



# Financial Framework Report NEWARK CHARTER SCHOOL

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

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
4.5	3.69	3.08	3.08	3.03

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)**

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### Measure 1b. Days Cash:

*Cash divided by (Total Expenses / 365)*

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
169	181	168	174	181

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.

**DOE Rating Information :**

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

**Measure 1c. Enrollment Variance:**

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

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
100%	100%	100%	100%	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%.

**DOE Rating Information :**

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

**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.

**DOE Rating Information :**

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

## 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: 3.2%	1 YR: 6.9%	1 YR: 0.81%	1 YR: 0.33%	1 YR: 4.74%
3 YR: 5.99%	3 YR: 6.67%	3 YR: 3.54%	3 YR: 2.46%	3 YR: 2.04%

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.

**DOE Rating Information :**

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

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

*Total Liabilities divided by Total Assets*

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
0.79	0.78	0.79	0.78	0.75

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.

**DOE Rating Information :**

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

**Measure 2c. Cash Flow**

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
1 YR: \$1647386	1 YR: \$1630163	1 YR: \$1172598	1 YR: \$1517170	1 YR: \$629048
3 YR: \$3427654	3 YR: \$3277549	3 YR: \$2802761	3 YR: \$2689768	3 YR: \$2146218

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.

**DOE Rating Information :**

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

**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
1.74	2.3	1.3	1.24	2.03

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

**DOE Rating Information :**

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

**3. FINANCIAL MANAGEMENT AND OVERSIGHT**

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

This measure 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.

**DOE Rating Information :**

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

**SUMMARY AND OVERALL RATING**

**Newark Charter School**

Year	1a	1b	1c	1d	2a	2b	2c	2d	3	OVERALL RATING
2013-2014	M	M	M	M	M	M	M	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	M	M	M	M	M	Meets Standard
2017-2018	M	M	M	M	M	M	M	M	M	Meets Standard