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

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

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

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

- **Unresolved Prior Year Findings:** 0

**Comments from the School**

**PCS Expenses by Category**

- Achievement Preparatory Academy PCS
- DC Charter Sector

**Audited Enrollment:** 962

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

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**Achievement Preparatory Acedemy PCS FY2018 Financial Analysis Report**
Achievement Prep’s enrollment grew by 30 students in 2018 and total revenues increased commensurately, as such, the school’s financial position is healthy. For the year, the school’s operations margin was positive at 5.7%, indicating that the organization is able to manage cost appropriately.

The school has strong liquidity metrics, with a current ratio of 11.1 and 204 days of cash on hand. A current ratio above 1.0 is strong, indicating that for every liability coming due in the current year, there is an asset of equal or greater value converting to cash to meet the obligation. Additionally, the high level of cash on hand indicating that the school has ample cash on hand to meet its operating expenses in the event of unexpected delays in cash receipts.

During May 2015, the school secured loans to finance construction and renovation of the its facility and payment of facility rent, totaling $33.1M. Further, in December 2015 and December 2016, the school became a participant in the New Market Tax Credits (NMTC) program, where the school was also able to use $23.8M and $7.7M, respectively, in NMTC qualified funding. The total principal outstanding as of June 30, 2018 was $35.3M. In August 2015, the school entered into a ground lease agreement with the District of Columbia to lease the property at Wahler Place for 30 years beginning August 1, 2015. Rent will be abated for 12 consecutive calendar months for each $1M of expense incurred for construction, capital alteration, and leasehold acquisition costs. Since construction, capital alteration and leasehold acquisitions costs were higher than the rent expense for the lease term, there is no rent expense for the life of the lease.
<table>
<thead>
<tr>
<th>School Name</th>
<th>FY18 Revenues</th>
<th>FY18 Operating Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement Preparatory Academy PCS</td>
<td>$19,521,917</td>
<td>$1,102,410</td>
</tr>
</tbody>
</table>

Management Organization ("MO") / Related Party ("RP")

<table>
<thead>
<tr>
<th>MO/RP Tax Status</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AppleTree Institute for Education Innovation</td>
<td>Non-Profit</td>
</tr>
</tbody>
</table>

Highest Paid Employee / Head of MO / RP

<table>
<thead>
<tr>
<th>Title</th>
<th>Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jack McCarthy</td>
<td>$225,848</td>
</tr>
</tbody>
</table>

Services Provided

<table>
<thead>
<tr>
<th>FY18 Payment</th>
<th>% of School Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-k school operations</td>
<td></td>
</tr>
</tbody>
</table>

Total

DC PCSB Comments

Effective July 1, 2016, the school entered into a management agreement with AppleTree Institute for Education Innovation (AppleTree). AppleTree fully manages and operates the educational program for PK3 and PK4. As a management fee for these services, AppleTree receives an amount equal to the per-pupil funding the school receives for its enrolled PK3 and PK4 students, excluding the facilities allotment and less any administrative fees. Management fees incurred for 2018 were $2.4M.

Please note that the highest paid employee above was taken from the most recent 990 available at the time this report was produced.

School Comments
