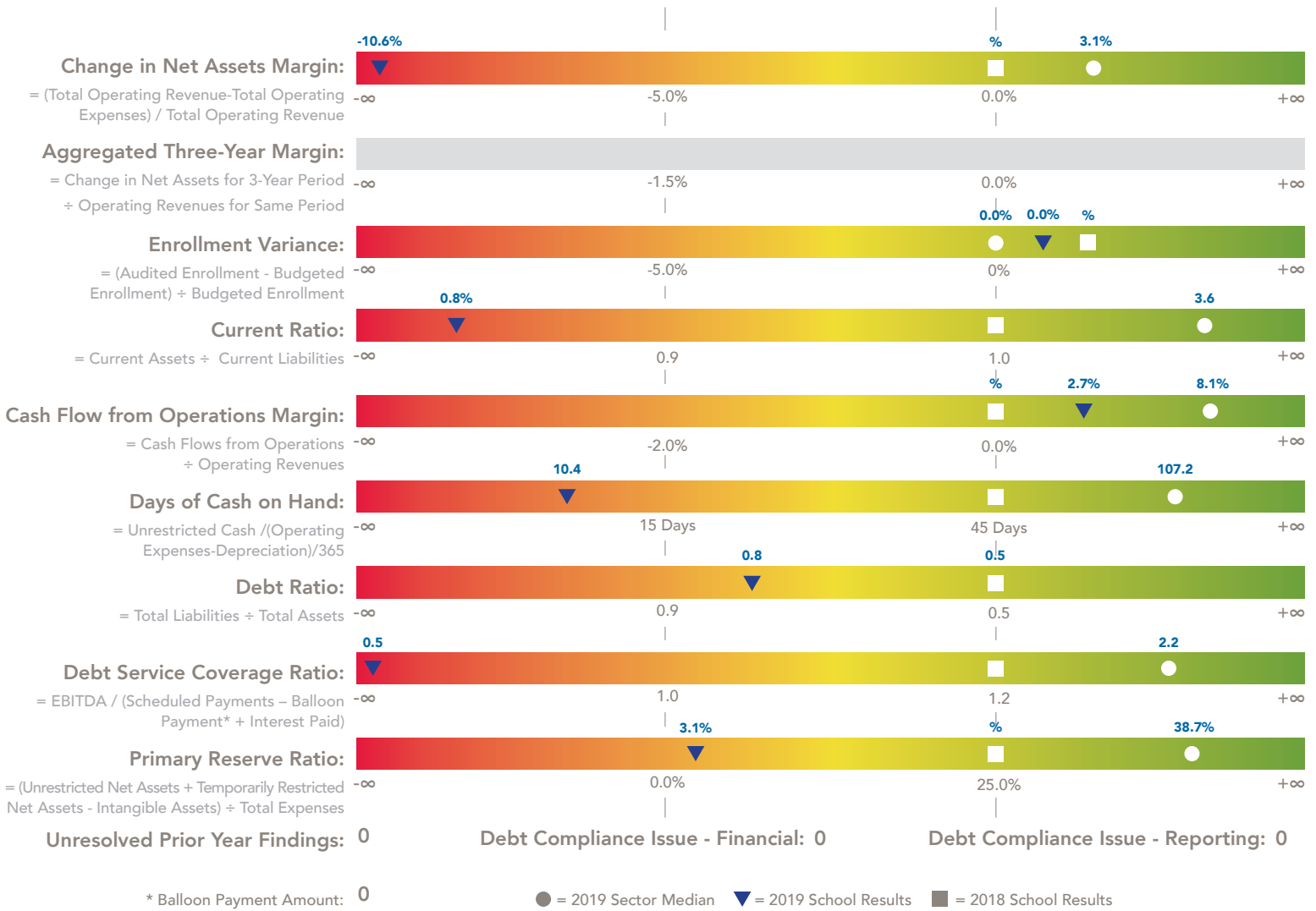


Opened:
2018-2019

Audited Enrollment:
120

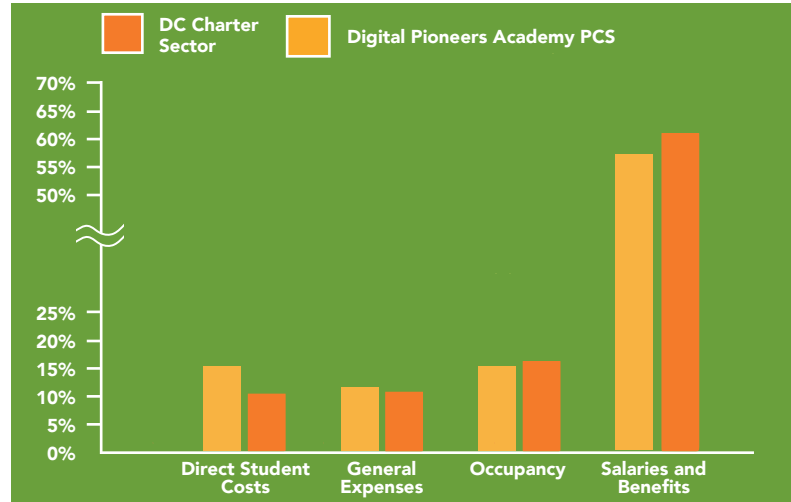
KEY FINANCIAL INDICATORS



Unresolved Prior Year Findings: 0 Debt Compliance Issue - Financial: 0 Debt Compliance Issue - Reporting: 0

Comments from the School

PCS EXPENSES BY CATEGORY



DIGITAL PIONEERS ACADEMY PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	\$803,814	
Current Assets	\$488,107	
Total Liabilities	\$670,822	
Current Liabilities	\$643,464	
Net Asset Position	\$132,992	

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	\$3,883,240	
Expenses	\$4,295,106	
Non-operating Revenues (Expenses)	-\$70,316	
Surplus (Deficit)	-\$482,182	

AUDIT FINDINGS

	2019	2018
Qualified/Modified/Adverse Opinion on the Financial Statements	No	
Material Weakness in Internal Control over Financial Reporting (GAS)	No	
Non-compliance Material to the Financial Statements (GAS)	No	
Modified Opinion on Major Federal Award Programs (Uniform Guidance)	No	
Material Weaknesses in the Internal Control over Compliance with Major Federal Programs (Uniform Guidance)	No	
Findings and Questioned Costs	0	
Going-Concern Issue	No	

REVENUES/EXPENSES PER STUDENT

	2019	2018	2019 Sector Median
DC Funding per Student	\$18,198		\$19,863
Grants and Contributions Per Student	\$7,575		\$346
Total Revenues per Student	\$32,360		\$23,270
Expenses per Student	\$35,793		\$22,981

PCSB OBSERVATIONS

The financial performance of the school was adequate in 2019. In its first year of operations, the school had a loss of \$482K, or a change in net assets margin of (10.6%). The cash flow from operations, however, was positive, after considering \$550K in depreciation on newly acquired fixed assets. As the school grows enrollment, we would expect revenues to grow while fixed costs remain relatively unchanged. In addition, while the school had only 10 days