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

- **Unresolved Prior Year Findings:**
  0

- **Debt Compliance Issue - Financial:**
  0

- **Debt Compliance Issue - Reporting:**
  0

* Balloon Payment Amount: 0

**Comments from the School**

- Audited Enrollment: 461

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**PCS EXPENSES BY CATEGORY**

- **DC Charter Sector**
- **Academy of Hope Adult PCS**

- **Departmental Expenses**
  - Direct Student Costs
  - General Expenses
  - Occupancy
  - Salaries and Benefits

- Values in percentages.
FINANCIAL ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and Support</td>
<td>$7,352,203</td>
<td>$6,051,028</td>
</tr>
<tr>
<td>Expenses</td>
<td>$7,025,026</td>
<td>$5,838,006</td>
</tr>
<tr>
<td>Non-operating Revenues (Expenses)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>$327,177</td>
<td>$213,022</td>
</tr>
</tbody>
</table>

FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$6,830,510</td>
<td>$6,407,870</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$1,322,820</td>
<td>$1,138,726</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$4,515,254</td>
<td>$4,419,791</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$574,035</td>
<td>$534,877</td>
</tr>
<tr>
<td>Net Asset Position</td>
<td>$2,315,256</td>
<td>$1,988,079</td>
</tr>
</tbody>
</table>

AUDIT FINDINGS

<table>
<thead>
<tr>
<th>Findings and Questioned Costs</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-operating Revenues (Expenses)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>$327,177</td>
<td>$213,022</td>
</tr>
</tbody>
</table>

REVENUES/EXPENSES PER STUDENT

<table>
<thead>
<tr>
<th></th>
<th>2019 Sector Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC Funding per Student</td>
<td>$12,749</td>
</tr>
<tr>
<td>Grants and Contributions Per Student</td>
<td>$1,882</td>
</tr>
<tr>
<td>Total Revenues per Student</td>
<td>$15,948</td>
</tr>
<tr>
<td>Expenses per Student</td>
<td>$15,239</td>
</tr>
</tbody>
</table>

PCSB OBSERVATIONS

The school had a strong financial position. The school's change in net interest margin was 4.5% and its aggregate three-year margin was 3.8%, indicating that the school is consistently generating operating surpluses. In addition, the school had a very strong cash flow from operations margin of 8.2%, allowing it to increase its current ratio to 2.3 from 2.1, and its days of cash on hand to 59 from 50 days. The school continued to maintain acceptable levels of debt.

Debt:
1. The school has a $500K lines of credit (LOC), required as part of the terms of the school's note payable which expires in July 2020. The year-end balance was $83K. The school has two additional LOCs which had no outstanding balances at year-end 2019 or 2018. These LOCs expire in April and July of 2020. These LOCs will be renewed when they mature.
2. 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.

Property Lease:
The school subleases office space from an unrelated private party. Monthly rental payments under the sublease (modified in 2018) started at $26K per month and increases by 2.5% per year through August 2035. The school has agreed to a $1.8M renovation project and will receive rent abatements of $16K per month through 2025 and $25K per month from 2026 to 2027.