



Charter Schools Institute
The State University of New York

Renewal Fiscal Benchmarks: The education corporation accumulates unrestricted net assets that are equal to or exceed two percent (2%) of the operating budget for the upcoming year.

Unqualified Audit Opinion

Quick (Acid Test) Ratio: Total Current Assets – Prepaids / Total Current Liabilities

Score: Risk (Low ≥ 2.5 / Medium 1.0 – 2.4 / Poor < 1.0)

Rating: (Excellent ≥ 2.5 / Good 1.0 – 2.4 / Poor < 1.0)

Working Capital: Total Current Assets / Total Current Liabilities

Score: Risk (Low ≥ 3.0 / Medium 1.4 – 2.9 / High < 1.4)

Rating: (Excellent ≥ 3.0 / Good 1.4 – 2.9 / Poor < 1.4)

Debt to Asset Ratio: Total Liabilities / Total Assets

Score: (Low < 0.50 / Medium 0.51 – 0.99 / High > 1.00)

Rating: (Excellent < 0.50 / Good 0.51 – 0.99 / Poor > 1.00)

Months or Days of Cash: Unrestricted Cash on Hand / (Total Expenditures/12) or Unrestricted Cash on Hand / (Total Expenditures/365)

Risk: (Low > 3 months / Medium 1 – 3 months / Poor < 1 month)

Rating: (Excellent > 3 months / Good 1 – 3 months / Poor < 1 month)

Composite Score: Weighted Average of Reserves, Equity and Net Income

Risk: (Low 1.5 – 3.0 / Medium 1.0 – 1.4 / High -1.0 – 0.9)

Rating: (Fiscally Strong 1.5 – 3.0 / Fiscally Adequate 1.0 – 1.4 / Fiscally Needs Monitoring -1.0 – 0.9)

Charter Schools Composite Score

Ratio Methodology for Nonprofits in New York State

	Ratio	Strength Factor (cannot be <-1 or >3)	Weight	Result
<i>Primary Reserve</i>	$\frac{\text{Expendable Net Assets}}{\text{Total Expenses}}$	x 10	x .4	
<i>Equity</i>	$\frac{\text{Modified Net Assets}}{\text{Modified Assets}}$	x 6	x .4	
<i>Net Income</i>	$\frac{\text{Change in Unrestricted Net Assets}}{\text{Total Unrestricted Revenue}}$	If net income ratio result is: <0 then = 1 + (25 x Net Income ratio result) =0 then = 1 >0 then = 1 + (50 x Net Income ratio result)	x .2	

Composite Score (round to one digit after the decimal point) _____

Definitions

Expendable Net Assets	(unrestricted net assets) + (temporarily restricted net assets) - (intangible assets) - (net property, plant and equipment) * + (post-employment and retirement liabilities) + (all debt obtained for long-term purposes) ** - (unsecured related-party receivables) * The value of plant, property, and equipment is net of accumulated depreciation, including capitalized lease assets. ** The value of all debt obtained for long-term purposes includes the short-term portion of the debt, up to the amount of net property, plant, and equipment.
Total Expenses	total unrestricted expenses taken directly from the audited financial statement
Modified Net Assets	(unrestricted net assets) + (temporarily restricted net assets) + (permanently restricted net assets) - (intangible assets) - (unsecured related-party receivables)
Modified Assets	(total assets) - (intangible assets) - (unsecured related-party receivables)
Change in Unrestricted Net Assets	taken directly from the audited financial statement
Total Unrestricted Revenue	taken directly from the audited financial statement (This amount includes net assets released from restriction during the fiscal year)

Financial Responsibility Score Scale

1.5-3.0	Institution demonstrates overall financial health
1.0-1.4	Institution demonstrates minimal financial health; additional monitoring is needed in the areas of viability, liquidity and/or profitability
-1.0-.9	Institution demonstrates relative weakness in fundamental elements of financial health; i.e., viability, liquidity and/or profitability.