

# **ACADEMY OF HOPE ADULT PCS**

FY2016 Financial Report Card

**Audited Enrollment:** 

334

## **KEY FINANCIAL INDICATORS**

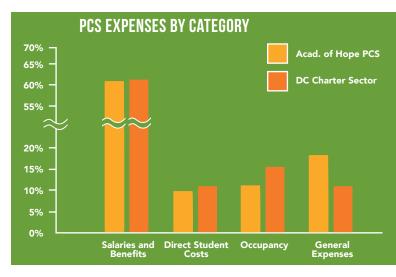
Change in Net Assets Margin: = (Total Revenues - Total Expenses) + Operating Revenues for Same Period + Operiod Revenues for Same Period + Ope								
Change in Net Assets Margin:       - ○       -5.0%       0.0%         - ○ Operating Revenues - Total Expenses)       - ○       - ○       - ○         - ○ Operating Revenues for Same Period       - ○       - ○       - ○         - ○ Operating Revenues for Same Period       - ○       - ○       - ○         - ○ Operating Revenues for Same Period       - ○       - ○       - ○       - ○         - ○ Operating Revenues for Same Period       - ○       - ○       - ○       - ○       - ○         - ○ Operating Revenues for Same Period       - ○ <th></th> <th>Does Not Meet Expectations</th> <th>Floor</th> <th></th> <th>Target</th> <th>Excee</th> <th>ds Expec</th> <th>tations</th>		Does Not Meet Expectations	Floor		Target	Excee	ds Expec	tations
= (Total Revenues - Total Expense)			1			5.0% 5	<b>5.9</b> %	11.1%
+ Operating Revenues Aggregated Three-Year Margin: = Change in Net Assets for 3: Year Period + Operating Revenues for Same Period + Operating Revenues + Current Ratio: = Current Assets + Current Liabilities + Operating Revenues + (Operating Revenues + (Operating Revenues + (Operating Expenses + 360) Debt Ratio: = EBITDA/(Schaduled Payments - Balloon Paymar Reserve Ratio + (Unrestricted Net Assets + Temporarily Restricted + (Unrestricted Net Asset + Temporarily Rest	Change in Net Assets Margin:					•	•	
Aggregated Three Year Margin:       -       -       -         - Change in Net Assets for 3-Year Period       -       -       -         + Operating Revenues for Same Period       -       -       -         Enrollment Variance:       -       -       -       -         - (Audited Enrollment - Budgeted Enrollment - Budgeted Enrollment + Budgeted Enrollment + Budgeted Enrollment - Budgeted - Budgeted Enrollment		-00	-5.0%		0.0%			$+\infty$
= Change in Net Assets for 3-Year Period       -∞       -1.5%       0.0%         + Operating Revenues for Same Period       I       I       0.0%       1.2%         Enrollment Variance:       -∞       -1.0%       -5.0%         = (Audited Enrollment - Budgeted       -∞       -10.0%       -5.0%         = (Audited Enrollment - Budgeted Enrollment) + Budgeted Enrollment       I       1.40       2.78       4.83         Current Assets + Current Liabilities       -∞       0.70       1.00       -       <	÷ Operating Revenues							
+ Operating Revenues for Same Period Enrollment Variance: = (Audited Enrollment - Budgeted Errollment ) + Budgeted Enrollment = (Audited Enrollment - Budgeted Enrollment = (Audited Enrollment - Budgeted Enrollment = (Audited Enrollment - Budgeted Enrollment = Current Assets + Current Liabilities = Current Assets + Current Liabilities = Cash Flows from Operations Margin: = Cash Flows from Operations = Unrestricted Cash = Cash Flows from Operations = EBITDA / (Scheduled Payments - Ballow) = Cash Flows from Operations = Cash Fl	Aggregated Three-Year Margin:							
Enrollment Variance:       0.0% 1.2%         = (Audited Enrollment - Budgeted Enrollment) + Budgeted Enrollment       -00         Image: Current Ratio:       1         Current Ratio:       0.0% 1.2%         = Current Assets + Current Liabilities       -00         = Current Assets + Current Liabilities       -00         = Cash Flow from Operations Margin:       0.0%         = Cash Flows from Operations Margin:       0.0%         = Cash Flows from Operations Margin:       -00         = Cash Flows from Operations Margin:       0.0%         = Cash Flows from Operations Margin:       -00         = Cash Flows from Operations       -00         = Unrestricted Cash       -00         + (Operating Expenses + 360)       15 Days         + (Operating Expenses + 360)       100         = Total Liabilities + Total Assets       -00         = EBITDA / (Scheduled Payments - Balloon Payment* + Interest Pailo)       -00         - = EBITDA / (Scheduled Payments - Balloon Payment* + Interest Pailo)       -00%         - = Currestricted Nations       -00       -00         - = Currestricted Nations       -00       -00         - = Total Liabilities + Total Assets       -00       1.00       -00         - = EBITDA / (Scheduled Payments - Balloon Payment*	= Change in Net Assets for 3-Year Period	-00	-1.5%		0.0%			+∞
