



**TENNESSEE**

PUBLIC CHARTER SCHOOL COMMISSION

**SY24-25 ANNUAL  
AUTHORIZER REPORT  
FINANCIAL UPDATE**

**APRIL 16, 2026**

# FINANCIAL PERFORMANCE & ANNUAL REPORT UPDATE

- In addition to academic and operational outcomes, financial performance is a key indicator of success for charter schools.
- The financial portion of the annual report cannot be finalized until audits are received, which typically occurs after December 31.
- A rating of “Does Not Meet Standard” on a single measure does not automatically indicate financial distress but rather signals the need for further review and discussion.
- The 24-25 annual report is now complete and is published on the Commission’s [website](#).



# FINANCIAL INDICATORS

- Financial metrics are primarily calculated using each school's audited financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB).
- Financial statements are reviewed on a consolidated basis by network, while also considering each school's individual financial position for accountability purposes.
- Each year, schools are evaluated using the Commission's Financial Performance Framework, which examines indicators that assess:
  - **Near-term financial health:** Reflects a school's ability to meet its immediate obligations and operate effectively in the coming year (for example, liquidity, cash availability, and enrollment stability).
  - **Long-term financial sustainability:** Reflects a school's ability to remain financially viable over time (for example, operating margins, debt obligations, and reserve levels).



# SY24-25 OVERALL SPF PERFORMANCE

School	Financial Section
Bluff City High School	Meets Standard
Cornerstone Prep Denver Campus	Meets Standard
Cornerstone Prep Knight Road Campus	Meets Standard
Cornerstone Prep Lester Campus	Meets Standard
Lester Prep	Meets Standard
Libertas School of Memphis	Meets Standard
Promise Academy Spring Hill	Meets Standard
KIPP Antioch College Prep Elementary	Meets Standard
KIPP Antioch College Prep Middle	Meets Standard
KIPP Antioch Global Middle School	Meets Standard
KIPP Antioch Global High School	Meets Standard
LEAD Neely's Bend	Meets Standard
Nashville Collegiate Prep	Falls Far Below Standard
Rocketship Dream Community Prep	Meets Standard
Rocketship Nashville Northeast Elementary	Meets Standard
Rutherford Collegiate Prep	Falls Far Below Standard
Tennessee Nature Academy	Meets Standard



# NEAR TERM FINANCIAL TRENDS

- Overall, schools performed well on near-term financial health indicators, demonstrating the ability to meet short-term obligations.
- Consistent with expectations, newer schools have continued to strengthen their cash positions during their initial years of operations.
- All but one school met unrestricted day's cash on hand measure, however this school has shown year-over-year improvement in cash demonstrating progress toward sustainability.
- The near-term indicator most frequently not met was enrollment variance, reflecting misalignment between projected and actual enrollment.
- The two schools that did not meet enrollment variance are working closely with Commission staff to ensure compliance moving forward.



# FINANCIAL SUSTAINABILITY TRENDS

- Compared to near-term measures, sustainability indicators showed greater variability across schools, reflecting differences in long-term financial structures and obligations.
- Operating performance indicators, such as total margin, which assesses whether a school generates sufficient revenue to cover expenses, showed mixed results across the portfolio.
- Debt-related indicators emerged as an area of focus for some schools, highlighting varying levels of pressure in meeting long-term debt obligations.
- Reserve strength indicators, including unrestricted net position, provide insight into financial flexibility and a school's ability to sustain operations over time.
- Finally, total margin by school, which evaluates financial performance at the individual school level, is not a red-flag indicator, but rather an invitation for the Commission to better understand a school's financial context, future plans, and sustainability strategies.



# FINANCIAL SUSTAINABILITY TRENDS

- Below is a summary of trends with financial sustainability indicators.

Indicator	Meets Standard	Does Not Meet Standard	Falls Far Below Standard
Total Margin	12	3	2
Debt to Asset Ratio	15	0	2
Debt Service Coverage Ratio	14	3	N/A
Unrestricted Net Position	14	1	2
Total Margin by School	8	3	6



# SCHOOLS OF FOCUS

- **Nashville Collegiate Prep (Falls Far Below)** - Regular conversations are being held with the school to better understand its strategic expansion, and to ensure growth plans align with financial performance expectations over time.
- **Rutherford Collegiate Prep (Falls Far Below)** - Regular discussions are underway as the school advances strategic expansion efforts, recognizing that financial metrics may take time to stabilize during this phase.
- **Tennessee Nature Academy (Meets)** - As a newer school considering future capital projects, Commission staff maintain regular conversations to support thoughtful facilities planning and long-term sustainability.
- **LEAD Neely's Bend (Meets)** - As the school nears not meeting performance thresholds, staff is collaborating closely with the school as it scales, secures facilities on a network level, and continues to structure operations for long-term financial sustainability.

## Additional Context

- Some schools, including **Lester Prep** and **Bluff City High School**, reflect lower or negative margins due to intentional, strategic spending decisions in support of programmatic priorities and school development.
- These instances of strategic investment are understood within context and will continue to be monitored through ongoing engagement.



# WHY THIS MATTERS?

- Schools within our portfolio are continuing to grow and expand, taking on more significant and increasingly complex debt instruments to support facilities, enrollment growth, and long-term operations.
- As financial structures become more complex, misalignment between enrollment, revenue, and expenses can create long-term financial risk, even when near-term indicators appear stable.
- Debt capacity, operating margins, and reserve strength directly affect a school's ability to remain financially viable and resilient over time.
- Variability in sustainability indicators underscores the importance of early identification of financial pressure points before they rise to the level of distress.
- These trends inform the Commission's risk-based monitoring and intervention decisions, consistent with Commission Policy 3.400 - Charter School Intervention, to ensure financial issues do not jeopardize academic outcomes or operational continuity.





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