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ACTION MEMORANDUM

TO:	SPCSA Board
FROM:	Mike Dang, Manager of Organizational and Financial Performance
SUBJECT:	Recommendations Under the SPCSA Financial Performance Framework for FY22:
DATE:	August 25, 2023

Overview

At the Authority's board meetings on March 3, May 19, June 23, and July 28 SPCSA staff have cumulatively presented analysis and recommendations for 35 of the Authority's 38 charter schools[1] regarding their Fiscal Year Ending June 30, 2022 (FY 22) independent financial audits.

Today, SPCSA staff present its findings and recommendations for the final three schools submitting their financial audits for the fiscal year ending June 30, 2022. This includes the Doral Academy of Nevada (Doral), Pinecrest Academy of Nevada (Pinecrest), and Pinecrest Academy of Northern Nevada (PANN).

[1] The recommendation memorandum from March 3, 2023 states that recommendations were made for 30 schools. However, during the March 3, 2023 board meeting, SPCSA staff asked the Authority to table the rating and recommendations pertaining to one school, Democracy Prep at the Agassi Campus. The rating for Democracy Prep at the Agassi Campus was subsequently adopted during the May 19, 2023 board meeting.

Background

The following background information was initially provided at the March 3, 2023, SPCSA Board Meeting when the Authority reviewed the performance and ratings for most sponsored charter schools.

As the Authority is aware, NAC 387.775 requires that all public charter schools undergo an annual financial audit conducted by an independent third party. These audits must be submitted to governing boards no later than November 1 of each calendar year, and subsequently must be submitted to the SPCSA by December 1 of each year.

The results of these annual audits are then analyzed against the SPCSA Financial Performance Framework, which is a critical tool in evaluating a charter school's financial well-being, health, and performance as part of ongoing monitoring. Charter schools manage their finances consistent with state and federal law; however, the SPCSA is responsible for ensuring that sponsored schools are financially stable and meeting the SPCSA board-approved financial performance standards. Ultimately, these standards are intended to ensure that schools are financially healthy and that the financial position of the school is not jeopardizing its ability to operate and effectively serve students in both the short and long-term.

As a reminder, the SPCSA Financial Performance Framework includes eight indicators, four aimed at assessing the near-term health of a school and four aimed at assessing the long-term sustainability and viability of a school. These indicators are as follows:

Near Term Indicators	Sustainability Indicators
Current Ratio	Total Margin and Aggregated Three-Year Total Margin
Unrestricted Days Cash-On-Hand Ratio (UDCOH)	Debt to Asset Ratio
Enrollment Variance[2]	Cash Flow
Debt (or Lease) Default	Debt or Lease Service Coverage Ratio

For each indicator, schools receive one of three ratings: Meets the Standard (MS), Does Not Meet the Standard (DNMS), or Falls Far Below Standard (FFBS).

As stated in the SPCSA Financial Performance Framework Technical Guide, poor financial performance measure ratings may result in intervention by the SPCSA. Generally, a school with a financial framework profile results that include at least one indicator rated at Falls Far Below Standard and/or at least three indicators rated at Does Not Meet the Standard may be recommended to enter the intervention process.

The Authority has three levels of intervention when schools do not meet financial standards. These levels are as follows: Notice of Concern, Notice of Breach, and Notice of Intent to Terminate. It is important to note that the SPCSA considers the academic, financial, and organizational performance of a charter school, including any past or current notices, when determining whether to approve a request for an amendment to its charter contract (NRS 388A.276 and NAC 388A.400). Additionally,

[2] Enrollment Variance was adopted by the Authority at its June 25, 2021, board meeting for FY 23. As such, no results for FYE 22 will be presented. This leaves a total of seven indicators being reported for FY22.

past performance, including any past or current notices is considered when determining whether to renew a charter contract (NRS 388A.285).

Analysis

Upon receipt of each audit[2], SPCSA staff presented preliminary ratings against the SPCSA's Financial Performance Framework to each school and provided an opportunity for each school to respond and provide any additional, pertinent information.

