

School Year 2022–23 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. NEO has grown since then to serve as the authorizer of 30 schools, one of which opened in school year 2023-24, and two of which are currently on track to open 2024-2025.

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.

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 supporting and facilitating 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 improve the 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.

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	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Agamim Classical Academy	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Avalon School	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Bultum Academy Charter School	\$ 16,368.26	Annual Authorizer Fee per MN Statutes
Discovery Charter School	\$ 19,713.97	Annual Authorizer Fee per MN Statutes
Escuela Exitos Charter School	\$ 14,268.18	Annual Authorizer Fee per MN Statutes
Great Oaks Academy Charter School	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Great River School	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Hmong College Prep Academy	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Innovation Sci and Tech Academy	\$ 6,863.00	Annual Authorizer Fee per MN Statutes
Kato Public Charter School	\$ 7,885.59	Annual Authorizer Fee per MN Statutes
Lionsgate Academy	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Nerstrand Charter School	\$ 10,025.19	Annual Authorizer Fee per MN Statutes
New Century Academy	\$ 13,918.16	Annual Authorizer Fee per MN Statutes
New City School	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
North Metro Flex Academy	\$ 23,430.28	Annual Authorizer Fee per MN Statutes
Quantum STEAM Academy Charter	\$ 17,523.71	Annual Authorizer Fee per MN Statutes
Rochester STEM Academy	\$ 17,709.01	Annual Authorizer Fee per MN Statutes
SAGE Academy Charter School	\$ 11,189.71	Annual Authorizer Fee per MN Statutes
Sejong Academy of Minnesota	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
St. Cloud Math & Science Academy	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Star of the North Academy Charter School	\$ 22,990.51	Annual Authorizer Fee per MN Statutes
STEAM Academy Charter School	\$ 8,036.57	Annual Authorizer Fee per MN Statutes
TEAM Academy	\$ 9,055.04	Annual Authorizer Fee per MN Statutes
Universal Academy Charter School	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Urban Academy	\$ 27,452.00	Annual Authorizer Fee per MN Statutes
Charter School Fees Subtotal	\$ 528,401.18	
Other Income Sources		
	n/a	n/a
Organization Support (internal)	\$	
Contributions (external)	\$	
Grants (external)	\$	
CSP Grant Training Funds (applicable)	\$ 798.00	
Other Income Source	\$	
Other Income Sources Subtotal	\$	
Total Income	\$ 529,199.18	

Note: Pre-operational schools and those in Statutory Operating Debt do not pay authorizer fees.

Expenditures	Amount	Description
Personnel Expenditures (including all payroll expenditures, FICA, benefits plan, insurance)		
Authorizing Staff (e.g., Executive Director, Specialists, Office Assistant)	\$ 276,043.49	Salaries, Benefits for NEO Employees
Consultants and/or Outside Service Contracts	\$ 129,806.62	Contracted wages for NEO 1099 contractors
Personnel Expenditures Subtotal	\$ 405,850.11	
Administrative/Office Expenditures		
Office Space Rental/Lease	\$ 0	
Professional Development (e.g., staff development, conferences/workshops/trainings, dues/subscriptions)	\$ 10,940.23	National Association of Charter School Authorizers Membership and Leadership Conferences
Transportation and Travel	\$ 3,500.51	
Office Supplies and Equipment	\$ 1,725.92	
Telecommunications	\$ 2,312.16	
Administrative/Office Expenditures Subtotal	\$ 18,478.82	
Other Expenditures		
Charter Board Training and Development CSP Grant Expenditures	\$ 34,767.14	In process of approval for request for reimbursement.
Professional Development for Schools and Dissemination of Best Practices	\$ 19,549.03	Annual Celebration of Learning Events and Facilitated Learning Walks at Schools
Epicenter Document Collection and Storage	\$ 39,375.00	Annual fees
Membership Dues	\$ 6,268.22	Minnesota Association of Charter School Authorizers, Minnesota Association of Charter Schools
Postage	\$ 384.00	
Insurance	\$ 5,645.54	
Food	\$ 1,358.49	
Misc Expenditures	\$ 3,440.10	
Other Expenditures Subtotal	\$ 110,787.52	
Total Expenditures	\$ 535,116.45	

Fund Balance Information

Beginning of Year Fund Balance = \$343,591.67

Net Income (Deficit) = -\$5,917.27

End of Year Fund Balance = \$337,674.40

Note: NEO plans to use the fund balance at the appropriate time to phase out some of the independent contractor work and phase in additional staff, and to provide for stability in authorizing schools in the event of any unforeseen situation that would have a negative impact on the budget and therefore, on meeting the responsibilities of an authorizer.