

Appendix A

Financial Performance Framework

Board Strategic Plan Objective: All charter holders in the portfolio are viable organizations with strong fiscal management practices.

1. NEAR-TERM INDICATORS

1a. Going Concern

Meets Standard:

The most recent audit reporting package does not include explanatory paragraph in Independent Auditor's Report or disclosure in the notes to the financial statements

Does Not Meet Standard:

No "Does Not Meet Standard" target established for this measure

Falls Far Below Standard (in one of two ways):

Independent Auditor's Report for the most recent audit reporting package includes an explanatory paragraph and disclosure is included in notes to the financial statements

or

Disclosure included in notes to the financial statements for the most recent audit reporting package, but no modification to Independent Auditor's Report

1b. Unrestricted Days Liquidity: $(\text{Unrestricted Cash} + \text{Other Sources of Liquidity}^*) \div (\text{Total Expenses}/365)$

* "Other Sources of Liquidity" is defined as available balances from any sources of liquidity other than cash that are disclosed in the annual audit reporting package and may include, but not be limited to, lines of credit.

[Note: The Classroom Site Fund cash carryover balance at June 30th would be considered restricted cash and, therefore, would be removed as part of identifying a charter holder's unrestricted cash as of June 30th.]

Meets Standard:

30 or more days liquidity

Does Not Meet Standard:

At least 15 days liquidity but fewer than 30 days liquidity

Falls Far Below Standard:

Fewer than 15 days liquidity

1c. Default: Defined as in True Default on Obligations

Meets Standard:

Charter holder is not in default on material loans

Does Not Meet Standard:

No "Does Not Meet Standard" target established for this measure

Falls Far Below Standard:

Charter holder is in default on material loans

2. SUSTAINABILITY INDICATORS

2a. Net Income: Total Revenues less Total Expenses

Meets Standard:

Net income is greater than or equal to \$1

Does Not Meet Standard:

Net income is zero or negative

Falls Far Below Standard:

No "Falls Far Below Standard" target established for this measure

2b. Cash Flow: One-Year Cash Flow = Current Year Total Cash less Prior Year Total Cash

Meets Standard:

Three-year cumulative cash flow is positive

Does Not Meet Standard:

Three-year cumulative cash flow is negative

Falls Far Below Standard:

No "Falls Far Below Standard" target established for this measure

2c. Fixed Charge Coverage Ratio: $(\text{Change in Net Assets}^* + \text{Depreciation} + \text{Amortization} + \text{Interest Expense} + \text{Lease Expense}) / (\text{Current Portion of Long-Term Debt and Capital Leases} + \text{Interest} + \text{Lease Expense})$

* Net Income After Tax would be used when calculating the ratio for for-profit charter holders.

Meets Standard:

Fixed Charge Coverage Ratio is equal to or exceeds 1.10

Does Not Meet Standard:

Fixed Charge Coverage Ratio is less than 1.10

Falls Far Below Standard:

No "Falls Far Below Standard" target established for this measure