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. Since opening its flagship high school in 2004, Tindley Accelerated Schools has grown to a network of five schools (Tindley Summit opened in school year 2014-15). In the 2013-2014 school year, it served approximately 1,100 students under its charters with the Mayor's office. Central office support services, including special education services, student assessment, accountability, operations, facilities management, finance and accounting, human resources, technology, safety/security, fund development and external relations, are housed at the network level, and expenditures are distributed to each of the schools. Tindley is currently authorized to open two additional elementary schools. The network anticipates that the feeder pattern established through its growth model will support a more sustainable financial infrastructure over time.

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.					
School Rating	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**
	2011-12	2012-13	**2013-14**	2014-15	2015-16	2016-17	2017-18
	Not available	AS	**MS**				
Sub-indicator Ratings	Sub-	Sub-indicator targets				Result	Rating
	Enrollment Ratio	DNMS	Enrollment ratio is less than or equal to 89%			100%	MS
		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%			95%	AS
		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			1.82	MS
		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			79	MS
		AS	Days cash on hand is between 30-45				
		MS	Days cash on hand equals or exceeds 45				

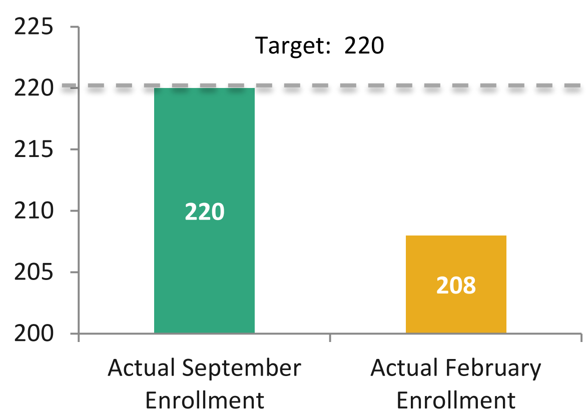
	Debt Default	DNMS	Default or delinquent payments identified	Meets	MS
		MS	Not in default or delinquent		

Tindley Accelerated is **meeting standard** for Core Question 2.1 for the 2013-14 school year.

Based on data from the September 2013 count day, the school met the enrollment targets stated in its charter agreement, enrolling 220 students. By February, enrollment dropped to 208, as indicated by the Enrollment Variance calculation. As a result, the school met standard for the enrollment ratio and approached standard for the February Enrollment Variance. Tindley Accelerated's enrollment, and thus per-pupil revenue, is expected to significantly increase over time as students matriculate from the network's two middle schools.

The school had more current assents than current liabilities (those due in the next 12 months). Thus, it **met standard** for the current ratio sub-indicator.

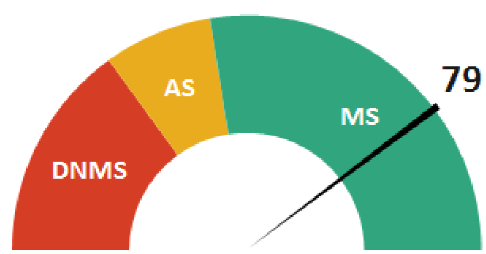
Enrollment Variance Ratio



Tindley Accelerated ended the year with 79 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 79 more days. Based on this data, the school **met standard** for this indicator.

Finally, the school successfully met its debt obligations based on the information that Crowe Horwath, the school's auditor, provided. Furthermore, there have been no negative communications from the school's lenders. Since the school met standard for all but one of the sub-indicators in core question 2.1, it **met standard** for this section of the core question.

