers are stagnant from 2018-2019 to 2019-2020, we saw considerably less student attrition in 2018-2019. Some grades produced waitlists (5 & 7) while we continue to be challenged in filling our 3rd grade seats. As a part of the school's strategic plan, we are seeking approval to expand to grades K-2 over the next five years. We feel strongly that the Gateway model will be appealing to parents of Primary students who are struggling and identified as needing additional support. Filling the lower elementary grades will help to create a natural progression of students that will be more likely to continue their education at GLS through 8th grade. We have expanded our marketing efforts to include theatre marketing, billboard marketing and direct mail and increasing our social media presence. The school holds weekly "drop-in" Open House tours every Wednesday from 10am-12pm in addition to our scheduled Open House days. We hear frequently that we are the "Best Kept Secret" in Delaware. Over the last school year and going forward we are meeting regularly with local legislators, and community advocates to educate them about Gateway Lab School and the work we do with children. In the coming months, we will be sharing stories from our Alumni students, many who have returned to tell us about the success they are experiencing in high school and college, which they attribute to their education and time at GLS.

Performance Agreement

Financial Performance Expectations

Gateway Lab School's overall financial rating is Meets Standard. Each year, we will be on track to demonstrate economic viability and achieve our financial performance expectation. This progress will be monitored through our annual performance review.

DOE Summary:

In SY17/18, Gateway Lab Charter School received an overall financial rating of Meets Standard.

School Comments 2017-2018

Strong financial oversight has been a practice at GLS since its inception. We will continue with our current budget planning and process. Acting HOS, Catherine Dolan negotiated a 15% reduction in our current lease agreement that will remain steady for two years. The Board has re-established the Finance Committee this school year. The committee will be involved in review of the schools current financial practices to maximize efficiencies and to plan for sufficient funding of the school's strategic plan. Additionally, the Board has established a Building Search in anticipation of a move in the next couple of years with an eye toward finding an economical, long-term solution.

School Comments 2016-2017

To maintain our compliance with standards, we periodically undertake reviews of all contracted services and operational spending. In doing so, we are mindful that we must align staff skills and attributes with Gateway's high-needs population.

Note: This data element was included in SY 16/17 for direct school reporting. School information regarding the performance agreement for SY 14/15 and SY 15/16 can be found in their overall annual report at <https://www.doe.k12.de.us/Page/2654>

How the school developed and implemented a corrective action plan in response to audit findings (if applicable)

DOE Summary:

Not Applicable.

School Comments 2017-2018

N/A

School Comments 2016-2017	<p>As recommended by a recent specific audit of our P-card practices, we will undertake a periodic additional review of the Executive Director's P-Card usage by one or more members of the GLS board on no less than a quarterly basis. This additional oversight will ensure a proper separation of duties and reporting lines for review of financial transactions. Our current P-card record-and-receipt-keeping practices were deemed adequate in the P-card audit.</p> <p>Our full financial audit was conducted by Barbacane Thornton and Company. The key findings of the audit were as follows:</p> <ul style="list-style-type: none"> • GLS' Net Position reflects an ending balance of \$427,503 - an increase over prior year; • GLS' Governmental Funds reflect ending balance of \$877,223 - an increase over prior year; • GLS has no debt; • The auditor did not identify any material deficiencies in internal controls; • The GLS financial statements present its financial position fairly, in all material respects; and • The audit report was submitted to the State by the September 30, 2017 deadline.
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School Comments 2015-2016	
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d. Discuss the school's financial performance based on its approved Performance Agreement.

Strong financial oversight has been a practice at GLS since its inception. We will continue with our current budget planning and process. In 2018, Head of School, Catherine Dolan negotiated a 15% reduction in our current lease agreement that will remain steady for two years. An Expansion Committee has been formed and the Board is preparing to purchase a property or find a more affordable lease option at the end of our current lease. An analysis provided by a local commercial lender projected that the school could save between 30-50% of our building operating costs by purchasing a facility versus leasing. The savings would be instrumental in making our teacher salaries more competitive and increase our retention rate. Gateway has continually maintained a healthy contingency. It has provided a reassuring cushion through times that we have had difficulty meeting our enrollment targets. We will continue to spend conservatively and continue the practice of building our contingency with the prior year's surplus funds.

e. Describe how the school developed and implemented a corrective action plan in response to audit findings (if applicable).

Not Applicable

f. As appendices, please provide the following documents:

Appendix 11 Summary of Findings from Independent Audits (if applicable)

Appendix 12 Final Fiscal Year 2018 Revenue & Expenditure Budget Report in the prescribed Department format

Appendix 13 Approved preliminary Fiscal Year 2019 Budget in the prescribed Department format

Appendix 14 Fiscal Year 2018 Audited Financial Statements (if final report is not available, a draft version is acceptable until final version is completed)

Appendix 15 Five-year budget projections sheets and budget narrative based on both 100% projected enrollment 80% projected enrollment. (Note: If the projected enrollment is increasing or decreasing by 5% or more over the term of the charter, please include a separate written justification for the modification request as well as budget documents reflecting the new enrollment figures.)