Enrollment Variance:       = (Audited Enrollment - Budgeted Enrollment) + Budgeted Enrollment       -00       -50.%         Enrollment + Budgeted Enrollment       -00       -50.%         Current Ratio:       -00       1.40       2.78       4.83         Current Ratio:       -00       1.00       -00       -00         = Current Assets + Current Liabilities       -00       1.00       -00       -00         = Carsh Flow from Operations Margin:       -00       -00       -00       -00       -00         = Cash Flows from Operations Margin:       -00 <td>÷ Operating Revenues for Same Period</td> <td></td> <td></td> <td></td> <td></td> <td>0.0%</td> <td>1.2%</td> <td></td>	÷ Operating Revenues for Same Period					0.0%	1.2%	
Errollment V Budgeted Errollment Errollment) + Budgeted Errollment Current Ratio: = Current Assets + Current Liabilities -∞ 0.70 1.00 = Cash Flows from Operations Margin: = Cash Flows from Operations area = Cash Flows from Operations -∞ -2.0% 0.0% + Operating Revenues -∞ -2.0% 0.0% = Unrestricted Cash -∞ 15 Days 45 Days + (Operating Expenses + 360) - 0.55 - 0.16 Debt Ratio: = Total Liabilities + Total Assets -∞ 0.90 0.50 = EBITDA / (Scheduled Payments – Balloon Payment* + Interest Pailon = CUrrestricted Net Assets + Temporarily Restricted -∞ 0.0% 25.0%	Enrollment Variance:							
Current Ratio:	= (Audited Enrollment - Budgeted	-00	-10.0%		-5.0%			+∞
= Current Assets + Current Liabilities + ∞       0.70       1.00         = Cash Flow from Operations Margin:       -       -         = Cash Flows from Operations favore       -2.0%       0.0%         + Operating Revenues       -       -         - Cash Flows from Operations       -∞       -2.0%       0.0%         + Operating Revenues       -       -       -         - Cash Flows from Operations       -∞       -2.0%       0.0%         - Operating Revenues       -       -       -         - Unrestricted Cash       -∞       15 Days       45 Days         + (Operating Expenses + 360)       -       0.76       0.57       0.16         Debt Ratic:       -       -       -       -       -       -         - = Total Liabilities + Total Assets       -∞       0.90       0.50       -       -       -       -         = EBITDA / (Scheduled Payments – Balloon       -∞       1.00       1.20       -	Enrollment) ÷ Budgeted Enrollment				1.40	2.78 4.83		
Cash Flow from Operations Margin:       9.5%       18.6% :         = Cash Flows from Operations       -0       0.0%         + Operating Revenues       -0       0.0%         - Operating Revenues       -0       0.0%         - Unrestricted Cash       -0       15 Days       45 Days         + (Operating Expenses + 360)       -0.76       0.57       0.16         Debt Ratio:       -0.90       0.50       -0         = Total Liabilities + Total Assets       -0       0.90       0.50         = EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)       -0       1.20       33.9% 34.0% 34.0%         Primary Reserve Ratio:       -0.0%       25.0%       0.0%       25.0%	Current Ratio:					•		
Cash Flow from Operations Margin:       -∞       -2.0%       0.0%         + Operating Revenues       -∞       -2.0%       0.0%         + Operating Revenues       -∞       -1       70.8 73.8 79.4         Days of Cash on Hand:       -∞       15 Days       45 Days         = Unrestricted Cash       -∞       15 Days       45 Days         + (Operating Expenses + 360)       -∞       0.76       0.57       0.16         Debt Ratio:       -∞       0.90       0.50       -       -         = Total Liabilities + Total Assets       -∞       1.00       1.20       -       -         Pebt Service Coverage Ratio:       -∞       1.00       1.20       -       -       -         = EBITDA / (Scheduled Payments - Balloon Payment* + Interest Paid)       -∞       0.0%       25.0%       -       -       -	= Current Assets ÷ Current Liabilities	-00	0.70		1.00			+∞
Cash How non Operations Operations (+ Operating Revenues + Ope						9.5%	18.6%	<b>23.2%</b>
= Cash Flows from Operations + Operating Revenues       -∞       -2.0% 1       0.0% 70.8 73.8 79.4         Days of Cash on Hand: = Unrestricted Cash + (Operating Expenses + 360)       -∞       15 Days 1       0.76       0.57         Debt Ratio: = Total Liabilities + Total Assets       -∞       0.90 1       0.76       0.50 1       0.16         Debt Service Coverage Ratio: = EBITDA / (Scheduled Payments - Balloon Payment* + Interest Paid)       -∞       1.00 1       1.20 33.9% 34.0% 34.0%         Primary Reserve Ratio: = (Unrestricted Net Assets + Temporarily Restricted       -∞       0.0%       25.0%	Cash Flow from Operations Margin:					$\bullet$		
