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MEMORANDUM

TO: SPCSA Board
FROM: Katie Broughton, Director of Authorizing
Michael Gawthrop-Hutchins, Management Analyst III
SUBJECT: Financial Performance Framework Recommendations for Fiscal Year 2024:
Sage Collegiate Public Charter School
DATE: March 7, 2025

Background

All SPCSA charter schools are evaluated on the SPCSA Financial Performance Framework (FPF). All public charter schools are required to undergo an annual financial audit conducted by an independent third-party, as outlined in [NAC 387.775](#). The results of the annual audits are then analyzed against the SPCSA Financial Performance Framework.

The SPCSA is responsible for ensuring that sponsored schools are financially stable and meet the SPCSA board-approved financial performance standards, adopted pursuant to [NRS 388A.273](#). These standards are designed to ensure schools maintain financial stability, safeguarding their ability to operate effectively and serve students both now and in the future.

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

As stated in the SPCSA [Financial Performance Framework Technical Guide](#), poor financial performance measure ratings may result in intervention by the SPCSA. A school with financial framework profile results that include at least one indicator rated Falls Far Below Standard and/or at least three indicators rated at Does Not Meet Standard is generally considered out of compliance with the Financial Performance Framework. The indicators are as follows.

	Meets Standard	Does Not Meet Standard	Falls Far Below Standard
Near Term Indicators			
Current Ratio	Greater than or equal to 1.1	Between 0.90 and 1.0	Less than 0.9
Unrestricted Days Cash-On-Hand	Y1 Schools: 15+ days Y2 Schools: 30+ days All Others: 60+ days OR between 30 and 60 days with a one-year positive trend.	Between 15-30 days OR between 30 and 60 days with a one-year negative trend.	Less than 15 days
Enrollment Variance	Y1 Schools: 90%+ Y2 Schools: 92.5%+ All Others: 95%+	Between 85% and 95%	Less than 85%
Debt or Lease Default	School is not in default of any loans or lease payments.	N/A	School is in default of a loan or lease payment.
Sustainability Indicators			
Total Margin and Aggregated Three-Year Total Margin	Current Year and Aggregated Three-Year Margins are positive.	Current Year OR Aggregated Three-Year is negative.	Current Year AND Aggregated Three-Year are negative.
Debt to Asset Ratio	Less than 0.9	Between 0.90 and 1.0	Greater than 1.0
Cash Flow	Multi-year cash flow and most recent year cash flow are positive.	Multi-year cash flow OR most recent year cash flow are negative.	Both multi-year cash flow and most recent year cash flow are negative.
Debt/Lease Service Coverage Ratio	Ratio is greater than or equal to 1.10 or school does not have outstanding loan or long-term lease.	Ratio is less than 1.10.	N/A

Any school that materially fails to comply with the Financial Performance Framework may trigger revocation proceedings should financial performance not improve. Any school identified as such is typically issued a Notice to ensure the school and its governing board are aware of the material failure to comply with the Financial Performance Framework in alignment with [NRS 388A.330](#). As a reminder, the Authority has three levels of intervention when schools do not meet organizational standards. These levels are as follows:

- Notice of Concern
- Notice of Breach
- Notice of Intent to Revoke

Sage Collegiate Public Charter School

	Current Ratio	UDCOH	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow	Debt/Lease Coverage Ratio
Metric	≥1.1	30+ days	92.5%+	None	Both positive	Less than 0.9	Both Positive	≥1.1
FY24	0.31	60.2 days	104.8%	None	Current Year: -76.1% 3-Year: N/A	1.139	Multi: N/A 1-year: Pos	-0.25
	FFBS	MS	MS	MS	DNMS	FFBS	MS	DNMS

Sage Collegiate Public Charter School earned two “Falls Far Below Standard” ratings and two “Does Not Meet Standard” ratings for Fiscal Year 2024. The school was issued a Notice of Concern for FY23, and the ratings for FY24 make the school eligible for a Notice of Breach. There is some important information to note regarding these ratings:

- The Current Ratio worsened from 0.32 in FY23 to .31 in FY24, which indicates the school’s current liabilities are greater than their current assets.
- Unrestricted Days Cash on Hand increased from 50.9 days in FY23 to 60.2 days in FY24.
- Enrollment Variance improved from 85.4% in FY23 to 104.8% in FY24.
- The Current Year Margin calculation improved from -77.9% in FY23 to -76.1% in FY24, indicating the school is still experiencing a significant loss relative to its revenue.
- The Debt to Asset Ratio increased from 1.049 in FY23 to 1.139 in FY24, which indicates the school’s debts are greater than their assets. The school borrowed \$1.75 million from Charter Asset Management, which increased their total debt.
- The One Year Cash Flow increased by \$6,922 from FY23 to FY24.
- The Debt/Lease Coverage Ratio decreased from 0.01 in FY23 to -0.25 in FY24, which indicates the revenue of the school is insufficient to cover its debt and lease obligations.

Overall, while the school saw minor improvements in the near-term indicators, several of the sustainability indicators are concerning when considering the financial future of the school.

SPCSA staff asked the school to provide additional documentation, including an explanation of the school’s short-term and long-term debt, lease agreement, and 3-year financial forecast. Those documents were reviewed as part of this analysis. The financial forecast projects an optimistic 22% increase in enrollment, which would improve the school’s financial position. However, the school’s current financial position is strained, as it is heavily leveraged and reliant on multiple loans.

Ultimately, SPCSA staff is recommending the SPCSA board elevate the school to a financial Notice of Breach.

Proposed Motion: Issue a Notice of Breach under the Financial Performance Framework to Sage Collegiate Public Charter School.