Core Question 2: Is the organization in sound fiscal health?

The Financial Performance Framework, outlined in Core Question 2, gauges both near term financial health and longer term financial sustainability while accounting for key financial reporting requirements.

2.1. Short-term Health: Does the school demonstrate the ability to pay its obligations in the next 12 months?		
Indicator Targets	Does not meet standard	The school does not meet standard on 2 or more of the five sub-indicators shown below.
	Approaching standard	The school approaches standard for all 5 sub-indicators shown below, OR meet standard on 3 sub-indicators, while approaching on the remaining 2 OR meets standard on 4 sub-indicators, while not meeting standard for the final sub-indicator.
	Meets standard	The school meets standard for 4 sub-indicators shown below, while approaching standard on the final sub-indicator.
	Exceeds standard	The school meets standard for all 5 sub-indicators.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
2.1 Rating	**2013-14**	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	DNMS						

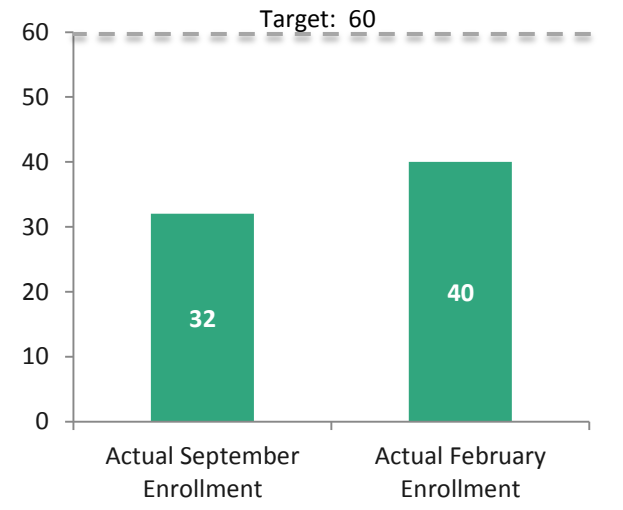
	Sub-indicator	Sub-indicator targets		Result	Rating
Sub-indicator Ratings	Enrollment Ratio	DNMS	Enrollment ratio is less than or equal to 89%	53%	DNMS
		AS	Enrollment ratio is between 90 – 98%		
		MS	Enrollment ratio equals or exceeds 99%		
	February Enrollment Variance	DNMS	Enrollment ratio is less than or equal to 89%	125%	MS
		AS	Enrollment ratio is between 90 – 95%		
		MS	Enrollment ratio equals or exceeds 95%		
	Current Ratio	DNMS	Current ratio is less than or equal to 1.0	.44	DNMS
		AS	Current ratio is between 1.0 – 1.1		
		MS	Current ratio equals or exceeds 1.1		
	Days Cash on Hand	DNMS	Days cash on hand is less than or equal to 30	5	DNMS
		AS	Days cash on hand is between 30-45		
		MS	Days cash on hand equals or exceeds 45		
	Debt Default	DNMS	Default or delinquent payments identified	Meets	MS
		MS	Not in default or delinquent		

Hope Academy **did not meet standard** for Core Question 2.1 for the 2013-14 school year.

Based on data from the September 2013 count day, the school did not meet the enrollment targets stated in its charter agreement, enrolling 32 students. Enrollment increase by eight students to 40, as indicated by the February Enrollment Variance calculation. As a result, the school **did not meet standard** for the enrollment ratio and **met standard** for the February Enrollment Variance.

The school had fewer current assets than current liabilities (those due in the next 12 months) and as a result **did not meet standard** for this sub-indicator.

Enrollment Variance Ratio

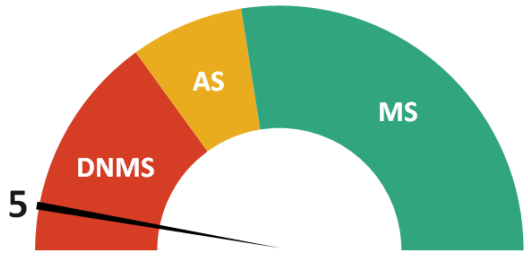


Hope Academy ended the year with 5 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2014, the school would have been able to operate for 5 more days.

As a result, the school **did not meet standard** for this indicator.

Finally, the school successfully met its debt obligations based on the information that Blue and Company, the school's auditor, provided. The school's creditors did not provide any communication to indicate anything to the contrary. Since the school **did not meet standard** for three out of five of the sub-indicators, it **did not meet standard** for core question 2.1.