As part of SPCSA staff's review of independent financial audits, SPCSA staff took into consideration a unique circumstance which was outlined in the memorandum to the Authority on March 3, 2023. First, the SPCSA experienced delays in providing timely grant reimbursements to schools during FY22, in part due to the significant influx of federal emergency grant funds. In some cases, these delays may have resulted in a school audit reporting less cash on hand than would have otherwise been available at the end of the fiscal year. SPCSA staff determined the amount of reimbursement that should have been paid by the end of the fiscal year, and how to appropriately account for this under the framework, typically by adding to the cash account the amount that is removed from the accounts receivable account. Consequently, this approach was incorporated into all impacted calculations within the framework.

Second, the Financial Performance Framework technical guide, as adopted by the Authority provides for a possible adjustment to a school's rating in the event that the school makes a large capital investment that results in a decline in the cash balance or other unique circumstances. In the case of Pinecrest and PANN, additional information was presented that has been incorporated into these ratings as is further detailed within this memorandum.

Finally, in the case of all three schools, the auditors identified numerous material weaknesses and a significant deficiency as part of their independent financial audit. A material weakness has been defined as "a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis." A significant deficiency has been defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the company's financial reporting." While the Financial Performance Framework evaluates the financial health of schools, audit findings would typically be reflected under the Organizational Performance Framework which includes a measure related to the financial management and oversight of the school. SPCSA staff will monitor this school as it works to resolve these deficiencies or findings. Significant audit findings may be considered should a school seek a contract amendment and/or renewal and SPCSA staff may recommend further action in the future for schools with significant audit findings.

Proposed motions can be found below, along with details regarding the financial performance each of school.

[2] The PANN audit was received on July 17, 2023, the Doral audit was received on July 28, 2023, and the Pinecrest Audit was received on August 11, 2023.

Proposed Motions

1. **Adopt the Financial Performance Framework results presented for the schools listed in Appendix A for fiscal year 2022 for all indicators except the Enrollment Variance measure, which was not rated.**

2. **Issue a Notice of Concern under the Financial Performance Framework to Pinecrest Academy of Northern Nevada, require the school to develop and submit a financial improvement plan, and require the school to provide quarterly updates regarding the implementation of the improvement plan.**

The remainder of this memorandum presents the following items.

1) Schools Recommended for a Notice of Concern: Pinecrest Academy of Northern Nevada

2) Other schools: Doral Academy of Nevada, Pinecrest Academy of Nevada

Appendix A: New Financial Performance Framework Results

Appendix B: Previously Approved Financial Performance Framework Results

1. <u>Schools Recommended for a Notice of Concern: Pinecrest Academy of Northern Nevada</u>

Pinecrest Academy of Northern Nevada

Current Ratio	Unrestricted Days Cash on Hand	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow	Debt/Lease Service Coverage Ratio
MS	DNMS	NR	MS	DNMS	FFBS	MS	MS

The preliminary FY22 ratings for PANN showed Falls Far Below Standards (FFBS) ratings for two measures (Unrestricted Days Cash on Hand and Debt to Asset Ratio) as well as Does Not Meet the Standard (DNMS) ratings for three measures (Total Margin, Cash Flow, and Debt/Lease Service Coverage Ratio). However, information provided by the PANN team resulted in some adjustments to the measures, which are reflected in the table above and discussed below. Despite these adjustments, in accordance with the Financial Performance Framework Technical Guide, with at least one Fall Far Below Standards rating, SPCSA staff is recommending that a Notice of Concern be issued to Pinecrest Academy of Northern Nevada.

The Unrestricted Days Cash on Hand measure addresses the question of how many days a school can continue to pay its bills based on the amount of available cash and on its average daily expenses. The preliminary calculations showed that the school had only 5.2 days of cash. However, the school pointed out the final Pupil Centered Funding Plan (PCFP) payment of FY22 which should have received on June 30th was mistakenly deposited by the state into the account of their sister school Pinecrest of Nevada. As a result, PANN did not receive its PCFP payment until July, after the last day of FY22. After taking this information into consideration, and giving the school a credit of the payment amount of $500,000 for the ratings purposes, the school showed that it had 22 days of cash. The standard for a school in its second year, like PANN, is that it should have at least 30 days of unrestricted days of cash on hand, enough cash to cover its expenses for a month. Nevertheless, this adjustment was enough to move the rating from Falls Far Below Standard to Does Not Meet the Standard.