+ Operating Revenues / 70.8 73.8 79.4 Days of Cash on Hand: = Unrestricted Cash + (Operating Expenses + 360) Debt Ratio: = Total Liabilities + Total Assets -∞ 0.90 0.50 i 2.40 11.83 Debt Service Coverage Ratio: = EBITDA / (Scheduled Payments - Balloon Payment* + Interest Paid) Primary Reserve Ratio: = (Unrestricted Net Assets + Temporarily Restricted -∞ 0.0% 25.0%			-2.0%		0.0%			+∞
= Unrestricted Cash       -∞       15 Days       45 Days         ÷ (Operating Expenses ÷ 360)       0.76       0.57       0.16         Debt Ratio:       ▼       ●       ■         = Total Liabilities ÷ Total Assets       -∞       0.90       0.50       ■         = Total Liabilities ÷ Total Assets       -∞       0.90       0.50       ■         = Total Liabilities ÷ Total Assets       -∞       1.00       1.20       ■         = EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)       -∞       1.00       1.20       ■         Primary Reserve Ratio:       ■       ■       ■       ■       ■         = (Unrestricted Net Assets + Temporarily Restricted       -∞       0.0%       25.0%       25.0%	÷ Operating Revenues							
= Unrestricted Cash       -∞       15 Days       45 Days         + (Operating Expenses ÷ 360)       0.76       0.57       0.16         Debt Ratio:       ●       ●       ●         = Total Liabilities + Total Assets       -∞       0.90       0.50       □         Image: Debt Service Coverage Ratio:       ●       0.90       0.50       □         = EBITDA / (Scheduled Payments - Balloon Payment* + Interest Paid)       -∞       1.00       1.20       1.33.9% 34.0% 34.0%         Primary Reserve Ratio:       ●       ●       ●       ●       ●         = (Unrestricted Net Assets + Temporarily Restricted -∞       0.0%       25.0%       25.0%	Days of Cash on Hand:					<b>•</b> •		
Debt Ratio:     0.78     0.37     0.18       = Total Liabilities ÷ Total Assets     -∞     0.90     0.50       I     I     2.40     11.83       Debt Service Coverage Ratio:     I     I       = EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)     -∞     1.00       Primary Reserve Ratio:     I     I       = (Unrestricted Net Assets + Temporarily Restricted     -∞     0.0%	-		15 Days		45 Days			+∞
= Total Liabilities + Total Assets       -∞       0.90       0.50         I       I       2.40       11.83         Debt Service Coverage Ratio:       Image: Coverage Ratio:       Image: Coverage Ratio:       Image: Coverage Ratio:         = EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)       -∞       1.00       1.20         Primary Reserve Ratio:       Image: Coverage Ratio:       Image: Coverage Ratio:       Image: Coverage Ratio:         = (Unrestricted Net Assets + Temporarily Restricted       -∞       0.0%       25.0%	÷ (Operating Expenses ÷ 360)			0.76	0.57		0.16	
In the labilities + fotal Assets     2.40     11.83       Debt Service Coverage Ratio:	Debt Ratio:			•				
Debt Service Coverage Ratio:       Image: Coverage Ratio:         = EBITDA / (Scheduled Payments - Balloon - **       1.00         Payment* + Interest Paid)       Image: Coverage Ratio:         Primary Reserve Ratio:       Image: Coverage Ratio:         = (Unrestricted Net Assets + Temporarily Restricted -**       0.0%	= Total Liabilities ÷ Total Assets	-00	0.90		0.50			+∞
= EBITDA / (Scheduled Payments – Balloon -∞ 1.00 1.20 Payment* + Interest Paid) 1 33.9% 34.0% 34.0% Primary Reserve Ratio:  = (Unrestricted Net Assets + Temporarily Restricted -∞ 0.0% 25.0%						2.40	11.83	13.42
= EBITDA / (Scheduled Payments – Balloon –∞ 1.00 1.20 Payment* + Interest Paid) 1 33.9% 34.0% 34.0% Primary Reserve Ratio: = (Unrestricted Net Assets + Temporarily Restricted -∞ 0.0% 25.0%	Debt Service Coverage Ratio:					$\bullet$		
Payment* + Interest Paid)     33.9% 34.0% 34.0%       Primary Reserve Ratio:     Image: Comparison of the sector	-		1.00		1.20			+∞
= (Unrestricted Net Assets + Temporarily Restricted - 0.0% 25.0%	Payment* + Interest Paid)				33.9%	34.0% 34.0%		
= (Unrestricted Net Assets + Temporarily Restricted - 0.0% 25.0%	Primary Reserve Ratio:					▼ •		
Net Assets - Intangible Assets) ÷ Total Expenses	= (Unrestricted Net Assets + Temporarily Restricted	-00	0.0%		25.0%			$+\infty$
	Net Assets - Intangible Assets) ÷ Total Expenses							
Unresolved Prior Year Findings: 0 Debt Compliance Issue - Financial: No Debt Compliance Issue - Reporting:	Unresolved Prior Year Findings:	0 Debt Cor	npliance Issue - Financia	al: No	Debt Complia	nce Issue - Re	porting	j: No
* Balloon Payment Amount: 0 ● = 2016 Sector Median ▼ = 2016 School Results ■ = 2015 School Results	* Balloon Payment Amount:	0 • =	2016 Sector Median ▼= 20'	16 School Results	= 2015 School	Results		

