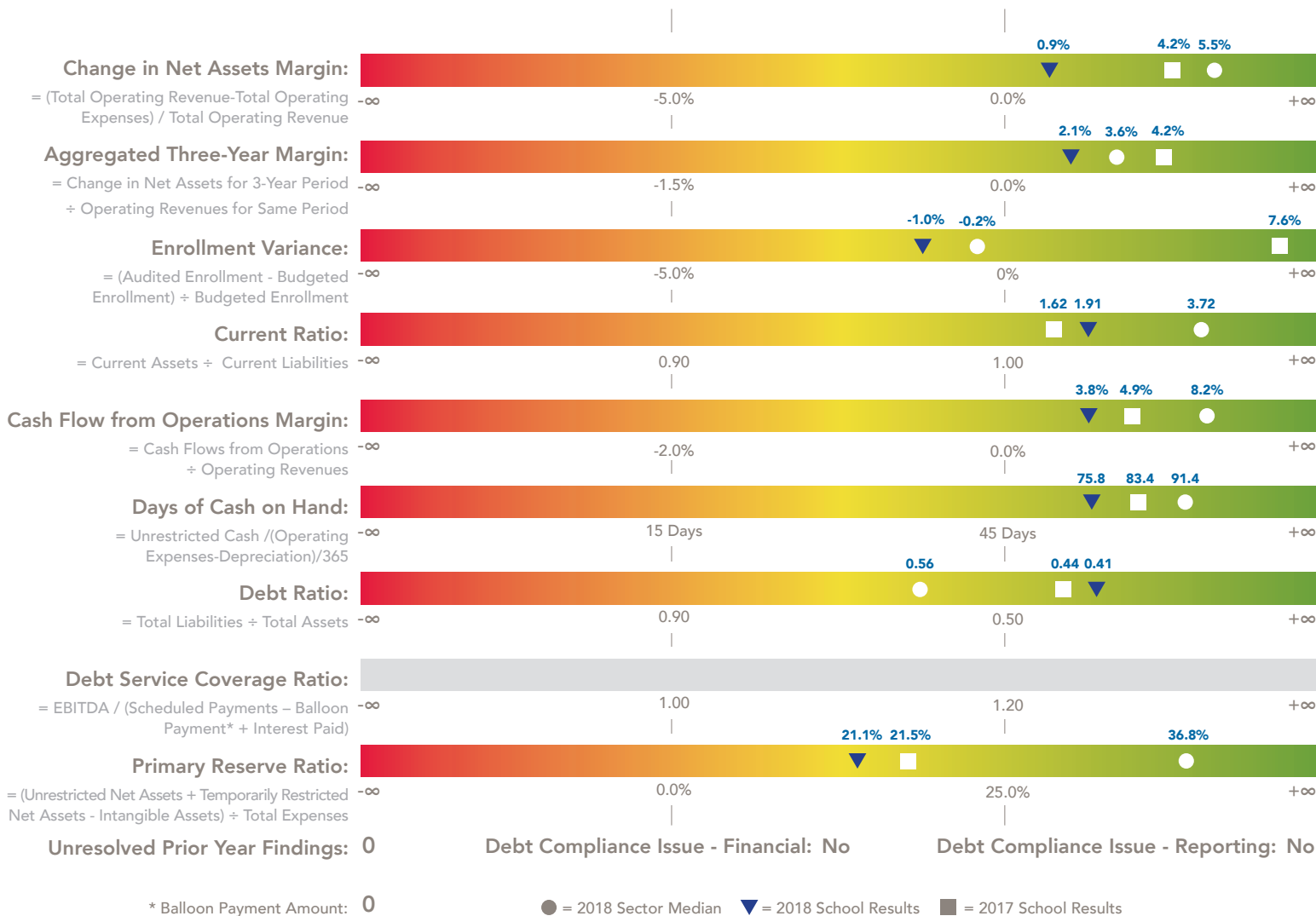


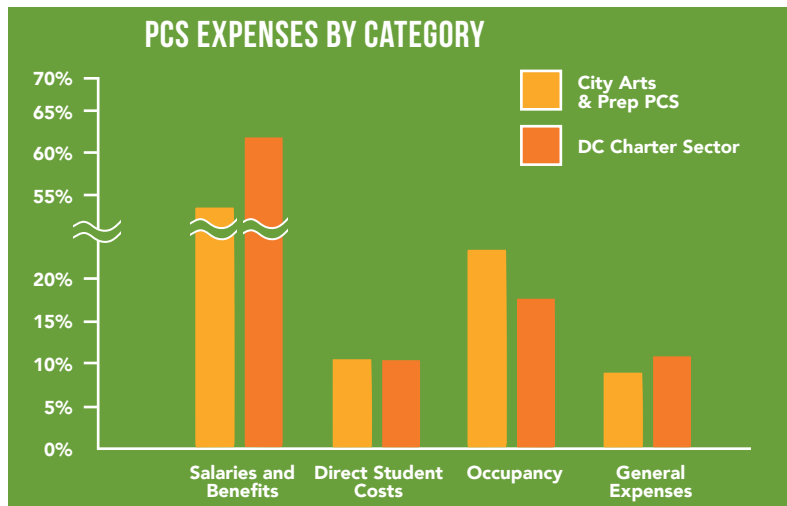
Opened:
2004 - 2005

Audited Enrollment:
499

KEY FINANCIAL INDICATORS



Comments from the School



CITY ARTS & PREP PCS

FY2018 Financial Analysis Report

FINANCIAL POSITION

	2018	2017
Total Assets	\$3,442,377	\$3,469,086
Current Assets	\$2,690,033	\$2,491,646
Total Liabilities	\$1,418,151	\$1,536,393
Current Liabilities	\$1,411,029	\$1,535,589
Net Asset Position	\$2,024,227	\$1,932,693

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$9,674,708	\$9,398,257
Expenses	\$9,584,898	\$9,007,993
Non-operating Revenues (Expenses)	\$1,724	\$4,536
Surplus (Deficit)	\$91,534	\$394,800

AUDIT FINDINGS

	2018	2017
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

	2018	2017	2018 Sector Median
DC Funding per Student	\$17,631	\$16,442	\$19,243
Grants and Contributions Per Student	\$183	\$108	\$492
Total Revenues per Student	\$19,388	\$18,004	\$22,382
Expenses per Student	\$19,208	\$17,257	\$21,375

PCSB OBSERVATIONS

On March 8, 2019, Friendship PCS requested approval from DC PCSB to acquire the assets of City Arts & Prep PCS and allow City Arts & Prep students to enroll at Friendship PCS. The request from Friendship came after DC PCSB's vote to revoke City Arts' charter, following the school's 15-year renewal. On March 27, 2019, the DC PCSB voted to approve the acquisition.

The school's change in net assets margin declined to 0.9% in FY 2018 from 4.15% in FY 2017 as a result of declining enrollment. The 4.4% decrease in enrollment also had an impact on the school's days of cash on hand and cash flow from operations margin. While still strong, the cash flow from operations margin declined to 3.8% from 4.9% in FY 2017. The days of cash on hand also declined to 76 in FY 2018 from 83 in FY 2017.

Subsequent to the year ended June 30, 2017, the school began negotiations to extend the term of the United Bank loan payable through December 2017. The school entered into a lease agreement with 705 Edgewood Associates LLC, effective for 10 years commencing on September 1, 2004, for the rental of a building at 705 Edgewood Avenue, NE. The lease is scheduled to expire on August 31, 2019. One of the provisions of the lease required the school to obtain a loan of \$2.0M from the District of Columbia's Department of Banking and Financial Institutions, Office of Public Charter School Financing and Support. Also, in October 2007, the school obtained a loan from United Bank for \$1.6M to pay for leasehold improvements to the school building. Subject to the terms of the agreement, the original loan was bifurcated into two subnotes. The balances of these subnotes at June 30, 2018, and June 30, 2017, were \$418K and \$554K, respectively.