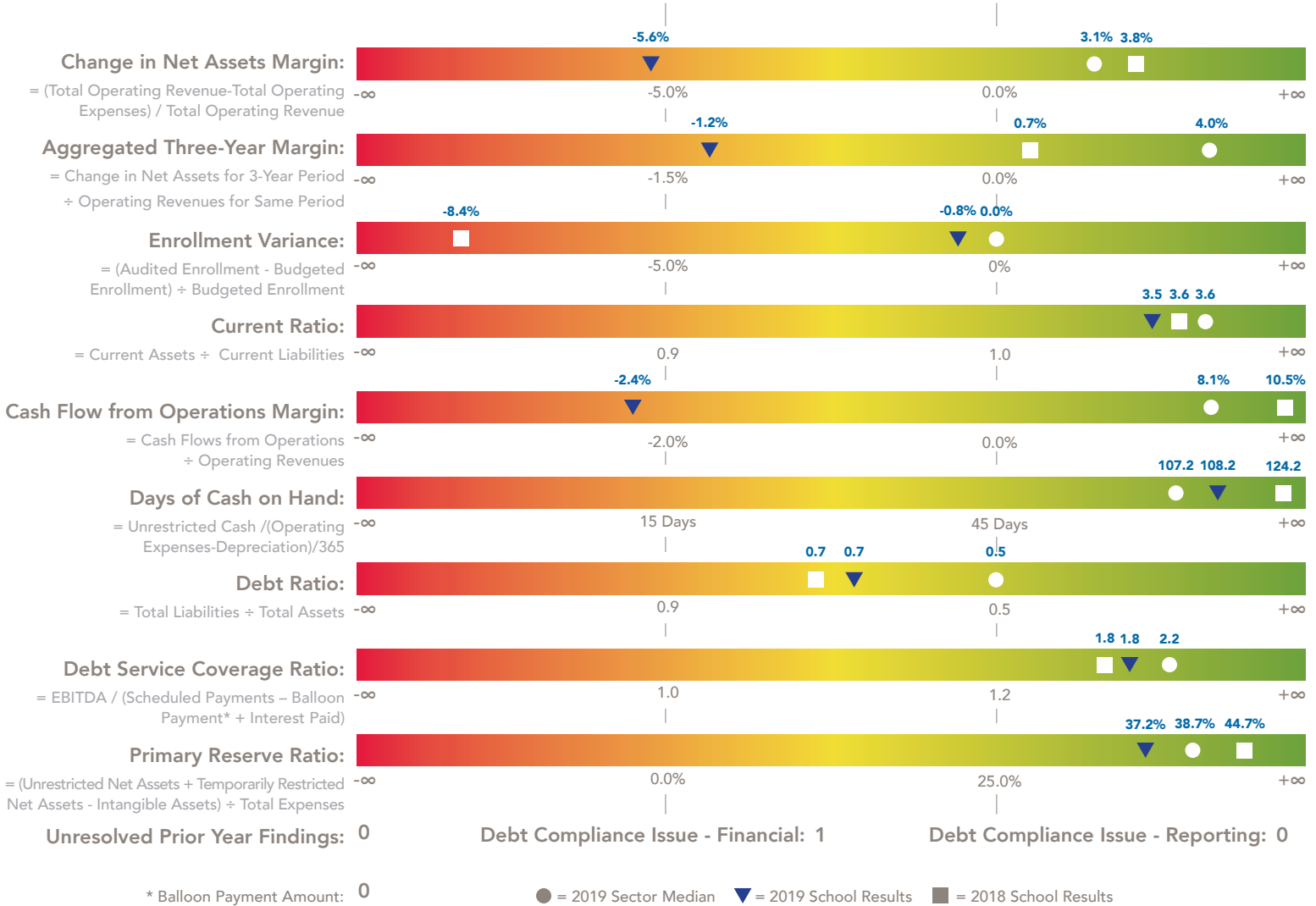


Opened:
1998-1999

Audited Enrollment:
956

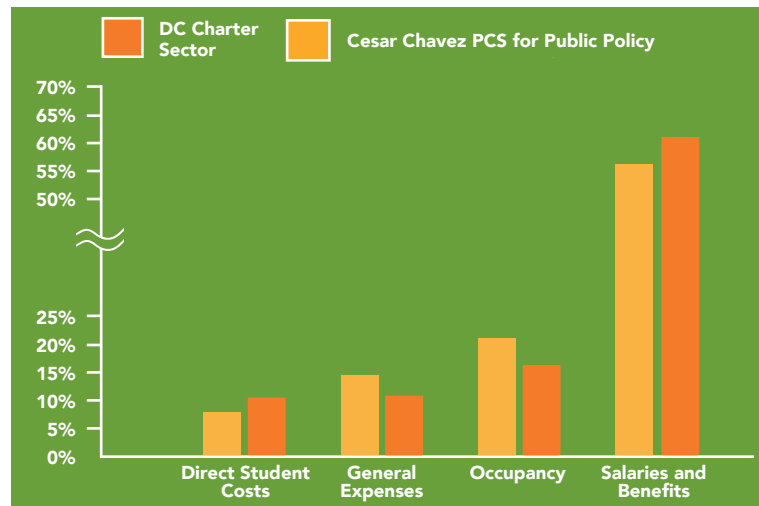
KEY FINANCIAL INDICATORS



Comments from the School

Chavez Schools is in the middle of a financial restructuring that will position the school for financial stability for years to come. Since the completion of the FY19 audit, the School has finalized a transaction to sell its lease rights to the property located at 770 Kenyon Street. This transaction improves the school's balance sheet and reduces costs significantly moving forward. Specifically, the school no longer has any rent expense as of 3/31/20, and the PCSB comment regarding property lease will not be relevant moving forward. Additionally, the school was able to pay down debt by \$8.76M which will drastically reduce interest expense moving forward. Finally, the school is working to refinance its remaining debt to reduce the weighted interest rate of 7.6% to a current market rate which we anticipate to be significantly lower. The school anticipates refinancing the Series 2011 bonds no later than November, 2020.

PCS EXPENSES BY CATEGORY



CESAR CHAVEZ PCS FOR PUBLIC POLICY

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	\$33,027,588	\$37,778,533
Current Assets	\$7,931,366	\$8,965,214
Total Liabilities	\$24,109,375	\$25,104,619
Current Liabilities	\$2,265,923	\$2,524,259
Net Asset Position	\$8,918,213	\$12,673,914

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	\$22,693,624	\$26,329,562
Expenses	\$23,964,770	\$25,329,299
Non-operating Revenues (Expenses)	-\$2,484,555	\$0
Surplus (Deficit)	-\$3,755,701	\$1,000,263

