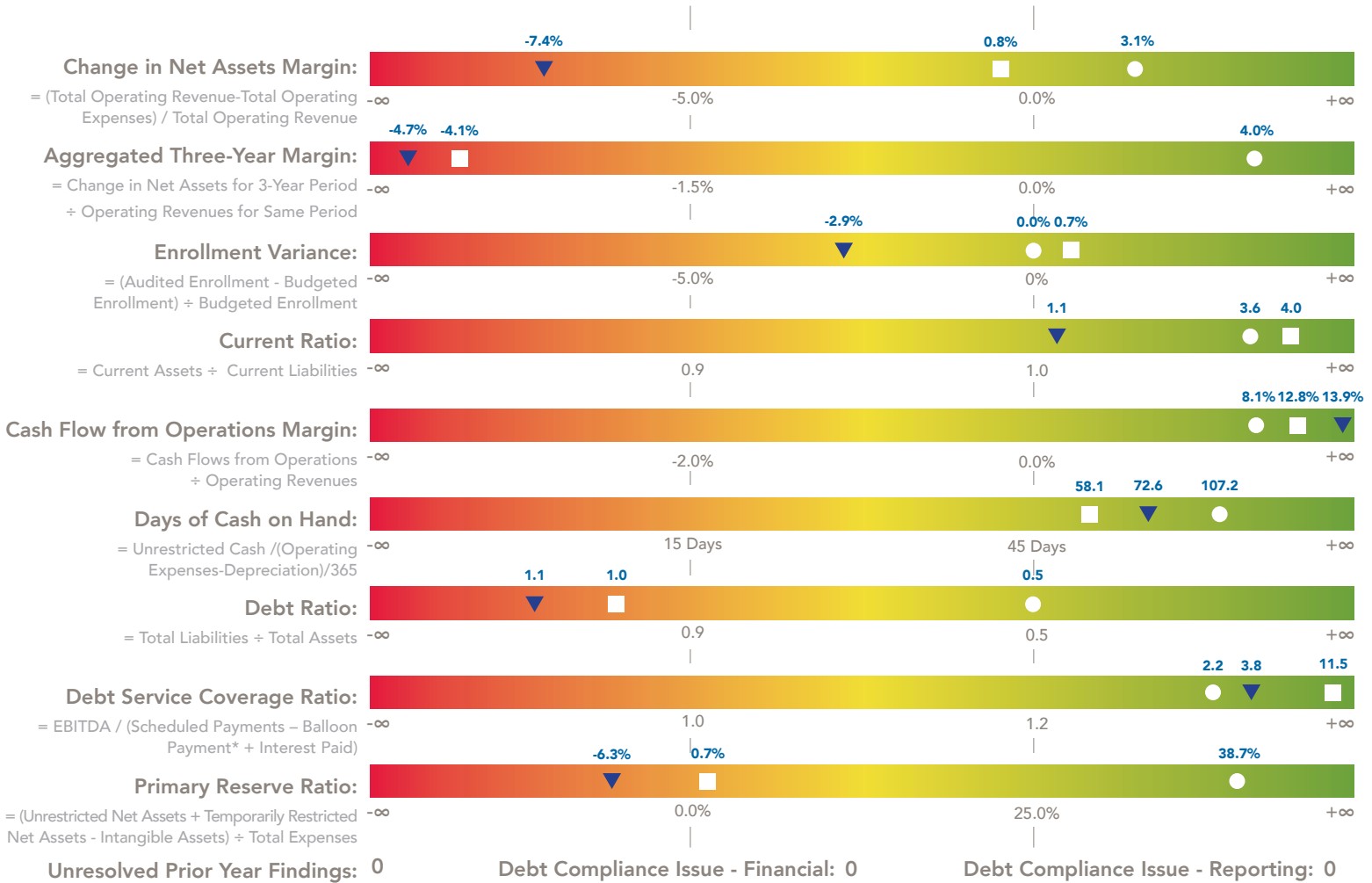


Opened:
2012-2013

Audited Enrollment:
496

KEY FINANCIAL INDICATORS



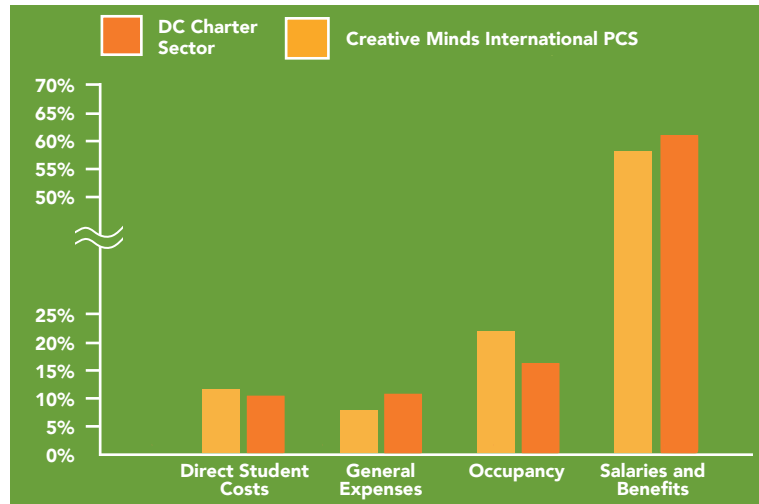
* Balloon Payment Amount: -250,000

● = 2019 Sector Median ▼ = 2019 School Results ■ = 2018 School Results

Comments from the School

Due to CMIPCS's long-term 30-year lease arrangement with our landlord, the Armed Forces Retirement Home (AFRH), the school is allowed to utilize certain capital improvement expenditures to offset rent payments. For example the cost CMIPCS incurs to make repairs, such as a leaky roof, is treated as an offset to our rent payment and considered deferred rent. Over the past four years (FY16, FY17, FY18 and FY19) CMIPCS had \$4.26m of deferred rent. This deferred rent is a non-cash transaction and accounted for in compliance with Generally Accepted Accounting Principles (GAAP) standards. This GAAP requirement, however, results in CMIPCS showing accounting deficits over the last four years and creates the impression of CMIPCS's expenses and liabilities surpassing revenue and assets. This in turn results in a low debt ratio, which is not fully accurate. The school is financially sound, well positioned to meet obligations, and chose to refinance their 2015 loan so investment can be made on building renovations to meet the needs of the growing student population.

PCS EXPENSES BY CATEGORY



CREATIVE MINDS INTERNATIONAL PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	\$5,740,283	\$4,950,645
Current Assets	\$2,548,761	\$1,719,136
Total Liabilities	\$6,522,459	\$4,880,032
Current Liabilities	\$2,248,987	\$427,697
Net Asset Position	-\$782,176	\$70,613

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	\$11,499,770	\$10,323,479
Expenses	\$12,352,559	\$10,240,909
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	-\$852,789	\$82,570

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	\$21,251	\$20,993	\$19,863
Grants and Contributions Per Student	\$60	\$482	\$346
Total Revenues per Student	\$23,185	\$23,409	\$23,270
Expenses per Student	\$24,904	\$23,222	\$22,981

