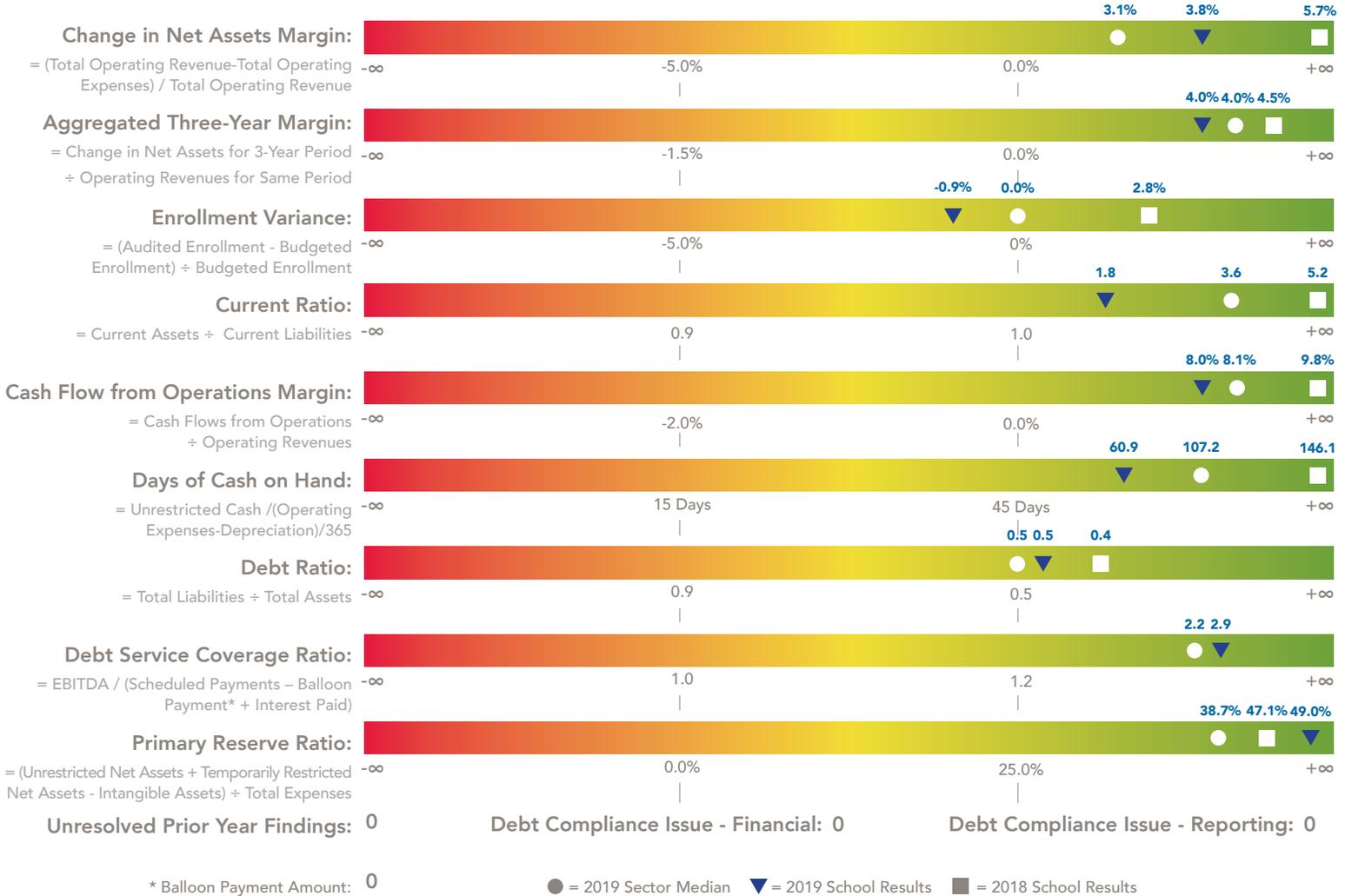


Opened:
2005-2006

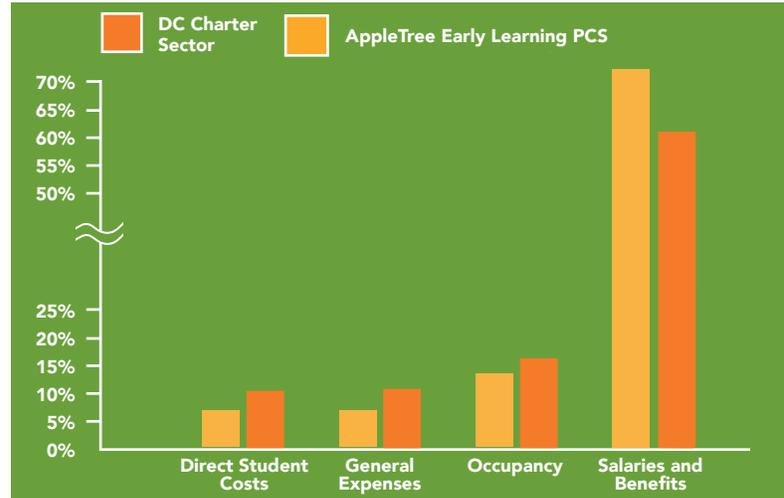
Audited Enrollment:
644

KEY FINANCIAL INDICATORS



Comments from the School

PCS EXPENSES BY CATEGORY



APPLETREE EARLY LEARNING PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	\$13,884,842	\$10,917,560
Current Assets	\$2,626,050	\$5,822,743
Total Liabilities	\$6,937,121	\$4,470,272
Current Liabilities	\$1,463,069	\$1,116,051
Net Asset Position	\$6,947,721	\$6,447,288

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	\$14,733,407	\$14,531,325
Expenses	\$14,173,935	\$13,700,658
Non-operating Revenues (Expenses)	-\$59,039	\$0
Surplus (Deficit)	\$500,433	\$830,667

AUDIT FINDINGS

	2019	2018
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

	2019	2018	2019 Sector Median
DC Funding per Student	\$19,817	\$19,208	\$19,863
Grants and Contributions Per Student	\$475	\$425	\$346
Total Revenues per Student	\$22,878	\$22,253	\$23,270
Expenses per Student	\$22,009	\$20,981	\$22,981

PCSB OBSERVATIONS

The school had a strong financial position. The school had a cash flow from operations margin of 8%, 60 days of cash, a low debt ratio, and primary reserves ratio of 49%. All of these are indicative of the school's financial stability.

The school purchased a property during the year which resulted in a large decrease in cash and increases in both fixed assets and long-term debt. These measures remain at acceptable levels.

During the audit process, a significant deficiency in internal controls was discovered. The audit reported that the school was not properly documenting credit card receipts. The school has taken necessary steps to remedy this issue.

Debt:

The school purchased its 14th St NW Columbia Heights property, which it had been leasing, for \$6.1M, including \$2.6M in debt and the remainder in cash. The loan matures in 2028.

