



September 2020 Financials

PREPARED NOVEMBER 2020 BY

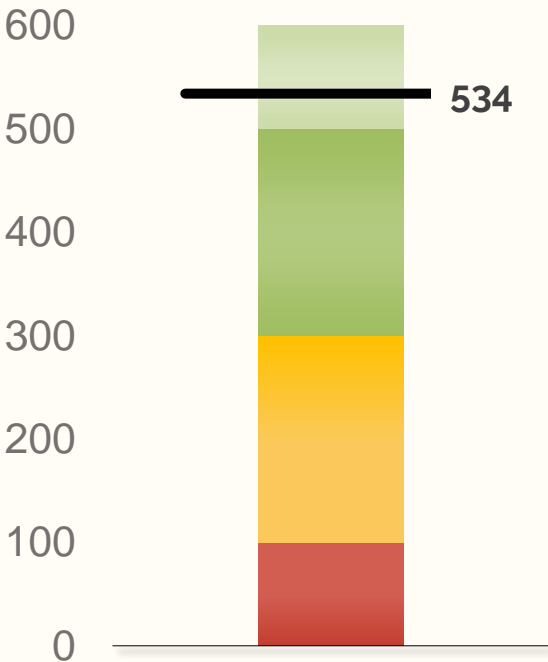


- **Executive Summary**
- **Key Performance Indicators**
- **Local Revenue**
- **Forecast Overview**
- **Cash Flow Forecast**
- **Notable Forecast Variances**
- **Action Items**
- **Appendix: Financials**

- Our current enrollment of 428 students is 3 higher than budgeted. We also enrolled 14 more SpEd level 1 students, 1 more SpEd level 4 student and 54 more At-Risk students than budgeted. This leads to \$403k more per pupil funding than budgeted.
- Our forecasted net income is \$1.17m above budget largely due to \$403k higher per pupil revenue, \$312k higher SOAR allocation and \$510k lower than budgeted teacher aides salaries.
- Our forecasted year ending cash balance is \$13.39m which results in 534 days of cash. This is \$1.64m higher than budgeted mainly because we started the year with \$543k more cash than budgeted and our forecasted FY21 net income is \$1.17m higher than budgeted.

Days of Cash

Cash balance at year-end divided by average daily expenses

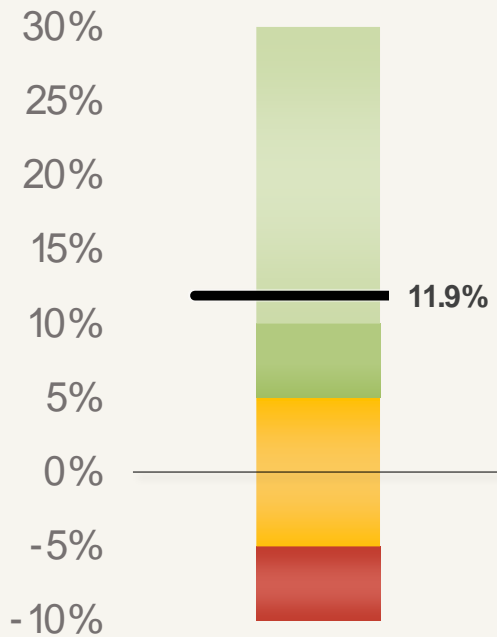


534 DAYS OF CASH AT YEAR'S END

The school will end the year with 534 days of cash. This is above the recommended 60 days, and 2 less days than last month

