ACADEMY OF HOPE ADULT PCS

FY2016 Financial Report Card

DC PUBLIC CHARTER SCHOOL BOARD

Opened: 2014 - 2015

Audited Enrollment: 334

KEY FINANCIAL INDICATORS

Indicator	Formula	Does Not Meet Expectations	Floor	Target	Exceeds Expectations	Values shown
Change in Net Assets Margin	= (Total Revenues – Total Expenses) ÷ Operating Revenues	-∞	-5.0%	0.0%	+∞	5.0%, 5.9%, 11.1%
Aggregated Three-Year Margin	= Change in Net Assets for 3-Year Period ÷ Operating Revenues for Same Period	-∞	-1.5%	0.0%	+∞	
Enrollment Variance	= (Audited Enrollment - Budgeted Enrollment) ÷ Budgeted Enrollment	-∞	-10.0%	-5.0%	+∞	0.0%, 1.2%
Current Ratio	= Current Assets ÷ Current Liabilities	-∞	0.70	1.00	+∞	1.40, 2.78, 4.83
Cash Flow from Operations Margin	= Cash Flows from Operations ÷ Operating Revenues	-∞	-2.0%	0.0%	+∞	9.5%, 18.6%, 23.2%
Days of Cash on Hand	= Unrestricted Cash ÷ (Operating Expenses ÷ 360)	-∞	15 Days	45 Days	+∞	70.8, 73.8, 79.4
Debt Ratio	= Total Liabilities ÷ Total Assets	-∞	0.90	0.50	+∞	0.76, 0.57, 0.16
Debt Service Coverage Ratio	= EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)	-∞	1.00	1.20	+∞	2.40, 11.83, 13.42
Primary Reserve Ratio	= (Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets) ÷ Total Expenses	-∞	0.0%	25.0%	+∞	33.9%, 34.0%, 34.0%

Unresolved Prior Year Findings: 0

Debt Compliance Issue - Financial: No

Debt Compliance Issue - Reporting: No

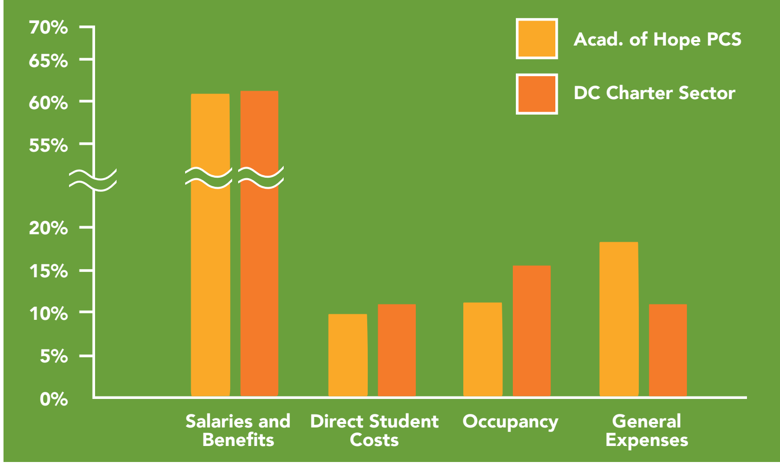
* Balloon Payment Amount: 0

● = 2016 Sector Median ▼ = 2016 School Results ■ = 2015 School Results

Comments from the School

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.

PCS EXPENSES BY CATEGORY



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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

	2016	2015
Qualified/Modified/Adverse Opinion on the Financial Statements	No	No
Material Weakness in Internal Control over Financial Reporting (GAS)	No	No
Non-compliance Material to the Financial Statements (GAS)	No	No
Modified Opinion on Major Federal Award Programs (Uniform Guidance)	No	No
Material Weaknesses in the Internal Control over Compliance with Major Federal Programs (Uniform Guidance)	No	No
Findings and Questioned Costs	0	0
Going-Concern Issue	No	No

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.