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	\$20,920	\$20,354	\$19,863
Grants and Contributions Per Student	\$13	\$60	\$346
Total Revenues per Student	\$23,738	\$22,370	\$23,270
Expenses per Student	\$25,068	\$21,520	\$22,981

PCSB OBSERVATIONS

The school's revenue declined by 14% in 2019 because of a decline in enrollment from 1177 to 956 students. Expenses, however, fell just 6%. In addition, the school canceled a lease with ESP Warehouse and was required to write off \$2.5M of leasehold improvements. Together these resulted in a negative change in net assets of (5.6%) and a decline in net assets from \$12.7M to \$8.9M. While liquidity was strong with a current ratio of 3.5 and 108 days of cash on hand, declining enrollment requires that the school must focus on cost management, especially in light of the relatively high interest rate of its debt to ensure sustainability.

Debt :

On March 1, 2011, the school issued District of Columbia revenue bonds with proceeds of \$27.2M (the Series 2011 bonds) with a weighted average interest rate of 7.6%. The proceeds were used to refinance the entire outstanding balance of the school's previous loans and to purchase the facility that the school had been leasing. The proceeds were also used for renovations of the purchased building as well as the buildings at the two leased campus locations. The Series 2011 bonds mature in five-year increments from inception through 2040.

Property Lease:

The school entered into a 30-year ground lease agreement for an additional operating location that expires in 2038. The rent will increase commensurate to increases in enrollment. The rent expense for the year was \$600K.