

School Year 2020-21 Statement of Income and Expenditures

NOVATION EDUCATION OPPORTUNITIES

Executive Summary

Name of Authorizing Organization: Novation Education Opportunities (NEO)

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NEO Mission: Authorize and oversee charter schools through consistent, ongoing and robust evaluation to achieve significant and measurable student growth.

NEO Vision: The vision of NEO is to be a leading Minnesota Authorizer of innovative, diverse, and effective charter schools.

Background. In 2009, Minnesota passed a new charter school law effectively holding charter school authorizers to higher standards in overseeing the charter school performance in the areas of student achievement, governance, operations, and finance. Due to the new charter school law, essentially all of the 52 prior authorizers which included districts, colleges/universities and large non-profit organizations, had to be reapproved by the state if they intended to continue to serve as an authorizer. In addition, the new law called for a new category of authorizers, 'single purpose authorizers', whose sole mission is chartering schools to achieve the primary purpose of improving all student pupil learning and all student achievement.

At that time, primarily due to capacity issues, many authorizers did not resubmit their application and some were denied. NEO was one of the first single-purpose authorizers approved and received approval to authorize 12 schools that transferred from authorizers that no longer continued. Beginning in 2012-2013, NEO authorized 12 operational chartered schools. In 2013-2014, NEO began authorizing 15 operational chartered schools. In

2018-2019 NEO authorized 26 operational chartered schools. NEO served as the authorizer of 29 schools in 2020-21, three of which were new schools opening in 2020-21.

NEO is governed by a Board of Directors, which makes the final decision to approve or reject charter school applications based upon the recommendations of the NEO Advisors (contracted experts) and the Executive Director. The Board of Directors also makes final decisions regarding charter renewals, terminations, and expansions, supervises the Executive Director, and carries out all duties of a nonprofit governing board.

There are currently five directors. As a volunteer body, the NEO Board is assisted by the NEO Advisors and the Executive Director who serves as the main charter school liaison. The Advisors who are independent contractors, review and research applications, provide assistance with the oversight of school performance and school board meetings, provide technical assistance, facilitate sharing of effective practices and resources, and conduct fact finding in response to complaints. Advisors bring a depth of experience and expertise from the charter school community and elsewhere in academic, governance, operation and financial compliance and oversight.

As an authorizer, the three main ways that NEO works collaboratively with charter schools to improve all pupil learning and all student achievement are by starting high quality charter schools, supporting continuous improvement of operating charter schools, and promoting the replication and expansion of high quality schools and their practices. NEO 's goals which align with improving all pupil learning and all student achievement, are to authorize schools to increase the number and percent of students meeting and exceeding grade level standards and to improve the percent of students meeting and exceeding growth goals, as well as improve graduation rates.

NEO authorized a total of 28 schools in 2020-21, 2 of which were pre-operational and 1 that transferred authorizers to NEO during the pre-operational year.

Please see the following page for information on income and expenditures.

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Income Source	Amount	Description
Charter School Fees*		
Achieve Language Academy	\$26,268.00	
Agamim Classical Academy	\$26,268.00	
Avalon Charter School	\$26,268.00	
Discovery Charter School	\$23,168.38	
Enlighten Academy	\$6,567.00	
Great Oaks Academy	\$8,865.45	
Great River School	\$26,268.00	
Innovation Science and Technology	\$6,567.00	
Kato Public Charter	\$7,584.89	
Lafayette Charter School	\$6,383.12	
Lionsgate Academy	\$26,268.00	
Link Public Schools	\$6,567.00	
Nerstrand Elementary School	\$12,411.63	
New Century Academy	\$14,184.72	
New City School	\$26,268.00	
North Metro Flex Academy	\$25,709.81	
Quantum Steam Academy	\$6,567.00	
Rochester STEM Academy	\$14,302.93	
SAGE Academy	\$8,865.45	
St. Cloud Math and Science Academy	\$23,345.69	
Sejong Academy	\$23,483.59	
Star of North Academy	\$15,130.37	
STEAM Academy	\$6,567.00	
TEAM Academy	\$9,456.48	
Universal Academy	\$26,268.00	
Urban Academy	\$26,268.00	
Charter School Fees Subtotal	\$435,871.51	
Charter Grants	\$105,083.00	
Other Income Sources	\$0.00	
Other Income Sources Subtotal	\$105,083.00	
Total Income	\$540,954.51	

*Note: NEO does not invoice for the authorizer fee for the first pre-operational year.

Expenditures	Amount	Description
Personnel Expenditures (including all payroll expenditures, e.g. FICA, benefits plan, insurance)		
Authorizing Staff (e.g. Executive Director, Systems Analysts, Office Management)	\$235,093.33	Includes regular payroll, benefits and insurance
Independent Contractors, Consultants and/or Outside Service Contracts	\$105,155.99	Includes contracted technical assistance to schools, grant consultants and legal counsel
Personnel Expenditures Subtotal	\$340,249.32	
Administrative/Office Expenditures		
Office Space Rental/Lease	\$702.18	Rental of Space for Board Meetings, Staff and Development of Board Resources
Professional Development (e.g. staff development, conferences/workshops/trainings, dues/subscriptions)	\$23,650.00	NACSA & MACSA Membership Dues, NACSA Leadership Conference, Epicenter, Technical Assistance to Authorized Schools
Office Supplies and Equipment	\$2,317.25	General Supplies
Telecommunications	\$1,664.26	
Administrative/Office Expenditures	\$28,333.69	
Grants to Schools	\$0.00	
CSP Grant Expenditures	\$105,083.00	Expenditures for the oversight and creation of materials consistent with the Charter Board Training and Development Grant
Insurance D&O and Commercial	\$3,193.96	
Depreciation	\$0.00	
Other Expenditures Subtotal	\$108,276.96	
Total Expenditures	\$476,859.97	

Fund Balance Information

Beginning of Year Fund Balance = \$276,423.94

Net Income (Deficit) = \$64,094.54

End of Year Fund Balance = \$340,518.38

As a single purpose authorizer, NEO maintains a reserve of at least 30% of annual expenditures to help ensure stability of operations and mitigate unforeseen financial circumstances that could impact the schools that NEO authorizes due to revenue shortfalls and/or unanticipated expenditures. NEO will be adding additional staffing as the number of schools authorized is growing. NEO maintains at least 1 full-time position filled by staff and contracted experts per 7 schools authorized.