#### Comments from the School

**Opened:** 

2014 - 2015

The school purchased a facility as its main campus in April 2016. The 2 financings the school obtained in 2016 were both for the new facility just purchased. \$4.1 M senior debt is for the facility purchase, \$174,663 line of credit is for facility renovation. The school plans on paying off the senior debt in 25 years, and the line of credit in 3 years. The school is carefully managing its financials to make sure it's fulfilling the debt obligations on a long term base.



## **ACADEMY OF HOPE ADULT PCS**

FY2016 Financial Report Card

### **FINANCIAL POSITION**

	2016	2015
Total Assets	\$6,503,498	\$1,554,464
Current Assets	\$1,117,188	\$1,074,182
Total Liabilities	\$4,911,184	\$254,158
Current Liabilities	\$798,214	\$222,267
Net Asset Position	\$1,592,314	\$1,300,306

### **FINANCIAL ACTIVITIES**

	2016	2015
Revenues and Support	\$4,981,512	\$4,317,361
Expenses	\$4,689,503	\$3,838,152
Non-operating Revenues (Expenses)	\$-	\$-
Surplus (Deficit)	\$292,009	\$479,209

## **AUDIT FINDINGS**

	2010	2015
Qualified/Modified/Adverse Opinion on the Financial Statements	Νο	Νο
Material Weakness in Internal Control over Financial Reporting (GAS)	Νο	Νο
Non-compliance Material to the Financial Statements (GAS)	Νο	Νο
Modified Opinion on Major Federal Award Programs (Uniform Guidance)	Νο	Νο
Material Weaknesses in the Internal Control over Compliance with Major Federal Programs (Uniform Guidance)	Νο	Νο
Findings and Questioned Costs	0	0
Going-Concern Issue	Νο	Νο

### **REVENUES/EXPENSES PER STUDENT**

	2016	2015	2016 Sector Median
DC Funding per Student	\$11,719	\$11,520	\$17,657
Philanthropic Funding per Student	\$1,995	\$5,066	\$581
Total Revenues per Student	\$14,915	\$16,865	\$20,775
Expenses per Student	\$14,040	\$14,993	\$19,644

## **PCSB OBSERVATIONS**

#### DEBT:

The school obtained two new financings in 2016. The first was a PNC Bank \$4.14M term note, matures 2021. The interest rate was initially based on the prime rate (3.5% as of April 2016), but converted to a fixed rate as of January 1, 2017. The outstanding balance at June 30, 2016 was \$4.1M. The School also obtained a \$500,000 line of credit from PNC Bank for property renovations on the building located at 2315 18th Place NE. The balance on the line of credit was \$174,663 at year-end and the interest rate, based on the prime rate, was 3.5%. If not for the line of credit, the school would have had 60 days cash on hand.

The school also has two unused line of credits. The first is for \$200,000 with PNC Bank that that bears at rate of 4.5%, and the second is for \$350,000 with Capital One Bank with an annual interest rate of prime+1.8%.

#### FACILITIES:

\$386,208 in rent expense for the 601 Edgewood St, NE facility and the 421 Alabama Ave, SE facility. The Edgewood St lease expired December 15, 2016. The Alabama Avenue, SE, lease expires September 14, 2017.

The school has construction-in-progress for on-going renovation, construction and building improvements.

Subsequent to Fiscal Year 2016, the school moved to a new school location. This event will be addressed in the School's Fiscal Year 2017 audit and Financial Audit Review Report.