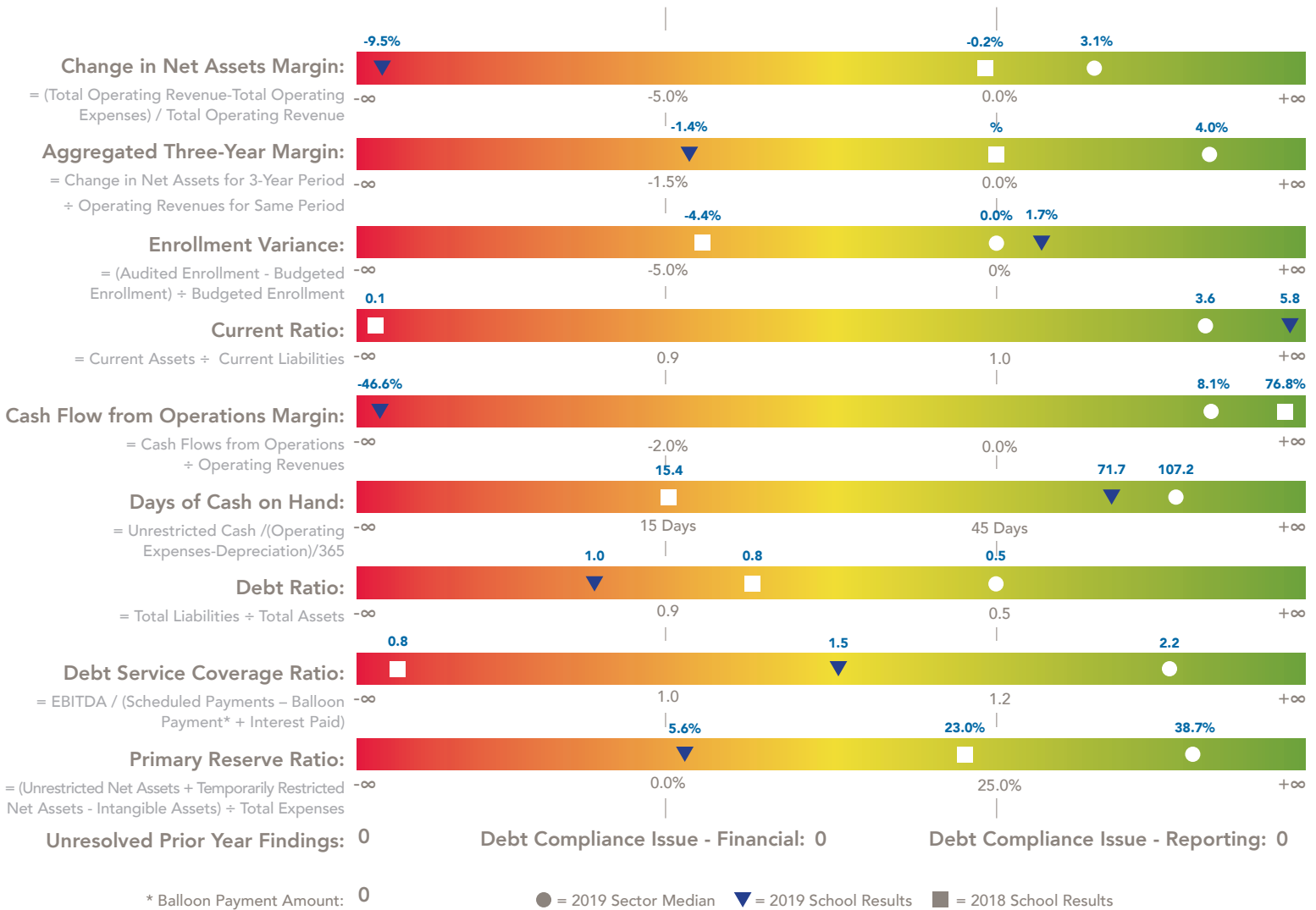


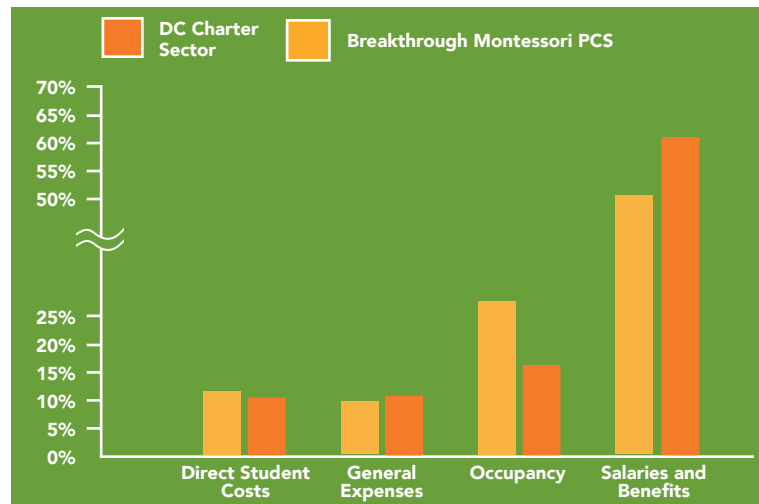
KEY FINANCIAL INDICATORS



Comments from the School

Breakthrough Montessori believes the characterization of our financial performance as "mixed" diminishes the significant improvement in our financial health as an organization. We increased our cash balance from \$111,335 to \$811,498, representing a 57 day increase in cash on hand. Montessori instruction requires a significant investment in classroom materials for each new classroom we open. As we grow, we will continue to invest resources in personnel and classroom materials. Additionally, we will realize significant savings in occupancy expenses beginning in FY22 when we consolidate to our Takoma campus. Given our robust enrollment in FY19 and FY20, we anticipate full enrollment in FY21 and continued financial improvement over the next several years.

PCS EXPENSES BY CATEGORY



BREAKTHROUGH MONTESSORI PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	\$5,636,631	\$3,134,152
Current Assets	\$912,353	\$309,409
Total Liabilities	\$5,391,738	\$2,506,537
Current Liabilities	\$156,483	\$2,355,541
Net Asset Position	\$244,893	\$627,615

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	\$4,010,019	\$2,719,124
Expenses	\$4,392,741	\$2,723,262
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	-\$382,722	-\$4,138

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	\$19,775	\$19,526	\$19,863
Grants and Contributions Per Student	\$436	\$90	\$346
Total Revenues per Student	\$21,913	\$21,078	\$23,270
Expenses per Student	\$24,004	\$21,111	\$22,981

PCSB OBSERVATIONS