The total margin measure is similar to a net income. It shows the amount to which the revenues the school received exceeded the expenses. In the case of PANN, the school had a loss of $842,000[3] in FY22. This margin indicates the extent to which the school is managing its operations in such a way as to not spend more than it receives. In the case of PANN, the school's expenses for FY22 were greater than the revenues, resulting in a deficit for the year, a net loss, raising concerns about the school's ability to operate within its means.

Regarding the school's Debt to Asset measure, according to the Financial Performance Framework Technical Guide, charter schools are supposed to keep their debt levels at less than 90% of their assets. When schools carry debt of over 90% of their assets they are becoming more highly leveraged. When they go over 100% they are considered by many to be overleveraged. The

[3] As discussed in detail on pages 6-7 of this memorandum, this amount is after the school explained and showed staff that the new auditors reclassified $2.1m of what would formerly have been the school's revenue as now being the Pinecrest Academy of Northern Nevada Foundation's (component unit's) revenue.

school's debt to asset ratio was just over 110%, resulting in the Falls Far Below Standards rating. Given that the school's debt is associated with its facility, it may take a while for the school to pay down the principal portion of its debt to the point where the Debt to Asset ratio is below 100% and into the range for a Does Not Meet the Standard rating. Then it would likely take several more years to get the Debt to Asset ratio into a Meets the Standard range where the debt is less than 90% of the school's assets.

It is worth noting that information provided by the school also resulted in adjustments to the Cash Flow measure and Debt/Lease Service Coverage Ratio measure.

Regarding the Cash Flow measure, this measure compares changes in a school's end of year cash balances as a sign of a school's financial health and well-being. In evaluating this measure, the Financial Performance Framework calls for calculating both the one-year cash flow and the multi-year cash flow over a three-year period. The one-year cash flow compares whether the most recent year's ending cash balance was greater than the prior year's ending cash balance, as of June 30th for each year.

Based on the information contained within the PANN audit, the school saw its ending cash balance decline from $440,000(rounded) in FY21 to an ending cash balance of $156,000 in FY22, for a one-year cash flow decline of -$284,000. Stated another way, the audit showed a 65% decline in the school's end of year cash balance from FY21 to FY22. The multi-year cash flow compares whether the most recent year's ending cash balance was greater than the ending cash balance two years prior, as of June 30th for each year. As PANN opened in the 2020-21 school year, the school's first audit was for FY21, so the multi-year (3 year) cash flow is not considered. In accordance with the Financial Performance Framework, schools showing negative cash flow for both the one-year and multi-year calculation are rated as Falls Far Below Standard, whereas schools showing negative cash flow for either the one-year or multi-year calculation are rated as Does Not Meet the Standard.

PANN provided information to SPCSA staff that the significant decline in the end of year cash balance was due primarily to the delay in the final FY22 Pupil Centered Funding Plan payment in the amount of $500,000 as discussed above. SPCSA staff's review noted that if the $500,000 PCFP payment for PANN had been wired into PANN's account on June 30th instead of into its sister school's account on June 30th, then the school would have received a Meet Standards rating instead of a Does Not Meet the Standard rating for its Cash Flow rating. Staff note that multi-year cash flow is not applicable to PANN until a school's third year of operations. Consequently, the SPCSA looks solely to the one-year Cash Flow measure for this year 2 school.

Regarding the Debt/Lease Service Coverage Ratio measure, this measure is an indicator of the school's ability to cover its debt or long-term lease obligations. This ratio measures the degree to which a school can pay facility principal and interest due or lease payments based on the current year's net income and available cash. The Debt/Lease Service Coverage Ratio threshold for governments is typically 1.10. The threshold sets a bar of how high the net funds should be to ensure that the entity has more than enough to pay its recurring debt obligations.

