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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:
Pinecrest Academy of Northern Nevada
DATE: April 18, 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

Pinecrest Academy of Northern Nevada

	Current Ratio	UDCOH	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow	Debt/Lease Coverage Ratio
Metric	≥1.1	60+ days	95%+	None	Both positive	Less than 0.9	Both Positive	≥1.1
FY24	1.99	79.1 days	99.4%	None	Current Year: 4.1% 3-Year: 0.6%	1.10	Multi: Pos 1-year: Pos	1.99
	MS	MS	MS	MS	MS	FFBS	MS	MS

Pinecrest Academy of Northern Nevada (PANN) earned a “Meets Standard” rating in seven of the eight financial indicators. Improvements to the ratings include:

- The Unrestricted Days Cash on Hand increased from 21.4 days in FY23 to 79.1 days in FY24.
- Both the Aggregated 3-Year Margin and Current Year Margin improved from FY23 to FY24 and are positive for FY24, which indicates the school is operating within its available resources.
- The Debt to Asset ratio improved from 1.118 in FY23 to 1.10 in FY24, though this ratio indicates that the school currently has more debt than assets. This is primarily due to the bond debt structure for their facility that is in only its 2nd year of repayment, resulting in little principal reduction when compared to asset depreciation. This will change over time as more of the principal is repaid.
- The school showed a 248% increase in Cash Flow from FY23 to FY24, with a balance of over \$2 million dollars.
- The school’s Debt/Lease Service Coverage increased from FY23 to FY24, which indicates the school strengthened its ability to cover its long-term lease obligations. The bond financing for their lease is manageable compared to the school’s revenue.

PANN’s leadership and board are currently considering options regarding the bond financing, including possible refinance when the right time comes. At this time, SPCSA staff recommends continuing the financial Notice of Concern.

Proposed Motion: Continue to Notice of Concern under the Financial Performance Framework for Pinecrest Academy of Northern Nevada.