

School Year 2019-20 Statement of Income and Expenditures

NOVATION EDUCATION OPPORTUNITIES

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.

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 2019-20, including 4 new school applications approved.

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, oversee 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 world 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 practices. NEO 's goals which align with improving all pupil learning and student achievement, are 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.

Following are the most current available state testing results for student collectively served by schools authorized by NEO. There is no information for 2020 due to Minnesota's cancellation of statewide testing. The source of this information is the MN Report Card at the MDE website.

- **60% of students met or exceeded grade level reading standards in 2019 compared to 60% in 2018.**
- **41% of students met or exceeded grade level math standards in 2019 compared to 41% in 2018.**
- **37% of students met or exceeded grade level science standards in 2019 compared to 36% in 2018.**

NEO authorized 29 schools in 2019-20, including 4 new school applications approved.

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

School Year 2019-20 Statement of Income and Expenditures

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Income Source	Amount	Description
Charter School Fees		
Achieve Language Academy	\$25,752.00	
Agamim Classical Academy	\$25,752.00	
Aspire Academy	\$6,438.00	
Enspire Academy	NA	
Avalon Charter School	\$25,752.00	
Discovery Charter School	\$25,575.00	
Great Oaks Academy	\$6,438.00	
Great River Charter School	\$25,752.00	
Innovation Academy	\$6,438.00	
Kato Public Charter School	\$8,830.37	
Lafayette Charter School	\$7,010.98	
Lionsgate Academy	\$25,752.00	
Midtown Middle School	NA	
Nerstrand Elementary Charter School	\$14,524.13	
New Century Academy	\$13,906.08	
New City Charter School	\$25,752.00	
North Metro Flex Academy	\$24,281.56	
Odaa Academy	NA	
Quantum Steam Academy	\$6,438.00	
Rochester STEM Academy	\$17,799.78	
SAGE Academy	\$8,691.30	
St Cloud Math and Science Academy	\$19,507.14	
Sejong Academy	\$21,631.68	
Star of the North Academy	\$14,888.37	
STEAM Academy	\$6,438.00	
The Studio School	NA	
TEAM Academy	\$11,588.40	
Universal Academy	\$20,601.60	
Urban Academy	\$25,752.00	
<i>Charter School Fees Subtotal</i>	\$421,285.39	
Charter Grants	\$158,343.01	
Other Income Sources	\$50.00	
<i>Other Income Sources Subtotal</i>	\$158,393.01	
<i>Total Income</i>	\$579,678.40	

Income Source	Amount	Description
Personnel Expenditures (including all payroll, FICA, benefits plan, insurance)	n/a	
Authorizing Staff	\$181,050.75	Includes regular payroll, benefits and insurance for a full-time Executive Director, a full-time Systems Analyst, and a part-time Systems Analysts for a total of 2.5 FTE.
Consultants and/or Outside Service Contracts	\$144,704.26	Includes grant consultants, legal counsel and ten Advisors who have expertise and experience in charter school evaluation and oversight. Advisors work an average of 0.2 FTE for a total of 2 FTE.
Personnel Expenditures Subtotal	\$325,755.01	
Administrative/Office Expenditures	n/a	
Office Space Rental/Lease	\$8,849.99	Rental of Space for Board Meetings, Staff and Development of Board Resources
Professional Development (e.g. staff development, conferences/workshops/trainings, dues/subscriptions)	\$32,948.88	NEO staff attended the NACSA Conference. NEO staff, advisors, and board members and school leaders attended the NEO annual leadership conferences. Fees included NACSA, MACSA, and MACS Membership Fees and Epicenter Document Management Fees.
Transportation and Travel	\$5,823.85	Mileage for travel outside the metro area for consultants and staff
Office Supplies and Equipment	\$7,903.45	Computers, Paper, Copy Machine Toner
Telecommunications	\$686.56	Phone and internet services
Administrative/Office Expenditures Subtotal	\$56,212.73	
Spotlight Grants to Schools	\$18,000.00	Facilitation of sharing of effective distance learning practices
CSP Grant Expenditures	\$158,343.01	Expenditures for the oversight and creation of materials consistent with the CSP Charter Board Training and Development grant
Insurance	\$3,046.43	D&O and Commercial
Shipping and Postage	\$745.86	
Depreciation	\$101.00	
Other Expenditures Subtotal	\$180,236.30	
Total Expenditures	\$562,204.04	

Fund Balance Information

Beginning of Year Fund Balance = \$265,387.48

Net Income (Deficit) = \$17,474.36

End of Year Fund Balance = \$282,861.84

Per NEO's Fund Balance Policy, NEO maintains a minimum of a fund balance of 30% annual expenditures for purposes of cash flow and in the event of unanticipated expenditures or loss of revenue (for example due to school closure or transfer or changes in school enrollment).