Initial calculations resulted in a Debt/Lease Service Coverage Ratio of 1.21 for PANN. However, the PANN team pointed out that the school's new auditor reclassified $2.1 million of what would formerly have been the school's revenue to be part of the Pinecrest Academy of Northern Nevada Foundation's (component unit's) revenue. Staff noted that the bulk of this accounting transaction was a $2,882,470 "Loss on financing arrangement" on the books of the school and the apparent other side of this accounting activity, a $2,882,470 "Gain on Disposition of Assets" on the books of the foundation. With other accounting activity on the foundation's books, under this approach by the new auditors, this transaction resulted in a $2.1 million net revenue to the foundation. In the prior accounting treatment these two figures would have zeroed each other out. Because of the accounting treatment here, though, showing the loss on the school's side and the equivalent amount as a gain on the foundation's side, the school bears only the loss side of what might have been before a neutral accounting treatment. Because the relationship of the school and its component unit are legally so close and because the school's books carry one side of the transaction, the cost side of the transaction in the exact same amount as the other side of the transaction on the school's foundation's books, the revenue side of the transaction, for the purpose of the Debt/Lease Service Coverage Ratio calculation, staff have applied the $2.1 million net revenue amount to the school's account for this fiscal year.

This does not mean staff disagree with the auditors or agree with the school. Rather, staff acknowledge that for the affected measures to be meaningful, it requires a consistent treatment from one year to the next. Thus, staff believe it is appropriate to adjust the Debt/Lease Service Coverage rating for FY22 to "Meets the Standard," as shown above.

Finally, the auditor also identified multiple findings within the PANN FY22 audit. The auditor noted financial reporting material weaknesses as the annual financial statements including that reports were inconsistent, presented inaccurate classifications, missed required disclosures, and did not properly address new GASB statements. The auditor went on to note that accounting personnel did not have adequate training to prepare financial statements without significant assistance, and that the auditors were required to make multiple restatements and material adjustments. The following list is a small portion and representative of the types of findings and weaknesses identified by the auditors of PANN:

- Inaccurate and Inconsistent Financial Statement Reporting
- Failure to maintain proper internal control over financial statement reporting, including adherence to generally accepted accounting principles (GAAP).
- Inaccurate classification of net position and fund balance in the annual financial statements.
- Misclassification of an internal use fund as a Special Revenue Fund.
- Missed identification of a component unit.
- Failure to include required disclosures in the financial statements.
- Incorrect classification of other financing sources in the general fund.
- Recording of accounts payable as long-term debt.
- Failure to capitalize an elected purchase option for a lease.
- Insufficient addressing of new Governmental Accounting Standards Board (GASB) Statements.
- Restatements and adjustments required due to these issues.
- Lack of appropriate segregation of duties for recording journal entries and approving payables within the accounting system.
- Non-adherence to internal control policies for various aspects including noncapital property tracking, bank reconciliations, expenditures, payroll, and reporting to the Board of Directors.
- System controls inadequacy leading to improper segregation of duties for certain personnel when posting journal entries or processing payables.
- Existing internal control policies for inventory, purchase orders, payroll, account reconciliations, and reporting not being consistently followed.

- Risk of material misstatements due to potential errors or fraud not being prevented or detected.
- Insufficient maintenance of supporting documentation beyond bank deposits to describe the nature, amount, or period of earned revenue in the student activity fund.
- Sole significant control being a bank reconciliation for the student activity fund, leading to potential incompleteness or inaccuracies.
- Possibility of deposits (revenue) in the student activity fund not reflecting the complete and actual amount earned.
- Error or fraud vulnerability prior to deposit preparation not being prevented or detected.

Because the final FY22 financial audit for PANN included specific findings and identified deficiencies, SPCSA staff will conduct ongoing monitoring under the Organizational Performance Framework to monitor the school's progress in resolving the deficiencies and findings. PANN will be asked to provide a status update on resolving these matters as part of quarterly financial statements submitted to the SPCSA.

In conclusion, given that the school earned one Falls Far Below Standards rating and two Does Not Meet the Standard ratings, SPCSA staff recommends that the Authority issue a Notice of Concern.

SPCSA staff recommends that the Authority issue PANN a Notice of Concern, require the school develop and submit a financial improvement plan with SPCSA staff, and require the school to provide a status update on implementing the improvement plan when it submits its quarterly financial statements to the SPCSA. The improvement plan should include an update on how the identified material weaknesses described in the FY22 audit are being resolved.

