

NEIL ABERCROMBIE
GOVERNOR



CATHERINE PAYNE
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
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INFORMATIONAL SUBMITTAL

DATE: April 10, 2014
TO: Catherine Payne, Chairperson
FROM: Tom Hutton, Executive Director
AGENDA ITEM: Update on Financial Review of Charter Schools’ Second Quarter Financials

I. DESCRIPTION

Status update on financial review of charter schools’ second quarter financials.

II. UPDATE

As provided in the charter school contract, quarterly financial information is required from all charter schools to include balance sheet, income statement, and statement of cash flows. At the time staff provided its last update, two schools had not submitted their second quarter financial information. Information has now been received from all schools.

Information provided by the schools was for the six months ended December 31, 2013. The financial framework utilizes ratios that usually measure annual performance. As a result, the information from the schools had to be annualized and certain assumptions on income and expenses made. Overall, the charter schools are doing reasonably well, however, some schools are starting to show financial challenges. Staff will provide an in-depth analysis of the school’s financial statements at the June general business meeting.

The targeted funding approach that was approved at the February 20, 2014 Commission meeting will be used to disburse funds to the schools within the next few weeks. Staff has sent an email out to the schools, asking them to identify how they plan to use the funds in accordance with an opinion issued by the deputy attorney general assigned to the charter schools. Staff’s understanding is that teacher salaries are one of the allowable expenses, which will allow schools to use funds for operations. Staff is in the process of collecting and reviewing responses from the schools, so no distributions have been made at this time.

Exhibit 1

**Preliminary Financial Performance
for Second Quarter, Ended December 31, 2013**

Financial Performance
For the Six Months Ended December 31, 2013

Official School Name	Current Ratio Greater than or equal to 1.1	Enrollment Variance equals or exceeds 95% in the most recent year	Days Cash on Hand 60 days cash on hand	Total Margin is positive	Debt to Assets Ratio is less than .50	Cash Flow is positive	Unrestricted Fund Balance Percentage greater than 25%	Change in Total Fund Balance is positive
CONNECTIONS PUBLIC CHARTER SCHOOL	6.68	97.0%	119.01	(0.28)	0.09	664,767	53%	739,571
HAKIPU'U LEARNING CENTER	2.58	81.3%	244.98	(0.93)	0.39	63,786	50%	(22,438)
HALAU KU MANA PUBLIC CHARTER SCHOOL	42.28	100.8%	1,138.56	(0.24)	0.16	230,485	344%	(8,142)
HALAU LOKAHI CHARTER SCHOOL	0.86	77.2%	23.91	(0.73)	0.08	126,673	-1%	46,568
HAWAII ACADEMY OF ARTS & SCIENCE PUBLIC CHARTER SCHOOL (HAAS)	1.44	100.3%	389.60	0.25	0.62	1,797,399	61%	51,497
HAWAII TECHNOLOGY ACADEMY	0.16	104.5%	180.64	(0.92)	1.04	3,551,147	-3%	(229,613)
INNOVATIONS PUBLIC CHARTER SCHOOL	13.24	99.6%	287.80	7.83	0.09	549,818	74%	622,208
KA 'UMEKE KA'EO	12.57	78.6%	371.44	(0.11)	0.07	635,228	104%	7,926
KA WAIHONA O KA NA'AUAO PUBLIC CHARTER SCHOOL	3.89	101.9%	41.57	(0.26)	0.07	620,921	77%	1,149,986
KAMAILE ACADEMY, PCS	7.54	96.7%	247.30	(0.13)	0.06	2,481,076	156%	2,823,106
KANU O KA 'AINA NEW CENTURY PUBLIC CHARTER SCHOOL	2.47	107.6%	87.04	(0.45)	0.39	526,824	16%	304,701
KANUIKAPONO PUBLIC CHARTER SCHOOL	5.20	96.8%	212.90	0.17	0.34	255,934	106%	302,919
KAWAIKINI NEW CENTURY PUBLIC CHARTER SCHOOL	20.10	88.0%	105.20	(0.38)	0.01	279,519	110%	199,342
KE ANA LA'AHANA PCS	26.85	78.5%	606.12	(0.34)	0.04	314,368	162%	69,983
KE KULA 'O NAWAHIOKALANI'OPU'U IKI, LPCS	57.45	98.6%	358.80	(0.29)	0.02	1,887,672	104%	551,336
KE KULA 'O SAMUEL M. KAMAKAU, LPCS	7.10	95.7%	305.95	(0.63)	0.14	529,302	96%	172,803
KE KULA NIIHAU O KEKAHA LEARNING CENTER	5.52	108.3%	289.09	(0.70)	0.12	(38,812)	188%	(75,908)
KIHEI CHARTER SCHOOL	117.45	93.0%	327.24	0.03	0.01	1,506,544	90%	1,531,262
KONA PACIFIC PUBLIC CHARTER SCHOOL	12.42	105.2%	397.47	0.00	0.08	665,739	110%	708,839
KUA O KA LA NEW CENTURY PUBLIC CHARTER SCHOOL	33.42	88.8%	138.03	(0.17)	0.50	437,663	30%	(179,390)
KUALAPU'U SCHOOL: A PUBLIC CONVERSION CHARTER	6.53	92.6%	398.84	(0.35)	0.05	513,954	358%	403,556
KULA AUPUNI NIIHAU A KAHELELANI ALOHA (KANAKA) A NEW CENTURY PUBLIC CHARTER SCHOOL (PCS)	314.34	95.4%	200.63	(0.12)	0.00	145,355	86%	292,309
LANIKAI ELEMENTARY PUBLIC CHARTER SCHOOL	26.17	100.3%	394.62	0.35	0.03	1,155,342	129%	960,727
LAUPAHOEHOE COMMUNITY PUBLIC CHARTER SCHOOL	120.10	104.8%	334.17	0.01	0.01	477,298	115%	624,295
MYRON B. THOMPSON ACADEMY	25.92	118.0%	477.39	(0.17)	0.04	1,027,355	136%	1,095,465
NA WAI OLA (WATERS OF LIFE) PUBLIC CHARTER SCHOOL	0.91	91.4%	117.54	(0.76)	0.82	267,506	10%	(20,600)
SEEQS: THE SCHOOL FOR EXAMINING ESSENTIAL QUESTIONS OF SUSTAINABILITY	0.85	97.0%	118.64	(0.32)	0.91	(2,071,767)	4%	29,122
UNIVERSITY LABORATORY SCHOOL	19.07	98.2%	299.44	0.18	0.05	1,192,027	81%	1,352,701
VOLCANO SCHOOL OF ARTS & SCIENCES	33.42	95.9%	560.57	0.37	0.03	471,053	176%	535,472
VOYAGER: A PUBLIC CHARTER SCHOOL	1.12	108.3%	161.88	(0.01)	0.86	821,734	4%	108,047
WAIALAE ELEMENTARY PUBLIC CHARTER SCHOOL	18.39	100.4%	371.26	(0.17)	0.36	420,800	220%	2,890,902
WAIMEA MIDDLE PUBLIC CONVERSION CHARTER SCHOOL	9.28	98.9%	344.19	(0.38)	0.07	908,334	152%	455,365
WEST HAWA'I EXPLORATIONS ACADEMY	9.85	102.2%	331.41	(0.16)	0.05	311,309	189%	697,946