Gross Margin

Revenue less expenses, divided by revenue

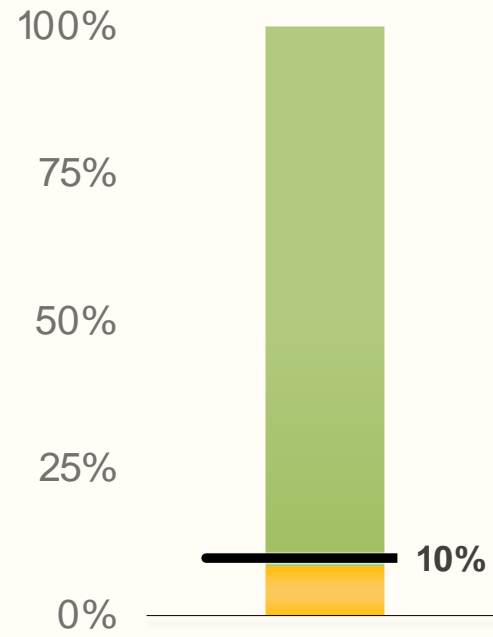


11.9% GROSS MARGIN

The forecasted net income is \$1.2m, which is \$1.17m above the budget. It yields a 11.9% gross margin.

Grants Invoiced

Federal grants requested divided by federal grants awarded.

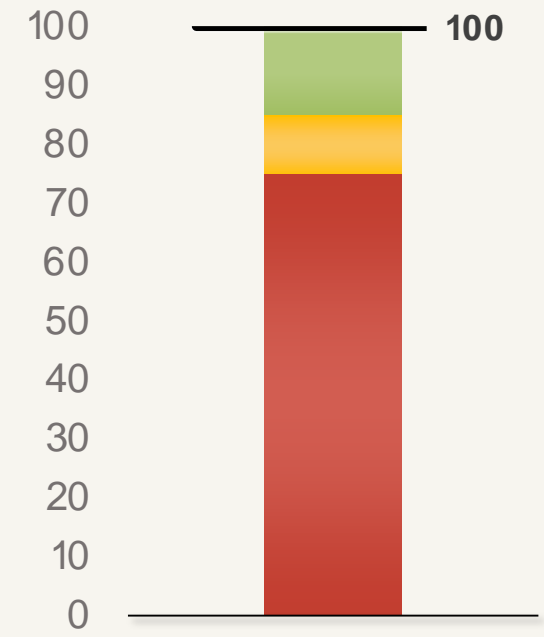


10% GRANTS INVOICED

We submitted the IDEA and ESEA applications in EGMS. Drawdowns will occur after the grants are approved. We will also submit reimbursement requests for continuation grants (Title VB and SOAR) this month.

Forecasted FAR

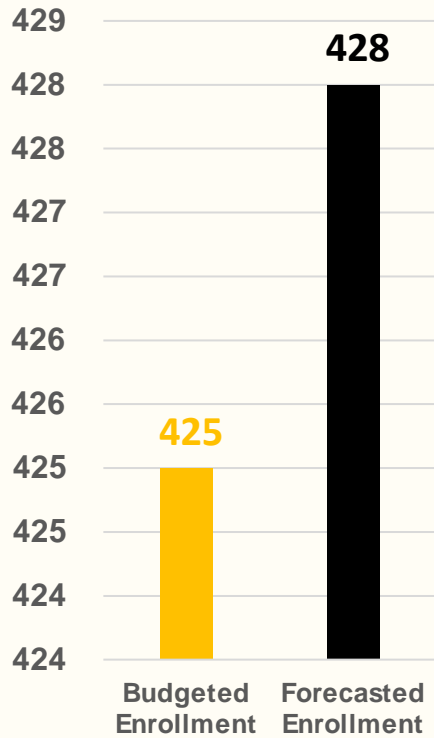
Forecasted calculation of PCSB's Financial Audit Review (FAR) at year-end



FORECASTED FAR SCORE: 100

The Financial Audit Review (FAR) is the PCSB's annual evaluation of the school's financial and operational position.

Student Expectations



The school now forecasts 428 students for SY20-21. The target in the budget submitted to PCSB in July 2020 was 425 students. The enrollment projection provided to PCSB in November 2019 was 445 students.