The school's financial performance in 2019 was mixed. The school's current ratio improved to 5.8 from 0.1 in 2018 and days of cash on hand improved to 72 from just 15 in 2018 as payables for leasehold improvements in progress were paid off and replaced with long-term financing. The long-term financing also allowed the school to increase cash balances and overall liquidity. The -46.6% in cash flow margin from operations also reflects the payment of short-term accounts payable and is not an area of concern. Enrollment grew by 42% while revenue grew by 47%. Expenses, however, grew by 61% driven by higher personnel costs and higher occupancy/depreciation of leasehold improvements. The resulting net loss of \$383K is not an area of concern if the school continues to experience strong increases in enrollment. In addition, the school will consolidate into a single site in SY 2021 which will lower occupancy expenses.

Debt:

1. In 2018, the school entered into an agreement with the City First Bank of DC for a loan of \$1.9MM due in 2023. The balance of this loan is \$1.9M.
2. In 2018, the school entered into an agreement with OPCFS for a loan of \$2.0MM due in 2023. The balance of this loan is \$2.0M.
3. In 2018, the school entered into an agreement with Building Hope for a loan of \$500K due in 2023. The balance on this loan is \$800K.
4. In 2018, the school entered into an agreement with the City First Bank of DC for a loan of \$538K due in 2023. The balance of this loan is \$538K.

Property Lease:

1. In April 2016, the school entered into a lease agreement with another public charter school for use of its facility at 1244 Taylor Street NW that expires in July 2021 with a base rent of \$297K per year and 3% annual increases.
2. In March 2018, the school entered into a lease agreement for the use of the space at 6923 Willow St. NW, that expires in 2043. The annual base rent is \$210K and increases by 2% per year. The landlord granted rent abatement for the first 18 months of this lease.