Core Question 2: Is the organization in sound fiscal health?

The Financial Performance Framework, outlined in Core Question 2, gauges both near-term financial health and longer-term financial sustainability while accounting for key financial reporting requirements. This accountability report reflects disaggregated calculations of the school's financial position *only* according to the annual accrual-based audit submitted to the Indiana State Board of Accounts. All past school accountability reports can be found on OEI's website.

Note: The Financial Performance Framework has been revised to include additional indicators, and for this reason, not all historical ratings are based on the listed indicator targets, and some historical ratings are not available.

Summary of Ratings							
Indicator	**Year 1 2018-19**	**Year 2 2019-20**	**Year 3 2020-21**	**Year 4 2021-22**	**Year 5 2022-23**	**Year 6 2023-24**	**Year 7 2024-25**
2.1 Short-term Health: Does the school demonstrate the ability to pay its obligations in the next 12 months?	MS	ES	ES	ES	**AS**		
2.2 Does the school demonstrate long-term financial health?	ES	ES	ES	MS	**MS**		
2.3 Does the school demonstrate it has adequate financial management and systems?	MS	Not Rated	DNMS	MS	**DNMS**		

2.1 A. Does the school demonstrate the ability to pay its obligations in the next 12 months?				
Does not meet standard	The school does not meet standard for 2 or more of the following sub-indicators: Enrollment Variance, Current Ratio, Days Cash on Hand, and Debt Default			
Approaching standard	The school approaches standard for all of the following sub-indicators: Enrollment Variance, Current Ratio, Days Cash on Hand and Debt Default OR The school meets standard for 3 of the sub-indicators and does not meet standard on the remaining sub-indicator OR the school approaches standard for two of the sub-indicators and meets standard for the remaining two sub-indicators.			
Meets standard	The school meets standard for 3 of the following sub-indicators and approaches standard for the remaining sub-indicator: Enrollment Variance, Current Ratio, Days Cash on Hand, and Debt Default			
Exceeds Standard	The school meets standard for all of the following sub-indicators: Enrollment Variance, Current Ratio, Days Cash on Hand, and Debt Default			
Sub-indicator	Sub-indicator targets		Result	Rating
Enrollment Variance	DNMS	Enrollment variance is less than 90%	101%	MS
	AS	Enrollment variance is between 90% – 94%		
	MS	Enrollment variance equals or exceeds 95%		
Current Ratio	DNMS	Current ratio is less than 1.0	0.58	DNMS
	AS	Current ratio is between 1.0 – 1.09		
	MS	Current ratio equals or exceeds 1.1		
Days Cash on Hand	DNMS	Days cash on hand is less than 30	90	MS
	AS	Days cash on hand is between 30-44		
	MS	Days cash on hand equals or exceeds 45		
Debt Default	DNMS	Default or delinquent payments identified and/or is in violation of covenants	N/A	MS
	AS	The school is in violation of covenants, but audit indicates that a waiver was granted		
	MS	Not in default or delinquent		

Basis for Rating/Additional Details

Enrollment Ratio: MBL budgeted for 645 students at the beginning of the year, coming in at 655 students on September 2022 Count Day and 668 students for February 2023 Count Day, according to data from the Indiana Department of Education. This averaged an enrollment variance of 101%.

Current Ratio: The school's current assets (cash or other assets that can be accessed in the next 12 months) does not exceed its current liabilities (debt obligations due in the next 12 months) by at least 10%. Please note that the school's current liabilities are higher than due to the note payable agreement with the BlueHub loan fund for the purchase of a second school building. As of March 2024, the note payable has been repaid and the current liabilities for MBL are now lower than current assets.

Days Cash on Hand: This measure indicates how many more days after June 30, 2023, the school would have been able to operate at its same spending levels without receiving additional funds.

Debt Default: The school met standard for the sub indicator regarding debt service coverage ratio, as it currently does not have any long-term debt on its books.

2.2. Does the organization demonstrate long-term financial health?

Does not meet standard	The school does not meet standard on any of the 3 sub-indicators **OR** meets standard on 1 sub-indicator but does not meet standard on the remaining 2.
Approaching standard	The school meets standard on 2 of the sub-indicators while not meeting on the third, **OR** approaches standard on all 3 sub-indicators.
Meets standard	The school meets standard on 2 of the sub-indicators and approaches standard on the third.
Exceeds standard	The school meets standard for all 3 sub-indicators.

Sub-indicator	Sub-indicator targets		Result	Rating
Aggregate Three-Year Net Income	DNMS	Aggregate three-year net income is negative OR Aggregate three-year net income is not available and most recent year net income is negative.	$1,349,329.00	AS
	AS	Aggregate three-year net income is positive and most recent year is negative OR Aggregate three-year net income is negative and most recent year net income is positive.		
	MS	Aggregate three-year net income is positive, and most recent year is positive.		
Debt to Asset Ratio	DNMS	Debt to Asset ratio exceeds 0.95	0.69	MS
	AS	Debt to Asset ratio is between 0.91 - 0.95		
	MS	Debt to Asset ratio is less than or equal to 0.9		
Debt Service Coverage (DSC) Ratio	DNMS	DSC ratio is less than 1.05	N/A	MS
	AS	DSC ratio is between 1.05 - 1.1		
	MS	DSC ratio equals or exceeds 1.2		

Basis for Rating/Additional Details

Aggregate Three-Year Net Income: The three-year aggregate net income for MBL is $1,349,329.00. However, because the most recent-year net income posted is negative, the school approaches standard for 2022-23.

Debt-to-Asset Ratio: The school had a ratio of 0.69, meaning that it had debts that were equivalent to 69% of its assets.

Debt Service Coverage Ratio: The school meets the standard, as it currently does not have any long-term debt.

2.3. Does the organization demonstrate that it has adequate financial management and systems?

Does not meet standard	The school does not meet standard on 1 of the sub-indicators.
Approaching standard	The school meets standards on 1 sub-indicator but approaches standard for the remaining sub-indicator.
Meets standard	The school meets standard on both sub-indicators.

Sub-indicator	Sub-indicator targets		Rating
Financial Audit	DNMS	The school receives an audit with multiple significant deficiencies, a material weakness, or has an ongoing concern.	DNMS
	AS	The school receives a clean audit opinion with few significant deficiencies noted, but no material weaknesses.	
	MS	The school receives a clean audit opinion.	
Financial Reporting Requirements	DNMS	The school fails to satisfy financial reporting requirements by submitting less than 80% of documents on-time.	MS
	MS	The school satisfies all financial reporting requirements by submitting at least 80% of documents on-time.	

Basis for Rating/Additional Details

Financial Audit: As noted by Donovan CPAs, MBL had a material weakness based on its internal financial reporting that resulted in unadjusted financial records submitted during the audit.

Financial Reporting Requirements: The school had timely submission for all financial compliance documents.