\$403k More Per-Pupil Funding Than Expected

| | Current Forecast | SY20-21 Budget | Difference | Financial Gain / (Loss) |
|--------------------------|------------------|----------------|------------|-------------------------|
| Grade-Level | 428 | 425 | 3 | 29k |
| Special Education | 40 | 25 | 15 | 225k |
| Level 1 | 39 | 25 | 14 | 154k |
| Level 2 | 0 | 0 | 0 | 0 |
| Level 3 | 0 | 0 | 0 | 0 |
| Level 4 | 1 | 0 | 1 | 39k |
| Compliance | 40 | 25 | 15 | 32k |
| LEP/NEP | 0 | 0 | 0 | 0 |
| At-Risk | 304 | 250 | 54 | 139k |
| Residential | 0 | 0 | 0 | 0 |
| Facilities | 428 | 425 | 3 | 10k |
| Total | 428 | 425 | 3 | 403k |

Forecast Overview



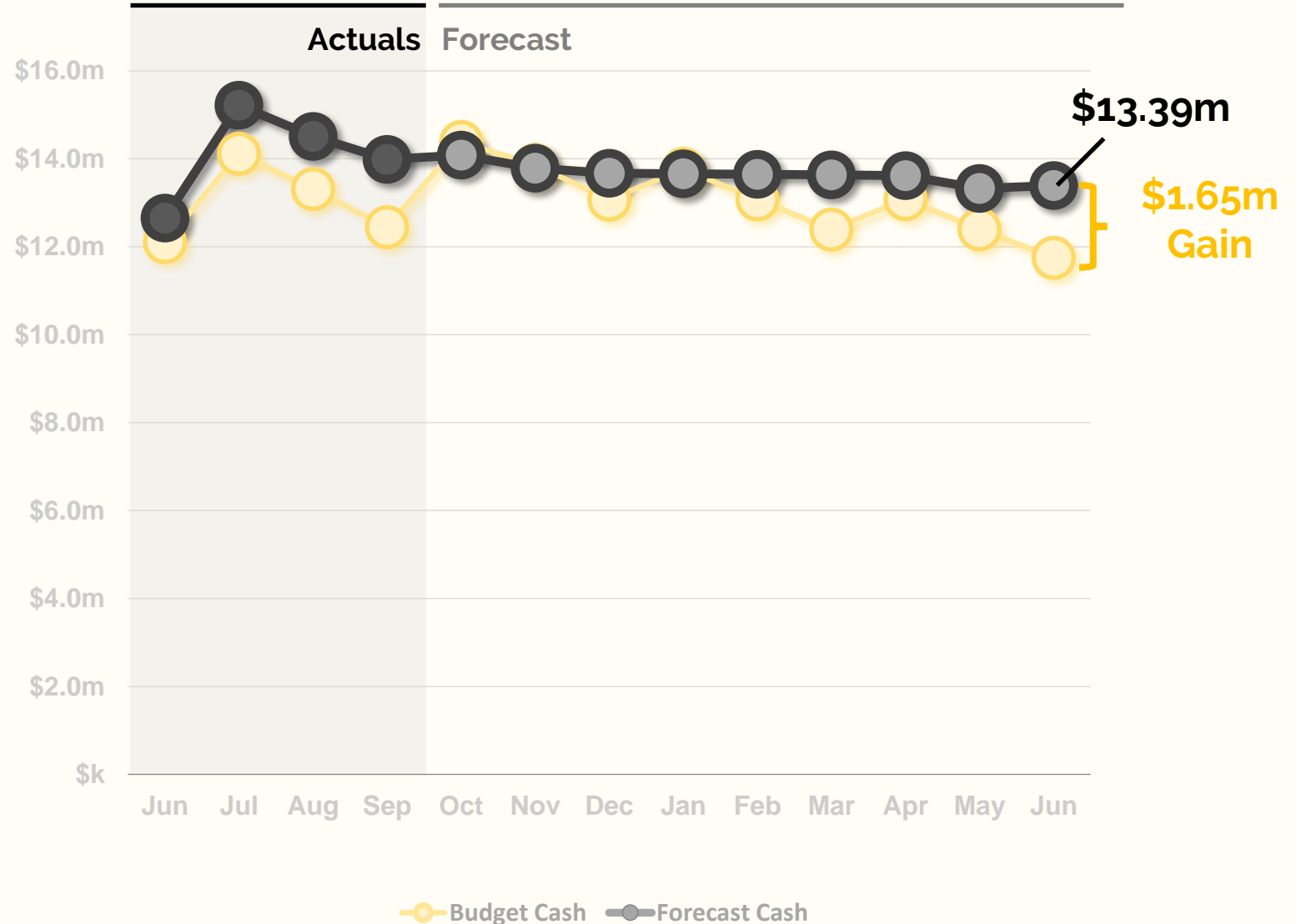
| | Forecast | Budget | Variance | Variance Graphic | Comments |
|-----------------------|---------------|----------------|---------------|------------------|---|
| Revenue | \$10m | \$9.8m | \$476k | | Revenue is \$476k higher than budgeted due to higher than budgeted per pupil revenue, SOAR allocation and CARES allocation partially offset by lower than budgeted NSLP revenue, before after care fees and short-term investment revenue. |
| Expenses | \$9m | \$9.7m | \$694k | | Expenses are \$694k lower than budgeted mainly due to lower than budgeted teacher salaries, teacher aides salaries, summer school salaries, janitorial supplies and food service fees partially offset by higher than budgeted office & business and contingency expenses |
| Net Income | \$1.2m | \$46k | \$1.2m | | |
| Cash Flow Adjustments | -\$477k | -\$405k | -\$72k | | Total cash adjustment is \$72k lower than budgeted due to negative adjustment on accrued salaries. |
| Change in Cash | \$740k | -\$358k | \$1.1m | | |