2. **<u>Other schools: Doral Academy of Nevada, Pinecrest Academy of Nevada</u>**

Doral Academy of Nevada

Current Ratio	Unrestricted Days Cash on Hand	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow	Debt/Lease Service Coverage Ratio
MS	MS	NR	MS	MS	MS	MS	MS

Doral Academy of Nevada earned Meets the Standard ratings for all seven of the seven measures being rated for the fiscal year of 2022. The Enrollment Variance was not rated for FY22 for any of the SPCSA schools.

The auditor identified multiple findings within the Doral FY22 audit. The auditor noted financial reporting material weaknesses as the annual financial statements including that reports were inconsistent, presented inaccurate classifications, missed required disclosures, and did not properly address new GASB statements. The auditor went on to note that accounting personnel did not have adequate training to prepare financial statements without significant assistance, and that the auditors were required to make multiple restatements and material adjustments. The following list is a small portion and representative of the types of findings and weaknesses identified by the auditors:

- Inconsistent and inaccurate presentation of net position and fund balance in the annual financial statements.
- Misclassification of a fund as a Special Revenue Fund, which led to incorrect reporting.
- Failure to include required disclosures in the annual financial statements.
- Lack of proper addressing of new Governmental Accounting Standards Board (GASB) Statements in the financial statements.
- Insufficient training and knowledge of government financial statements and standards among accounting personnel.
- Reliance on auditors for the preparation of full disclosure financial statements in accordance with GAAP.
- Multiple restatements and reclassifications needed due to errors in the initial financial statements.
- Need for adjustments under GASB Statement No. 87 related to leases.
- Lack of appropriate segregation of duties for recording journal entries and approving payables within the accounting system.
- Failure to adhere to internal control policies for various aspects including noncapital property tracking, bank reconciliations, expenditures, payroll, and reporting to the Board of Directors.
- Inadequate system controls resulting in personnel having excessive authority in recording and approving financial transactions.
- Internal control policies exist for inventory, purchase orders, payroll, account reconciliations, and reporting, but these controls are not consistently followed.
- Risk of material misstatements, whether from error or fraud, due to the absence of preventive and detective measures.
- Inconsistent and inaccurate presentation of net position and fund balance in the annual

financial statements.
- Misclassification of a fund as a Special Revenue Fund, which led to incorrect reporting.

Because the final FY22 financial audit for Doral included specific findings and identified deficiencies, SPCSA staff will conduct ongoing monitoring under the Organizational Performance Framework to monitor the school's progress in resolving the deficiencies and findings. Doral will be asked to provide a status update on resolving these matters as part of quarterly financial statements submitted to the SPCSA.

Pinecrest Academy of Nevada

Current Ratio	Unrestricted Days Cash on Hand	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow	Debt/Lease Service Coverage Ratio
MS	MS	NR	MS	MS	DNMS	DNMS	MS

The preliminary FY22 ratings for Pinecrest showed a Debt to Asset Ratio rating of Does Not Meet the Standard (DNMS) and a Cash Flow rating of Falls Far Below Standard (FFBS), along with five Meets the Standard (MS) ratings and the Enrollment Variance not being rated for FY22. However, based on information provided by Pinecrest, SPCSA staff has adjusted the Cash Flow measure.

The Cash Flow measure compares changes in a school's end of year cash balances as a sign of a school's financial health and well-being. In evaluating this measure, the Financial Performance Framework calls for calculating both the one-year cash flow and the multi-year cash flow over a three-year period. The one-year cash flow compares whether the most recent year's ending cash balance was greater than the prior year's ending cash balance, as of June 30th for each year.

Based on the information contained within the Pinecrest audit, the school saw the ending cash balance decline from $42 million in FY21 to an ending cash balance of $21 million in FY22, for a one-year cash flow of -$21 million. Stated another way, the audit showed a 50% decline in the school's end of year cash balance from FY21 to FY22. The multi-year cash flow compares whether the most recent year's ending cash balance was greater than the ending cash balance two years prior, as of June 30th for each year. Pinecrest saw the ending cash balance decline from $35 million in FY20 to an ending cash balance of $21 million in FY22, for a multi-year cash flow of -$14 million. In accordance with the Financial Performance Framework, schools showing negative cash flow for both the one-year and multi-year calculation are rated as Falls Far Below Standard, whereas schools showing negative cash flow for either the one-year or multi-year calculation are rated as Does Not Meet the Standard.