Property Lease:

The school has lease agreements with AppleTree Institute (ATI), a related party, for facilities at Oklahoma Avenue, Parkland, and Lincoln Park. The school also has a sublease with ATI for office space at Mississippi Avenue, SE. In addition to these leases, the school had a license to occupy agreement with the District of Columbia to provide a public charter school on the premises of Jefferson Middle School, which ended in July 2019. In total, the school had rent expenses and licensing fees of \$1M in FY 2019.

School Name	FY19 Revenues	FY19 Operating Result
AppleTree Early Learning PCS	\$14,733,407	\$500,433
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
Curriculum; Classroom Observations; Financial; Facilities	\$643,993	4.37%
Total	\$643,993	4.37%

DC PCSB Comments

The school was designed by AppleTree Institute for Education Innovation Inc. (ATI). ATI supports the school as a strategic partner, with a commitment to fund any operating shortfalls of the school. The school and ATI share common board members. The school rents four facilities from ATI. Effective July 1, 2015, the school entered into a service agreement with ATI outlining the division of specific operating costs. During 2019, the Institute incurred \$519k of expenses for shared payroll and administrative costs provided by the school. Additionally, the school paid \$115k to ATI for classroom observation and Every Child Ready curriculum. Lastly, ATI provided a contribution of \$113k for the purpose of developing an innovative and impactful teacher residency program in service for local districts. The bonds issued by the school in the amount of \$3.5MM are guaranteed in full by ATI. 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