0

534 Days of Cash at year's end






We forecast the school's year ending cash balance as **\$13.39m**, **\$1.64m** above budget.

Cash balance at year end is expected to be \$1.64m more than budgeted since we started the year with \$543k more cash than budgeted and our forecasted FY21 net income is \$1.17m higher than budgeted



State and Local Revenue | \$393k annual increase in cash

Total state and local revenue is \$393k more than budgeted mainly due to enrollment of 3 more students than budgeted, 14 more SpEd Level 1 students, 1 more SpEd Level 4 student and 54 more At-Risk students than budgeted.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|--|----------|--------|--|----------------|
| Per-pupil alloc Per pupil revenue is \$29k higher than budgeted due to enrollment of 3 more students than budgeted. | 6m | 6m |  29k | 0 |
| Per-pupil SpEd alloc Per pupil SpEd revenue is \$225k higher than budgeted due to enrollment of 14 more level 1 and 1 more level 4 SpEd students than budgeted. This month, forecast increased by \$68k since 3 additional SpEd students were identified at the time of first certification. | 552k | 327k |  225k | 68k |
| Per-pupil At Risk Per pupil At Risk revenue is \$139k higher than budgeted due to enrollment of 54 more At Risk students than budgeted. | 775k | 636k |  139k | 2k |
| Per-pupil facility alloc Per pupil facilities revenue is \$10k higher than budgeted due to enrollment of 3 more students than budgeted. | 1.5m | 1.4m |  10k | 0 |
| Local programs Reduced by \$10k based due to fewer meals being served under COVID-19 related school closure and anticipated A/B schedule upon reopening. | 7k | 17k | -10k  | 0 |