However, the Financial Performance Framework provides for situations where the generated rating may not tell the full story or may under- or over-state the financial health of a school. The Financial Performance Framework technical guide provides that the SPCSA board may consider whether a decline in cash was justifiable. For example, if the decline was the result of a school board's decision to invest the school's funds in a certain manner such as a capital project, the board may consider this in its final ratings determinations.

Pinecrest Academy of Nevada provided information to SPCSA staff that the significant decline in the end of year cash balance was due primarily to two factors: 1) capital investments in the school's facilities and 2) an accounting reclassification by the school's new auditor.

With regard to the capital investments, Pinecrest provided evidence of $9.5 million in facilities investments that were made at the governing board's direction.

With regard to the accounting reclassification, the school had selected a new auditor in compliance with the state audit guide requiring schools to change auditors after being with the same auditor for six years. SPCSA staff reviewed information provided by the school, namely the audit including the auditor's requested reclassification of $10.5 million of funds the school had shown as restricted cash on its books. The auditors requested it be shown as restricted cash on the Pinecrest Academy Foundation's books.

When taking these two Pinecrest items into account, totaling, $20 million, $9.5m for facilities investment and $10.5m in reclassification of funds, staff's review noted that if the reclassified funds had stayed on the school's books, then the school would have received a Does Not Meet the Standard rating instead of a Falls Far Below Standards rating. Specifically, if the $20 million had remained on the school's books instead of being used for facilities and reclassified then the multi-year cash flow would have shown a $6m multi-year increase. This does not mean staff disagree with the auditors or agree with the school. Rather, staff acknowledge that for the Cash Flow measure to be meaningful, it requires a consistent treatment from one year to the next. Given both the facilities investment and the fact that a significant portion of the decline in cash balance was due to an accounting change and not an operating change, staff believe it is appropriate to adjust the Cash Flow Rating for FY22 to "Does Not Meet the Standard," as shown above.

The auditor also identified multiple findings within the Pinecrest FY22 audit. The auditor noted financial reporting material weaknesses as the annual financial statements including that reports were inconsistent, presented inaccurate classifications, missed required disclosures, and did not properly address new GASB statements. The auditor went on to note that accounting personnel did not have adequate training to prepare financial statements without significant assistance, and that the auditors were required to make multiple restatements and material adjustments. The following list is a small portion and representative of the types of findings and weaknesses identified by the auditors:

- Management's responsibility for establishing and maintaining an effective system of internal control over financial statement reporting.
- Requirement for full disclosure financial statements prepared according to GAAP without needing audit adjustments.
- Issues identified with the annual financial statements prepared by management, including inconsistency, inaccurate classification of restricted cash, net position, and fund balance, missed identification of a component unit, missed required disclosures, presenting an internal use fund as a Special Revenue Fund, and lack of proper response to new GASB Statements.
- Inadequate training and processes for government financial statements and standards, leading to lack of proper preparation by accounting personnel.
- Need for auditor assistance to ensure compliance with GAAP and resulting restatements and adjustments.
- Management's responsibility for establishing and maintaining effective internal control over financial reporting, including proper segregation of duties.

- Lack of segregation of duties allowing certain personnel to record and approve journal entries and payables without secondary approval.
- Non-adherence to internal control policies for various aspects, including noncapital property tracking, bank reconciliations, expenditures, payroll, and reporting to the Board of Directors.
- Absence of internal control policies documented for The Pinecrest Academy of Nevada Foundation.
- Recording of journal entries without secondary approval within the accounting system.
- Inadequate system controls leading to potential material misstatements due to error or fraud not being prevented or detected.
- Management's responsibility for effective internal control over financial reporting, including proper reconciliation and recording of student activity fund transactions.
- Failure to maintain supporting documentation beyond bank deposits for earned revenue in the student activity fund.
- Lack of evaluation for student activity accounts payable and accounts receivable errors, leading to overstatements, nonexistent entries, or duplication on financial statements.
- Lack of significant control beyond bank reconciliation for student activity fund, creating potential for incomplete or inaccurate reporting.

Because the final FY22 financial audit for Pinecrest included specific findings and identified deficiencies, SPCSA staff will conduct ongoing monitoring under the Organizational Performance Framework to monitor the school’s progress in resolving the deficiencies and findings. Doral will be asked to provide a status update on resolving these matters as part of quarterly financial statements submitted to the SPCSA.

