

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. During fiscal year 2014-15, Indiana Math and Science Academy--South commenced its second year of operations. Donovan CPA's, the school's auditor, conducts a separate audit for each Indiana Math and Science Academy school within the network. This accountability report reflects disaggregated calculations of Indiana Math and Science Academy—South's financial position *only*.

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
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	DNMS	AS					
Sub-indicator Ratings	Sub-	Sub-indicator targets				Result	Rating
	Enrollment Ratio	DNMS	Enrollment ratio is less than or equal to 89%			101%	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%			91%	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			1.16	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			30	AS
		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					

Indiana Math and Science Academy-South (IMSA South) received a rating of **Approaching Standard** for Core Question 2.1 because it approached standard for two sub indicators.

At the September 2014 Count Day, the Indiana Department of Education (IDOE) indicated that school had 285 students enrolled. This is 101% of the 280 students that the school promised the community it would serve in its charter contract.

Though the school **met standard** for enrollment at its September count day, it struggled to retain all students from September through February. The school **approached standard** for its February Enrollment Variance. This sub-indicator is calculated by dividing the number of students enrolled in the school on the February 2015 Count Day conducted by the Indiana Department of Education divided by the number of students enrolled at the time of the September 2014 Count Day. IDOE indicated that the school had 258 students enrolled at the February Count Day. This represents 91% of the number of students enrolled at the time of the September Count Day.

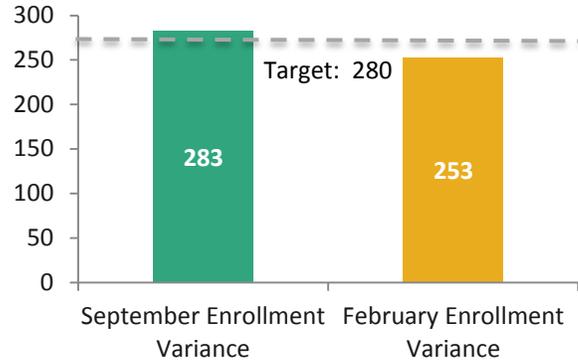
With regard to its current ratio, the school **met standard** meaning that it had current assets (cash or other assets that can be accessed in the next 12 months) that exceeded its current liabilities (debt obligations due in the next 12 months) by 10% or more.

Additionally, the school ended the year with 30 days cash on hand and **approached standard** for this sub-indicator. Days cash on hand is an important measure of a charter school’s fiscal health because it indicates how many more days the school would have been able to operate at its seem spending levels without receiving a tuition support payment from IDOE.

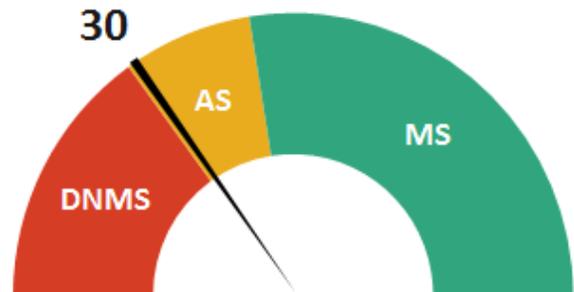
Lastly, the school **met standard** for debt default. This metric is determined by both the auditors’ comments in the audited financial statements and contact with the school’s creditors. In the case of Indiana Math and Science Academy-South, the school does not have any long term debt obligations.

Based on the summary of these sub-indicator ratings, Indiana Math and Science Academy-South received a rating of **Approaching Standard** for Core Question 2.1.

Enrollment Variance Ratio



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
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	DNMS	AS					
Sub-indicator Ratings	Sub-	Sub-indicator targets				Result	Rating
	Aggregate Three-Year Net Income	DNMS	Aggregate 3-year net income is negative.			\$130,228 (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			1.04	DNMS
		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	MS
		AS	DSC ratio is between 1.05-1.2				
		MS	DSC ratio equals or exceeds 1.2				

Indiana Math and Science Academy-South received a rating of **Approaching Standard** for Core Question 2.2.



Core Question 2: Financial Performance Framework Indiana Math and Science Academy-South

The school **met standard** for the net income sub-indicator. It had a current year net income of **\$130,228**. 2014-15 was the school's second year of operations. Therefore, it was not possible to calculate the aggregate three year net income.

The school **did not meet standard** for the debt to asset ratio sub-indicator. The school had a ratio of 1.04 meaning that it had 4% more debts than it had assets for the 2014-15 fiscal year.

Lastly, the school has no long-term maturities or capital leases. So, it was not necessary to calculate the debt service coverage ratio. It should be noted, however, that the school does have significant operating leases.

Given that Indiana Math and Science Academy-South received a rating of **does not meet standard** for one of sub-indicators that were evaluated, it receives a rating of **Approaching Standard** for Core Question 2.2.

Three-Year Net Income



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.					
School 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	MS					
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.				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
		MS	The school satisfies all financial reporting requirements.				

Indiana Math and Science Academy-South received a rating of **Meets Standard** for Core Question 2.3 for the 2014-2015 school year. The school **met standard** for its clean audit from Donovan that contained no significant deficiencies or material weaknesses. It should be noted, however, that the school received several audit comments that can be summarized as follows:

- Textbook Reimbursement: Some documentation for free and reduced lunch students was missing.
- Cash receipts and deposits: The school delayed multiple cash deposits by between 5 and 26 days
- Vendor disbursements: The school paid \$410 in sales tax (public charter schools are tax exempt).

The initial draft of its audit was submitted on November 30, 2015, meeting the deadline set by OEI.

The school submitted 77% of its financial documents in a timely manner. Therefore, the school **met standard** for this sub indicator.

Because the school **met standard** on both sub indicators, it receives a rating of **Meets Standard** for Core Question 2.3 for the 2014-2015 school year.