Federal Revenue | \$156k annual increase in cash



Overall federal revenue is \$156k higher than budgeted mainly due to additional CARES and SOAR funding partially offset by lower anticipated NSLP revenue.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|--|----------|--------|--|----------------|
| ESEA Title 1 Title-I revenue is \$9k over budgeted due to higher allocation in EGMS. | 185k | 176k | 9k | 0 |
| IDEA 611 IDEA 611 revenue is \$5k lower than budgeted. | 47k | 52k | -5k | 0 |
| ESEA Title 4 Title-IV revenue is \$15k lower than budgeted due to lower allocation in EGMS. | 11k | 26k | -15k | 0 |
| CARES Act Funds \$62k higher than budgeted CARES revenue since we received additional CARES funding that had not been budgeted for. | 62k | 0 | 62k | 0 |
| Competitive federal grants \$312k higher than budgeted SOAR revenue since we are expected to receive additional FFY20 SOAR funding that had not been budgeted for. | 589k | 277k | 312k | 0 |
| National school lunch prog Reduced by \$200k due to fewer meals being served under COVID-19 related school closure and anticipated A/B schedule upon reopening. This reduction in revenue is balanced by a similar reduction in the food service fees expense. | 131k | 331k | -200k | 0 |
| Donated federal commodities Reduced by \$10k due to fewer meals being served under COVID-19 related school closure and anticipated A/B schedule upon reopening. | 8k | 18k | -10k | -10k |

0









Earned Fees | \$73k annual decrease in cash

Earned fees revenue is \$73k lower than budgeted driven mainly by lower than budgeted before after care revenue and lower short-term investment revenue.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|--|----------|--------|--|----------------|
| Before care after care fees Forecast for before after fees is \$40k lower than budgeted since the school anticipates lesser participation in the program due to COVID-19. | 20k | 60k |  -40k | 0 |
| Short-term investments Forecast reduced to zero since the derivative instrument has been running a loss and we're not receiving any payments on it. This may be reduced further based on market outlook later in the year. | 0 | 33k |  -33k | -33k |
| | | | | 0 |


Salaries | \$672k annual increase in cash

Overall salary expense is \$672k below budget mainly due to lesser than budgeted salary expense on teachers, teacher aides, summer school salaries and before-after care salaries.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|---|----------|--------|--|----------------|
| Teacher salaries Forecast is \$133k less than budgeted since we hired 3 fewer teachers than budgeted. | 1.1m | 1.3m |  133k | 9k |
| SpEd salaries Forecast increased by \$45k to include possible hiring of one SpEd teacher position that was not included in the budget. | 83k | 38k |  -45k | 6k |
| Teacher aides salaries Forecast is \$510k lower than budgeted since we have 14 fewer Associate Teachers and IAs than budgeted due to remote classrooms/ smaller sized classrooms upon reopening. | 766k | 1.3m |  510k | 10k |
| Clerical salaries Forecast is \$19k lower than budgeted due to \$12k lower than budgeted salary for executive admin assistant and 1 admin assistant position being vacant till September. | 210k | 228k | 19k  | -2k |
| Business, operations salaries Forecast is \$69k higher than budgeted mainly due to higher than budgeted salary for Director of Ops/HR, CFO and Principal. This month, the forecast was increased by \$49k due to salary raises given in October to CFO, Director of Ops/HR and Principal. | 496k | 427k | -69k  | -49k |
| Security salaries Forecast is \$39k higher than budgeted due to hiring of night security guard position that had been excluded from the budget. | 78k | 38k |  -39k | 1k |
| Before care after care salaries Forecast for before after care salaries is \$60k lower than budgeted since we did not run the program in the first quarter and expect to run it in a very limited capacity for the rest of the year. | 118k | 178k |  60k | 7k |
| Summer school salaries Forecast for summer school salaries is \$100k lower than budgeted since we did not hold summer school this year. | 0 | 100k |  100k | 0 |



Benefits and Taxes | \$57k annual increase in cash

Total benefits and taxes expense is \$57k below budget driven mainly by savings on social security and medicare expenses.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|---|----------|--------|---|----------------|
| Social security & medicare <small>Social security and medicare taxes are \$54k lower than budgeted due to lower than budgeted total salary expense.</small> | 340k | 394k | 54k  | -ok |

