KEY FINANCIAL INDICATORS

Change in Net Assets Margin:
\[
\text{Change in Net Assets Margin} = \frac{(\text{Total Operating Revenue} - \text{Total Operating Expenses})}{\text{Total Operating Revenue}}
\]

Aggregated Three-Year Margin:
\[
\text{Aggregated Three-Year Margin} = \frac{\text{Change in Net Assets for 3-Year Period}}{\text{Operating Revenues for Same Period}}
\]

Enrollment Variance:
\[
\text{Enrollment Variance} = \frac{\text{Audited Enrollment} - \text{Budgeted Enrollment}}{\text{Budgeted Enrollment}}
\]

Current Ratio:
\[
\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}
\]

Cash Flow from Operations Margin:
\[
\text{Cash Flow from Operations Margin} = \frac{\text{Cash Flows from Operations}}{\text{Operating Revenues}}
\]

Days of Cash on Hand:
\[
\text{Days of Cash on Hand} = \frac{\text{Unrestricted Cash}}{\text{(Operating Expenses} - \text{Depreciation})/365}
\]

Debt Ratio:
\[
\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}
\]

Debt Service Coverage Ratio:
\[
\text{Debt Service Coverage Ratio} = \frac{\text{EBITDA}}{\text{(Scheduled Payments} - \text{Balloon Payment}^* + \text{Interest Paid})}
\]

Primary Reserve Ratio:
\[
\text{Primary Reserve Ratio} = \frac{\text{(Unrestricted Net Assets} + \text{Temporarily Restricted Net Assets - Intangible Assets})}{\text{Total Expenses}}
\]

Unresolved Prior Year Findings: 0

Debt Compliance Issue - Financial: No
Debt Compliance Issue - Reporting: No

* Balloon Payment Amount: 0

** = 2018 Sector Median  ▼ = 2018 School Results  ■ = 2017 School Results

Comments from the School

PCS EXPENSES BY CATEGORY

Acad. of Hope PCS  DC Charter Sector

Academy of Hope Adult PCS FY2018 Financial Analysis Report
The school’s financial performance was healthy overall, with strong liquidity and a positive change in net assets. The school’s current ratio for FY 2018 was 2.1, which means the school had ample liquid assets relative to its short-term obligations; a current ratio above 0.9 is considered sufficient for DC PCSB. The school’s net assets margin and aggregated three-year margin for FY 2018 were both positive, indicating that the school’s revenues have consistently exceeded its expenses over the past three years. Further, the school’s primary reserve ratio of 34% indicated that the school had adequate net assets to support its long-term sustainability.

The school has three lines of credit (LOC) totaling $1.05M and expiring in April and July 2019. Outstanding balances on the LOC at year-end totaled $82,809, required as part of the terms of the school’s note payable.

The school has a $4.14M term note from PNC Bank to acquire a building at 2315 18th Place, NE. The note has a balloon payment of $3.8M due at maturity on April 15, 2021. The school also subleases office space from an unrelated private party at 421 Alabama Avenue, SE, which expired on July 1, 2018. Monthly rental payments under this sublease were $18,462 through August 2017 and were increased to $19,016 beginning September 1, 2017, for the remainder of the lease term. The school signed a modification to the sublease agreement on June 30, 2018, to be extended through January 31, 2035; total rent expense for the year ended June 30, 2018, was $303K.