Days Cash on Hand



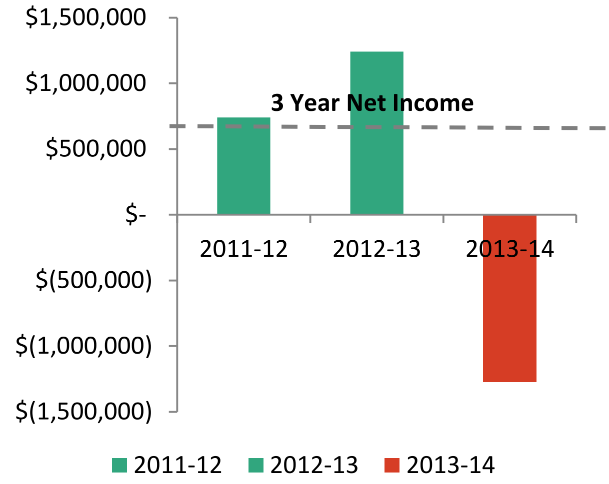
2.2. Long-term Health: Does the organization demonstrate long-term financial health?							
Indicator Targets	Does not meet standard	The school does not meet standard on any of the 3 sub-indicators **OR** meets standard on 1 sub-indicator but does not meet standard on the remaining 2.					
	Approaching 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.					
School Rating	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**
	2011-12	2012-13	**2013-14**	2014-15	2015-16	2016-17	2017-18
	Not available	ES	**DNMS**				
Sub-	Sub-	Sub-indicator targets				Result	Rating
	Aggregate Three-Year	DNMS	Aggregate 3-year net income is negative.			$704,468 (aggregate) -$1,275,495 (current year)	AS
		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			.82	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			-2.97	DNMS
		AS	DSC ratio is between 1.05-1.2				
		MS	DSC ratio equals or exceeds 1.2				

The school approached standard for the net income sub-indicator. It had an aggregate three-year net income of **$704,468** and a negative net income of **-$1,275,495** for fiscal year ending June 30, 2014.

The school also met standard on the debt to asset ratio sub-indicator. The school had a ratio of .**82** meaning that its total assets exceeded its total debts.

Lastly, the school did not meet standard for debt service coverage (DSC). It had a debt service coverage ratio of -2.97 because it generated a negative net income in the 2013-14 fiscal year that was insufficient to meet the requirements of its debt payable for the 2014-15 school year. The school's debt for the 2014-15 school year is $212,289 that is payable by June 30, 2015. Its total outstanding long-term debt, maturing in 2033, is **$5,702,791**.

Three-Year Net Income



<table>
<tr><th colspan="8">2.3. Does the organization demonstrate it has adequate financial management and systems?</th></tr>
<tr><td rowspan="3">Indicator Targets</td><td>Does not meet standard</td><td colspan="6">The school does not meet standard on 1 of the sub-indicators.</td></tr>
<tr><td>Approaching standard</td><td colspan="6">The school meets standards on 1 sub-indicator, but approaches standard for the remaining sub-indicator.</td></tr>
<tr><td>Meets standard</td><td colspan="6">The school meets standard on both sub-indicators.</td></tr>
<tr><td rowspan="3">School Rating</td><td>Year 1</td><td>Year 2</td><td>Year 3</td><td>Year 4</td><td>Year 5</td><td>Year 6</td><td>Year 7</td></tr>
<tr><td>2011-12</td><td>2012-13</td><td>2013-14</td><td>2014-15</td><td>2015-16</td><td>2016-17</td><td>2017-18</td></tr>
<tr><td>Not available</td><td>DNMS</td><td>DNMS</td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="6">Sub-indicator Ratings</td><td>Sub-indicator</td><td colspan="5">Sub-indicator targets</td><td>Rating</td></tr>
<tr><td rowspan="3">Financial Audit</td><td>DNMS</td><td colspan="4">The school receives an audit with multiple significant deficiencies, materials weakness, or has an ongoing concern.</td><td rowspan="3">DNMS</td></tr>
<tr><td>AS</td><td colspan="4">The school receives a clean audit opinion with few significant deficiencies noted, but no material weaknesses.</td></tr>
<tr><td>MS</td><td colspan="4">The school receives a clean audit opinion.</td></tr>
<tr><td rowspan="2">Financial Reporting Requirements</td><td>DNMS</td><td colspan="4">The school fails to satisfy financial reporting requirements.</td><td rowspan="2">MS</td></tr>
<tr><td>MS</td><td colspan="4">The school satisfies all financial reporting requirements.</td></tr>
</table>

Tindley Accelerated received a rating of **does not meet standard** for Core Question 2.3 for the 2013-14 school year.

In their review of the Tindley network, auditors found a material weakness as well as two significant deficiencies in the school's financial statements. Details of the report, which was published on April 14, 2015 can be found on the Indiana State Board of Accounts (ISBOA) website here. The school responded proactively to the auditor's findings, deciding to "try an in-house solution with robust accounting software better suited to a mult-school structure" (from audit schedule of findings). Tindley Accelerated ultimately **met standard** for its reporting requirements.