of cash on hand, it had a high balance of receivable which were deemed to have little risk of collection. Finally, the current ratio of 0.8 was impacted by the short-term scheduled maturity of a promissory note. This debt was refinanced in September of 2019 and is now a long-term liability. Other ratios, including the debt ratio, debt service coverage ratio and primary reserve ratio, while low, are not an area of concern for a school in its first year of operation. DC PCSB will continue to monitor the school's performance.

Debt:

In 2018, the LEA entered into a promissory note with the Office of the State Superintendent of Education for the District of Columbia (OSSE) in the amount of \$60K, bearing interest at a fixed rate of 4.25%. The loan proceeds were utilized for the improvement and reconfiguration of the property located at 2220 Branch Avenue, SE. While the school did not meet loan covenants related to debt service coverage and liquidity at June 30, 2019, these covenants were no longer in force when this debt was refinanced. On September 6, 2019, the OSSE refinanced the remaining balance on the original loan in the amount of \$306K and provided an additional amount of \$510K in financing for the purpose of renovating a school facility located at 709 12th Street SE. The new loan is for a total amount of \$816K and is payable over the next five years.

Leases:

The school entered into a lease agreement with East Washington Heights Baptist Church for a twelve month period beginning August 1, 2018 and expiring on July 31, 2019 for a portion of the building at 2220 Branch Ave SE. Rent expense for 2019 was \$78K. The school entered into a lease with ESP Warehouse LLC commencing on July 1, 2019 and ending on June 30, 2034 for the rental of three buildings at 709 12th Street, SE, with an option to extend for up to two five-year consecutive terms.