

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.

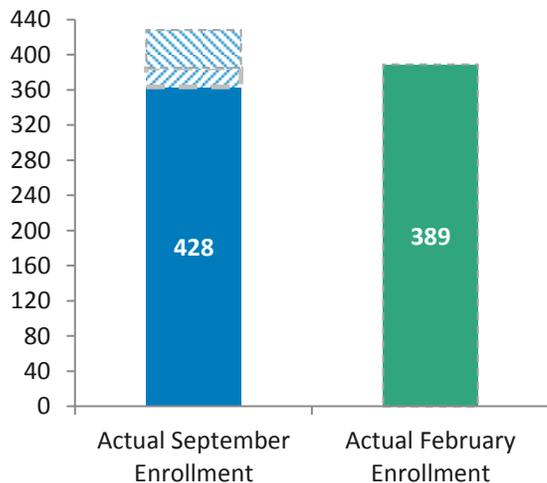
2.1. Short-term Health: Does the school demonstrate the ability to pay its obligations in the next 12 months?

Indicator Targets	Does not meet standard	The school does not meet standard on one of the sub-indicators.				
	Approaching standard	The school meets standards on one sub-indicator, but approaches standard for the other sub-indicator				
	Meets standard	The school meets standard on both sub-indicators				
Sub-indicator Ratings	Sub-indicator	Sub-indicator targets		Result	Rating	
	Enrollment Ratio	DNMS	Enrollment Ratio is less than or equal to 84.9%		90.1%	MS
		AS	Enrollment Ratio is between 85% - 89.9%			
		MS	Enrollment Ratio equals or exceeds 90%			
	Days cash on Hand	DNMS	Days cash on hand is less than or equal to 30		1	DNMS
		AS	Days cash on hand is between 30-45			
MS		Days cash on hand equals or exceeds 45				

Enrollment Variance Ratio

Based on data from the September 2013 count day, the school met standard for the enrollment targets stated in its performance framework. The school did, however, suffer some attrition. As of September 2013, the school had 428 students enrolled. By February 2014, it had 389 students enrolled. On the whole, the attrition can be attributed to the transient nature of the student population attending Arlington Community High School as well as the uncertainty regarding the future of the school.

Arlington Community High School ended the year with 1 day 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 1 more day. As a result, the school **Did Not Meet Standard** for this indicator.



Since the school **Met Standard** for one sub-indicator and **Did Not Meet Standard** for the other sub-indicator, it **Did Not Meet Standard** for Core Question 2.1.

Days Cash on Hand



2.2. Does the organization demonstrate it has adequate financial management and systems?

Indicator Targets	Does not meet standard		The school does not meet standard on one of the sub-indicators	
	Approaching standard		The school meets standards on one sub-indicator, but approaches standard for the remaining sub-indicators	
	Meets standard		The school meets standard on all sub-indicators.	
Sub-indicator Ratings	Sub-indicator	Sub-indicator targets		Rating
	Financial Audit	DNMS	The school receives an audit with multiple significant deficiencies, materials weakness, or has an ongoing concern	DNMS
		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.	DNMS
		MS	The school satisfies all financial reporting requirements.	
	SIG Funding Requirements	DNMS	Fails to satisfy School Improvement Grant requirements as determined by the IDOE	MS
		MS	Satisfies all School Improvement Grant requirements as determined by the IDOE	

Arlington High School received an unqualified audit opinion. Its audit was consolidated with that of the charter schools ran by Tindley Accelerated Schools but did contain supplemental financial statements that were specific to Arlington Community High School. The consolidated audit contained both material weaknesses or significant deficiencies in the financial statements. Crowe Horwath completed the school's audit. The findings can be summarized as follows:

- 1) Lack of controls over financial reporting: The network had to make multiple adjustments to the journal entries which led the auditors to believe that there was a material weakness in the financial statements.
- 2) Lack of managerial oversight of outsourced bookkeepers: The network of schools did not document review of journal entries performed by the outsourced bookkeeping firm
- 3) Failure to prepare an adequate schedule of expenditures of federal awards: The list of federal awards provided by the network of schools to the auditors did not include the mandatory Catalog of Federal Domestic Assistance (CFDA) numbers



Based on these results, the school **Does Not Meet Standard** for its financial audit.

With regard to financial reporting requirements, the school **Did Not Meet Standard**. The Mayor's Turnaround Academy Master Calendar of Reporting Requirements, which was shared with schools at the beginning of the 2013-14 school year, required the submission of five financial documents. Of that total, Arlington Community High School staff ultimately submitted all documentation; however, it was often submitted late. As a result, Arlington Community High School **Did Not Meet Standard** for financial reporting requirements.

Lastly, the school **Meets Standard** for its SIG (School Improvement Grant) funding requirements. This rating is based solely on the SIG evaluation completed by the Indiana Department of Education.

In summary, the school **Did Not Meet Standard** for this indicator because it met standard on one sub-indicator and did not meet standard on two sub-indicators.