### Key Financial Indicators

**Change in Net Assets Margin:**
\[
\frac{(\text{Total Operating Revenue} - \text{Total Operating Expenses})}{\text{Total Operating Revenue}}
\]
-3.1%  6.6%  10.6%

**Aggregated Three-Year Margin:**
\[
\frac{\text{Change in Net Assets for 3-Year Period}}{\text{Operating Revenues for Same Period}}
\]
-1.5%  0.0%  0.0%  2.0%

**Enrollment Variance:**
\[
\frac{\text{Audited Enrollment} - \text{Budgeted Enrollment}}{\text{Budgeted Enrollment}}
\]
-5.0%  0.0%  3.5  3.6  4.3

**Current Ratio:**
\[
\frac{\text{Current Assets}}{\text{Current Liabilities}}
\]
0.9  1.0  +∞

**Cash Flow from Operations Margin:**
\[
\frac{\text{Cash Flows from Operations}}{\text{Operating Revenues}}
\]
-2.0%  0.0%  +∞

**Days of Cash on Hand:**
\[
\frac{\text{Unrestricted Cash} - \text{Operating Expenses} - \text{Depreciation}}{365}
\]
15 Days  45 Days  0.5  0.3  0.2

**Debt Ratio:**
\[
\frac{\text{Total Liabilities}}{\text{Total Assets}}
\]
0.9  0.5  +∞

**Debt Service Coverage Ratio:**
\[
\frac{\text{EBITDA}}{(\text{Scheduled Payments} - \text{Balloon Payment}^* + \text{Interest Paid})}
\]
1.0  1.2

**Primary Reserve Ratio:**
\[
\frac{\text{(Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets)}}{\text{Total Expenses}}
\]
0.0%  25.0%  +∞

**Unresolved Prior Year Findings:** 0

* = Balloon Payment Amount: 0

**Debt Compliance Issue - Financial:** 0
**Debt Compliance Issue - Reporting:** 0

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### Comments from the School

- Changes: 1- Cash on hand net of LOC. 2- ST write-up implies there is $1M outstanding on LOCs vs. actual balance of $132K. The school has 56 days of cash on hand. This indicates that the school has adequate cash on hand to meet operating expenses in the event of unexpected delays in cash receipts.

- The school had three lines of credit totaling $1.05 million that expire in April, July, and September 2018. The school is current on interest and principal payments.
The school had a strong financial position. The school exceeded all DC PCSB standards with the exception of the enrollment variance. Moreover, the school showed improvement from 2018: cash flow from operations margin increased to 12.3% from 8.3%, days of cash on hand increased to 119 from 75, and the current ratio improved to 4.3 from 3.5. The school has a very low debt ratio and primary reserves of over 36%.

Debt:
- Guarantee of indebtedness: Bridges PCS & Briya PCS each are guarantors on 50% of a $1.3M loan obtained to purchase the school facility they share. Along with being guarantors, each school must always comply with a number of financial covenants.

Property Lease:
1. Mamie D. Lee LLC was formed in 2015 by Bridges PCS and Briya PCS for the purpose of leasing property from the District of Columbia to renovate, maintain, and rent space to the two member charter schools. Each school has equal 50% voting rights in the LLC.
2. The school is in a 30-year use agreement with Mamie D. Lee to occupy a portion of a new school building on Gallatin Street, NE. Rent expense related to this lease for 2019 was $1.4M.
3. The school is in a seven-year lease agreement with JRK Family Investments LLC for a building on Taylor Street, NW. Total rent expense for fiscal year 2019 was $307K.