Days Cash on Hand



2.2. Long-term Health: Does the organization demonstrate long-term financial health?		
Indicator Targets	Does not meet standard	The school does not meet standard on any of the 3 sub-indicators **OR** meets standard on 1 sub-indicator but does not meet standard on the remaining 2.
	Approaching standard	The school meets standard on 2 of the sub-indicators while not meeting on the third, **OR** approaches standard on all 3 sub-indicators.
	Meets standard	The school meets standard on 2 of the sub-indicators and approaches standard on the third.
	Exceeds standard	The school meets standard for all 3 sub-indicators.

2.2 Rating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	MS						

Sub-indicator ratings	Sub-indicator	Sub-indicator targets		Result	Rating
	Aggregate Three-Year Net Income	DNMS	Aggregate 3-year net income is negative.	$75,657 (aggregate) $360,835 (current year)	MS
		AS	Aggregate 3-year net income is positive, but most recent year is negative.		
		MS	Aggregate three year net income is positive, and most recent year is positive.		
	Debt to Asset Ratio	DNMS	Debt to Asset ratio equals or exceeds .95	.85	MS
		AS	Debt to Asset ratio is between .9 - .95		
		MS	Debt to Asset ratio is less than or equal to .9		
	Debt Service Coverage (DSC) Ratio	DNMS	DSC ratio is less than or equal to 1.05	N/A	N/A
		AS	DSC ratio is between 1.05-1.2		
		MS	DSC ratio equals or exceeds 1.2		

Hope Academy **met standard** for Core Question 2.2 for the 2013-14 school year.

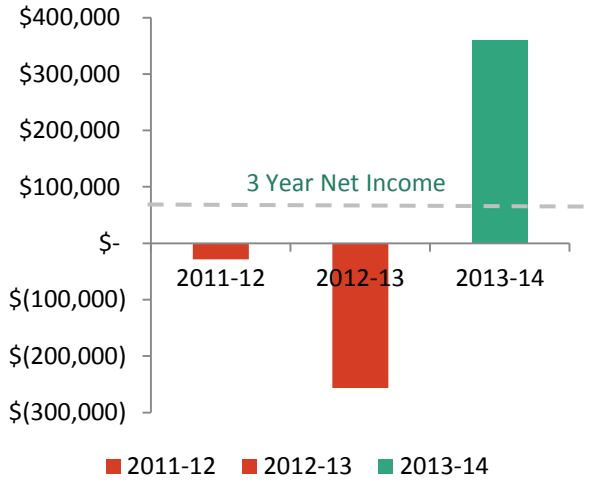
The school **met standard** for the net income sub-indicator. It had an aggregate three-year net income of **$75,657** and a current year net income of **$360,845.**

The school also **met standard** on the debt to asset ratio sub-indicator. The school had a ratio of **.85** meaning that its total assets exceeded its total debts.

Hope Academy **did not meet standard** for thesub-indicator regarding debt to asset ratio due tothe school's debts exceeding its assets.

Finally, the school had no long-term liabilities. Therefore, it was not necessary to calculate the debt service coverage ratio.

Three-Year Net Income



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2.3. Does the organization demonstrate it has adequate financial management and systems?		
Indicator Targets	Does not meet standard	The school does not meet standard on 1 of the sub-indicators.
	Approaching standard	The school meets standards on 1 sub-indicator, but approaches standard for the remaining sub-indicator.
	Meets standard	The school meets standard on both sub-indicators.

2.3 Rating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	MS						

Sub-indicator Ratings	Sub-indicator	Sub-indicator targets		Result	Rating
	Financial Audit	DNMS	The school receives an audit with multiple, significant deficiencies, materials weakness, or has an ongoing concern.		MS
		AS	The school receives a clean audit opinion with few significant deficiencies noted, but no material weaknesses.		
		MS	The school receives a clean audit opinion.		
	Financial Reporting Requirements	DNMS	The school fails to satisfy financial reporting requirements.		MS
		AS	The school satisfies all financial reporting requirements.		

Hope Academy **met standard** for Core Question 2.3 for the 2013-14 school year.

The school met standard for its annual accrual based audit because it received a clean audit report with no material weaknesses or significant deficiencies. The school met standard for all of its reporting requirements, and the school's auditors issued their report November 30, 2014.