Occupancy Service | \$57k annual increase in cash


Total occupancy service expense is \$57k lower than budgeted mainly due to lower than budgeted janitorial supplies forecast partially offset by higher than budgeted utilities expense.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|--|----------|--------|---|----------------|
| Utilities & garbage removal Utilities forecast was increased by \$43k based on higher than budgeted YTD spending and similar expected future trend for PEPCO and Direct Energy Business. | 225k | 182k |  -43k | 0 |
| Janitorial supplies Forecast for janitorial supplies was reduced by \$100k based on YTD spending and anticipated spending which is expected to be lesser than we thought at the time of budgeting. | 50k | 150k |  100k | 0 |

0

Direct Student Expense | \$194k annual increase in cash

Direct student expense is \$194k lower than budgeted mainly due to lower food service fees forecast.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|---|----------|--------|--|----------------|
| Food service fees Forecast reduced by \$200k based on input from the school due to fewer meals being served under COVID-19 related school closure and A/B schedule upon reopening. This reduction in expense is balanced by an equal reduction in NSLP revenue. | 201k | 401k | 200k  | 0 |


Office & Business Expense | \$185k annual decrease in cash

Total office and business expense is \$185k over budget due to higher office supplies, computer support fees, technology expenses and telephone & telecommunications expenses.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|---|----------|--------|--|----------------|
| Office supplies Forecast for office supplies increased by \$115k since a lot of spending on papers, ink, masks etc. is expected for preparation for online class and A/B schedules. | 180k | 65k | | -115k 0 |
| Copier rental & services Forecast increased by \$8k due to increased printing needs to teachers and other staff members to manage online instruction. | 40k | 32k | | -8k 0 |
| Telephone & telecommunications Telephone and telecommunications expense forecast increased by \$18k due to phone lines for management leaders that were not budgeted for. | 150k | 132k | | -18k 0 |
| Non-capitalized technology Forecast increased by \$17k due to purchase of additional teacher laptops. | 20k | 3k | | -17k 0 |
| Computer support fees Forecast increased by \$23k to account for higher bills from Owia since they are providing a hotline to students and staff for tech issues. | 125k | 102k | | -23k 0 |
| | | | | 0 |


Contingency | \$100k annual decrease in cash

Total contingency expense is \$100k above budgeted. We were unable to include a contingency in our budget since the budgeted net income was low. Now since the net income forecast is higher, we've included a contingency expense in the forecast to account for any unforeseen expenses.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|---|----------|--------|---|----------------|
| Unforeseen expenses Included a contingency expense of \$100k to account for any unforeseen expenses that may be required due to the pandemic. | 100k | 0 | -100k  | 0 |
| | | | | 0 |

Other Operating Activities | \$72k annual decrease

Total cash adjustment on accrued salaries is \$72k less than budgeted. This has been updated to reflect the lower than budgeted salary expense forecast and the latest payroll schedule.

| Selected Accounts | Forecast | Budget | Annual Impact on Cash (And Monthly Change) | Monthly Change |
|--|----------|--------|---|-------------------|
| Accrued salaries* Cash adjustment on accrued salaries is \$72k less than budgeted mainly due to less than budgeted salaries for teachers and teacher aides.. | 38k | 34k |  | -72k 0k 0 |

*We accrue salaries that will be paid in July and August 2021 but are earned in our current fiscal year. Lower than budgeted accrued salaries negatively impact cash because we now have a lower expense that has been recorded but will not be paid out in this fiscal year

- **Adjust health insurance expense forecast based on actual plan enrollment and premiums.**
- **Observe the derivative payments and further lower short-term investment revenue if needed.**



QUESTIONS?