Appendix A: Financial Performance Framework: (1) Doral Academy of Nevada, (2) Pinecrest Academy of Nevada, (3) Pinecrest Academy of Northern Nevada.

	School	Current Ratio	UDCOH	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow Measures	Debt Coverage Service Ratio
1	Doral	MS	MS	NR	MS	MS	MS	MS	MS
2	Pinecrest	MS	MS	NR	MS	MS	DNMS	DNMS	MS
3	PANN	MS	DNMS	NR	MS	DNMS	FFBS	MS	MS

Appendix B: Financial Performance Framework Ratings – Previously approved

	School	Current Ratio	UDCOH	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow Measures	Debt Coverage Service Ratio
1	Alpine Academy	DNMS	MS	NR	MS	DNMS	MS	MS	DNMS
2	Amplus Academy	MS	MS	NR	MS	DNMS	DNMS	MS	MS
3	Beacon Academy	MS	MS	NR	MS	MS	MS	MS	MS
4	CIVICA	FFBS	MS	NR	MS	MS	FFBS	MS	MS
5	Coral Academy of Science	MS	MS	NR	MS	MS	MS	MS	MS
6	Democracy Prep	DNMS	DNMS	NR	MS	DNMS	MS	MS	DNMS
7	Discovery Charter School	FFBS	DNMS	NR	MS	MS	MS	MS	MS
8	Doral Academy of Northern Nevada	MS	MS	NR	MS	MS	MS	DNMS	MS
9	Elko Institute for Academic Achievement	MS	MS	NR	MS	MS	MS	MS	MS
10	Equipo Academy	MS	MS	NR	MS	DNMS	MS	DNMS	MS
11	Explore Academy	FFBS	FFBS	NR	MS	DNMS	FFBS	DNMS	DNMS
12	Founders Academy	MS	MS	NR	MS	MS	MS	DNMS	MS
13	Freedom Classical Academy	MS	MS	NR	MS	MS	MS	MS	MS
14	Futuro Academy	MS	MS	NR	MS	MS	MS	MS	MS
15	GEMS (fka GALS)	MS	MS	NR	MS	DNMS	DNMS	MS	DNMS
16	Honors Academy of Literature	MS	MS	NR	MS	DNMS	MS	FFBS	DNMS
17	Imagine School at Mountain View	MS	MS	NR	MS	MS	MS	MS	MS
18	Leadership Academy of Nevada	MS	MS	NR	MS	MS	MS	DNMS	MS
19	Learning Bridge Charter School	MS	MS	NR	MS	MS	MS	MS	MS
20	Legacy Traditional School	MS	MS	NR	MS	MS	FFBS	MS	DNMS
21	Mater Academy of Nevada	MS	MS	NR	MS	MS	DNMS	MS	MS
22	Mater Academy of Northern Nevada	MS	MS	NR	MS	MS	DNMS	MS	MS
23	Nevada Connections Academy	MS	MS	NR	MS	DNMS	MS	FFBS	MS
24	Nevada Prep	MS	DNMS	NR	MS	FFBS	FFBS	MS	DNMS
25	Nevada Rise	MS	MS	NR	MS	MS	MS	MS	MS
26	Nevada State High School	MS	MS	NR	MS	MS	MS	MS	MS
27	Nevada State High School - Meadowood	MS	MS	NR	MS	MS	MS	MS	MS
28	Nevada Virtual Academy	MS	MS	NR	MS	DNMS	MS	MS	MS
29	Oasis Academy	MS	MS	NR	MS	MS	MS	MS	MS
30	Quest Academy	MS	MS	NR	MS	MS	MS	MS	MS
31	Signature Preparatory	MS	MS	NR	MS	DNMS	DNMS	MS	DNMS
32	Silver Sands Montessori School	MS	MS	NR	MS	MS	MS	MS	MS
33	Somerset Academy of Las Vegas	MS	MS	NR	MS	MS	MS	MS	MS
34	Sports Leadership and Management Academy	MS	MS	NR	MS	MS	DNMS	MS	MS
35	TEACH Academy	MS	FFBS	NR	MS	DNMS	FFBS	NR	DNMS