

ACHIEVEMENT PREPARATORY ACADEMY PCS

FY2019 Financial Analysis Report

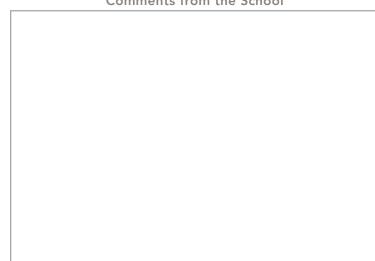
Opened: 2008-2009 **Audited Enrollment:**

824

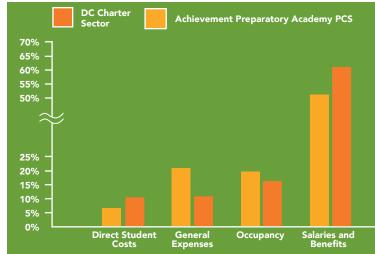
KEY FINANCIAL INDICATORS

Change in Net Assets Margin:				0.7%	3.1%		5.6%
= (Total Operating Revenue-Total Operating	-00	-5.0%		0.0%			+∞
Expenses) / Total Operating Revenue		I				4.0% 4.5	% 6.7%
Aggregated Three-Year Margin:						• •	/
= Change in Net Assets for 3-Year Period	-00	-1.5%		0.0%			+∞
÷ Operating Revenues for Same Period	- 10.2 %		-1 .3 %	0.0%			
Enrollment Variance:				\bullet			
= (Audited Enrollment - Budgeted	-00	-5.0%		0%			+∞
Enrollment) ÷ Budgeted Enrollment						3.6 11.1	15.3
Current Ratio:							
= Current Assets ÷ Current Liabilities	-00	0.9		1.0		8.1% 8.7	+00
Cook Flow from Oneretions Marries						8.1% 8.7	/011.1%
Cash Flow from Operations Margin: = Cash Flows from Operations	-00	-2.0%		0.0%			+∞
÷ Operating Revenues		-2.070		0.0%		107.2 164.7	204.2
Days of Cash on Hand:						• •	
= Unrestricted Cash /(Operating	-00	15 Days		45 Days			+∞
Expenses-Depreciation)/365		0.8 0.8		0.5			
Debt Ratio:				•			
= Total Liabilities ÷ Total Assets	-00	0.9		0.5			+∞
					1.0	5 2.2 2.3	
Debt Service Coverage Ratio:		10					
= EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)	-00	1.0		1.2			+∞
-					37.	1% 38.7% 39.2%	
Primary Reserve Ratio:	-00	0.0%		25.0%			+∞
= (Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets) ÷ Total Expenses				23.076			100
Unresolved Prior Year Findings:	0	Debt Compliance Issue - Financial: 0	Deb	ot Complia	nce Issue	e - Reporting	g: 0
* Balloon Payment Amount:	0	= 2019 Sector Median	=	2018 School	Results		

Comments from the School



PCS EXPENSES BY CATEGORY



Achievement Preparatory Academy PCS FY2019 Financial Analysis Report

ACHIEVEMENT PREPARATORY ACADEMY PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	\$38,363,805	\$41,800,510
Current Assets	\$8,452,953	\$10,606,520
Total Liabilities	\$31,394,163	\$34,958,789
Current Liabilities	\$552,370	\$957,757
Net Asset Position	\$6,969,643	\$6,841,721

AUDIT FINDINGS

	2019	2018
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)	No	Νο
Modified Opinion on Major Federal Award Programs (Uniform Guidance)	No	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

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	\$17,905,820	\$19,521,917
Expenses	\$17,777,898	\$18,419,507
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	\$127,922	\$1,102,410

REVENUES/EXPENSES PER STUDENT

	2019	2018	2019 Sector Median
DC Funding per Student	\$19,354	\$18,600	\$19,863
Grants and Contributions Per Student	\$22	\$17	\$346
Total Revenues per Student	\$21,730	\$20,293	\$23,270
Expenses per Student	\$21,575	\$19,147	\$22,981

PCSB OBSERVATIONS

The school had an adequate financial position. It had \$7.4M, or 164 days, of cash on hand and a current ratio of 15.3, which is significantly lowers any short-term liquidity risks. The school's debt ratio of 0.8 is relatively high, however, due to its investment in facilities.

The school chose to voluntarily decrease its headcount in its middle school to focus on improving academic performance. While this resulted in a decline in revenues, it did not impact overall financial performance.

Debt:

During May 2015, the school secured loans to finance construction and renovation of 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 it was also able to use \$23.8M and \$7.7M, respectively, in NMTC qualified funding. The total principal outstanding as of June 30, 2019, was \$31.5M.

Property Lease:

The school subleases office space at Wahler Place. The lease began in 2015 at \$777K/year, increasing 2% each year. However, rent is abated because of improvements on the property, so no rent expense was recognized in 2019.

	FY19 Revenues	FY19 Operating Result
Achievement Preparatory Academy PCS	\$17,905,820	\$127,922
Management Organization ("MO") / Related Party ("RP")	MO/RP Tax Status	
AppleTree Institute for Education Innovation	Non-Profit	
Highest Paid Employee / Head of MO / RP	Title	Total Compensation
Jack McCarthy	CEO	\$264,969
Services Provided	FY19 Payment	% of School Revenue
Pre-K school operations	\$2,331,026	13.02%
		1
Total	\$2,331,026	13.02%
Effective July 1, 2016, the school entered into a management agreer AppleTree fully manages and operates the educational program for F receives an amount equal to the per-pupil funding the school receive allotment and less any administrative fees. Management fees incurre Please note that the highest paid employee above was taken from th	PK3 and PK4. As a management fe is for its enrolled PK3 and PK4 stud d for 2019 were \$2.3MM.	e for these services, AppleTree Jents, excluding the facilities