Please contact your EdOps Finance Specialist:

Atima Shahi

atima@ed-ops.com

2020-717-4678

© EdOps 2017-2020

Annotated Financials

| | Year-To-Date | | | Annual Forecast | | | |
|-------------------------------|------------------|------------------|-----------------|-------------------|------------------|--------------------|------------------|
| | Actual | Budget | Variance | Forecast | Budget | Variance | Remaining |
| Revenue | | | | | | | |
| State and Local Revenue | 2,106,622 | 2,118,854 | (12,232) | 8,809,700 | 8,416,849 | 392,851 | 6,703,078 |
| Federal Revenue | 110,635 | 89,791 | 20,844 | 1,134,973 | 979,447 | 155,526 | 1,024,338 |
| Private Grants and Donations | 500 | - | 500 | 500 | - | 500 | - |
| Earned Fees | 50,924 | 88,437 | (37,513) | 296,813 | 369,414 | (72,601) | 245,889 |
| Donated Revenue | - | - | - | - | - | - | - |
| Total Revenue | 2,268,681 | 2,297,082 | (28,401) | 10,241,986 | 9,765,710 | 476,276 ① | 7,973,305 |
| Expenses | | | | | | | |
| Salaries | 755,999 | 1,052,728 | 296,729 | 4,478,275 | 5,149,799 | 671,523 | 3,722,276 |
| Benefits and Taxes | 184,484 | 275,933 | 91,449 | 1,109,104 | 1,165,626 | 56,522 | 924,620 |
| Contracted Staff | - | - | - | - | - | - | - |
| Staff-Related Costs | 7,113 | 15,595 | 8,482 | 62,378 | 62,378 | 0 | 55,265 |
| Rent | - | - | - | - | - | - | - |
| Occupancy Service | 130,321 | 187,378 | 57,056 | 692,747 | 749,510 | 56,763 | 562,426 |
| Direct Student Expense | 266,313 | 579,085 | 312,772 | 1,172,293 | 1,366,627 | 194,334 | 905,980 |
| Office & Business Expense | 169,211 | 187,807 | 18,596 | 936,185 | 751,227 | (184,957) | 766,973 |
| Donated Expense | - | - | - | - | - | - | - |
| Contingency | - | - | - | 100,000 | 0 | (100,000) | 100,000 |
| Total Ordinary Expenses | 1,513,441 | 2,298,525 | 785,084 | 8,550,982 | 9,245,167 | 694,185 | 7,037,540 |
| Net Operating Income | 755,240 | (1,443) | 756,683 | 1,691,004 | 520,543 | 1,170,461 | 935,765 |
| Extraordinary Expenses | | | | | | | |
| Interest | 19,572 | 39,620 | 20,048 | 154,687 | 154,687 | (0) | 135,115 |
| Depreciation and Amortization | 68,303 | 79,844 | 11,541 | 319,376 | 319,375 | (1) | 251,073 |
| Total Extraordinary Expenses | 87,875 | 119,464 | 31,589 | 474,063 | 474,062 | (1) | 386,188 |
| Total Expenses | 1,601,316 | 2,417,989 | 816,673 | 9,025,045 | 9,719,229 | 694,184 ② | 7,423,728 |
| Net Income | 667,365 | (120,907) | 788,272 | 1,216,941 | 46,481 | 1,170,460 ③ | 549,577 |
| Cash Flow Adjustments | 666,495 | 456,383 | 210,111 | (477,052) | (404,818) | (72,234) ④ | (1,143,547) |
| Change in Cash | 1,333,859 | 335,476 | 998,383 | 739,889 | (358,337) | 1,098,226 ⑤ | (593,970) |

① REVENUE: \$476K AHEAD

Revenue is \$476k higher than budgeted due to higher than budgeted per pupil revenue, SOAR allocation and CARES allocation partially offset by lower than budgeted NSLP revenue, before after care fees and short-term investment revenue.

② EXPENSES: \$694K AHEAD

Expenses are \$694k lower than budgeted mainly due to lower than budgeted teacher salaries, teacher aides salaries, summer school salaries, janitorial supplies and food service fees partially offset by higher than budgeted office & business and contingency expenses

③ NET INCOME: \$1.17M ahead

④ CASH ADJ: \$72K BEHIND

Total cash adjustment is \$72k lower than budgeted due to negative adjustment on accrued salaries

⑤ NET CHANGE IN CASH: \$1.1M AHEAD