PCSB OBSERVATIONS

The school's financial position at year-end 2019 was adequate. Enrollment grew 11% in 2019, with a similar (12%) increase in revenue. Expenses, however, grew 20%, driven by a \$1.0M increase in rent expense. As a result, the school's net asset position was -\$782K. Less than \$400K in cash was paid in rent, resulting in a strong cash flow from operations margin of 13.9%. The school's deferred rent liability grew to over \$4.0M, including the impact of extending the lease from 10 to 30 years. The school's liquidity remained strong, with 73 days of cash on hand and a current ratio of 1.1, when the current portion of long-term debt is excluded, indicating that the school has sufficient resources to meet upcoming obligations.

Debt:

In March 2015, the school obtained a loan from the District of Columbia Office of Public Charter School Financing and Support (OPCSFS) to finance up to \$2.0M of renovations at a 4.5% interest rate, and a balloon payment was scheduled for March 2020. The outstanding balance of the loan at year-end 2019 was \$1.6M. In April 2020, OCPFS issued a new loan for \$2.0M bearing an interest rate of 3.75%. \$1.6M of the new loan was used to retire the 2015 loan's balloon payment, and the school is using the remaining \$400,000 for continued renovations to support the continued growth of the school.

Property Lease:

On February 9, 2015, the school entered into a 10-year agreement with the Armed Forces Retirement Home to lease space in the Sherman Building at 3700 North Capitol Street, NW. This lease was amended in 2016 for additional space to meet the school's growing requirements and again in August 2018 to extend the term from ten to thirty years. The monthly lease payments are based on the square footage area occupied by the school and decreased by the approved leasehold improvement incentives for repair, maintenance, renovation, remodel, or upgrade of the building. As of June 30, 2019, approved in-kind leasehold improvements totaled \$4.2M, and rent expense was \$2.0M.