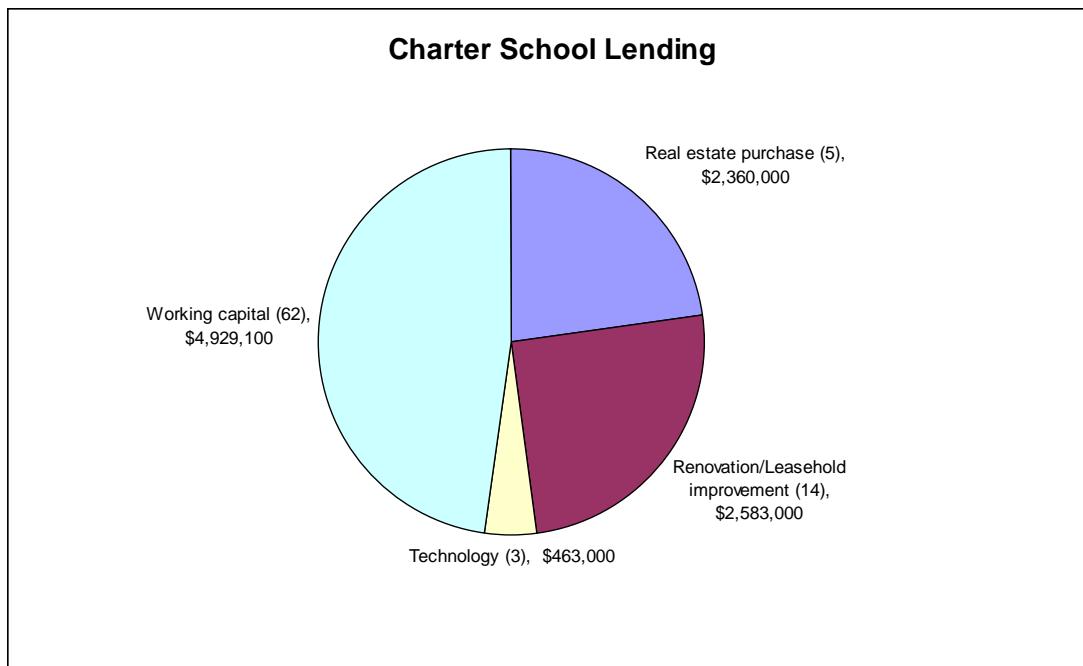


## Lending to Minnesota Charter Schools

Nonprofits Assistance Fund has originated 84 loans totaling \$10.4 million to charter schools in Minnesota between 1997 and 2009. Loans have been made to 50 schools, including both startup and established schools, ranging from \$20,000 to \$500,000. While some schools have faced financial challenges, the fund has experienced no loan losses.



### Key considerations for charter school lending

- ✓ Clear and compelling educational strategy and curriculum
- ✓ Strong understanding of demand for the school, including direct market research
- ✓ Understand student-based revenue sources – general education aid, supplemental revenue, lease aid, and special education.
- ✓ Understand grant revenue sources – state and federal startup grants, foundation grants, special project grants.
- ✓ Focus on the importance of student enrollment projections, recruitment, and retention.
- ✓ Identified location and appropriate and affordable lease
- ✓ Understand cash flow impact of state payment schedules for regular aid, realistic timing for grants and special education funds.
- ✓ Clear roles of the director, administrative staff, and board of directors.
- ✓ Appropriate financial management roles and responsibilities.
- ✓ Board of directors understands the financial information and their role in oversight.
- ✓ Appropriate accounting and student record system, and regular, quality financial reporting.
- ✓ Know the authorizer and their role.