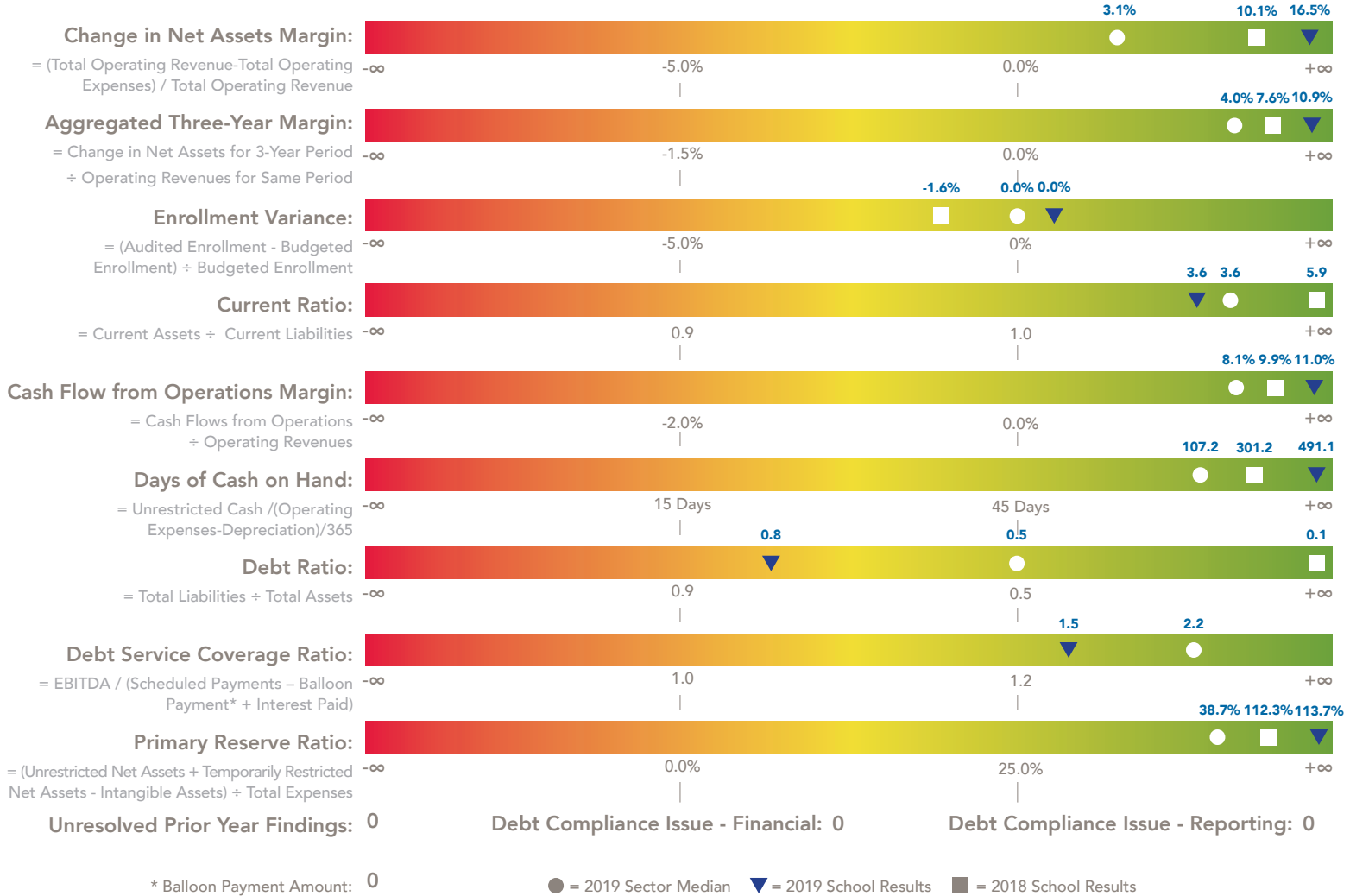


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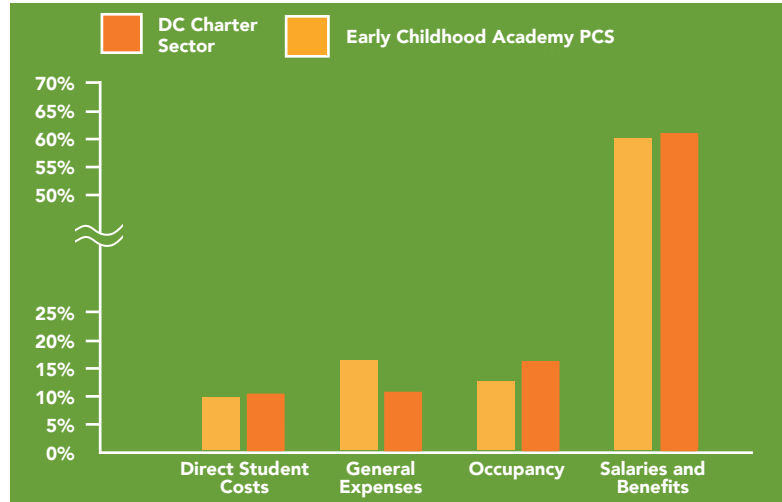
Audited Enrollment:
254

KEY FINANCIAL INDICATORS



Comments from the School

PCS EXPENSES BY CATEGORY



EARLY CHILDHOOD ACADEMY PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	\$35,628,376	\$6,296,003
Current Assets	\$8,205,561	\$4,302,211
Total Liabilities	\$28,895,249	\$732,460
Current Liabilities	\$2,311,037	\$732,460
Net Asset Position	\$6,733,127	\$5,563,543

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	\$7,092,231	\$5,508,798
Expenses	\$5,922,647	\$4,953,664
Non-operating Revenues (Expenses)	\$0	-\$669
Surplus (Deficit)	\$1,169,584	\$554,465

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	\$20,278	\$19,217	\$19,863
Grants and Contributions Per Student	\$100	\$225	\$346
Total Revenues per Student	\$27,922	\$22,393	\$23,270
Expenses per Student	\$23,318	\$20,137	\$22,981

PCSB OBSERVATIONS

The school has an exceptionally strong financial position. The school saw an improved change in net assets margin of 16.5% and an aggregated three-year margin of 10.9%. The school had a current ratio of 3.6 and 491 days of cash on hand, indicating the school has ample resources to meet short-term obligations. In FY 2018, the school began construction of a new facility in Ward 8 to replace two separate community centers that had served as the school's facilities. Construction was completed in the summer of 2019 in time for the 2019-20 school year. At year-end 2019, construction-in-progress totaled \$14M of an expected \$18M in total construction costs. The school's debt coverage ratio increased significantly in 2019 as loans were obtained to finance the new building. The debt service coverage of 1.5 shows the school has sufficient resources to justify this debt level. Moreover, the school has a primary reserve ratio of 114%, indicating that the school's net assets exceeded its total expenses for the year.

Debt:

The school has Notes Payable of \$17M spread throughout several loans.

1. On September 11, 2018, the Early Childhood Academy PCS entered into a promissory note with the Office of the State Superintendent of Education (OSSE) for \$2.0M at a fixed interest rate of 4.25%. Payments are \$133.6K per year and any remaining balance is required at the maturity date in September 2025.
2. On September 11, 2018, the ECA Support Corp. obtained a promissory note from City First Bank of D.C., N.A. totaling \$9.7M. The loan provided combined financing to leverage the loans originated under the New Markets Tax Credit (NMTC) program. The loan bears an interest rate of 5.7% and matures in September 2025.
3. In September 2018, City First Capital 53 LLC and Community Urban Revitalization Enterprises X LLC (both Community Development Enterprises), utilized qualified funding to jointly loan \$15.6M to the school to finance construction of a new school. The financing includes six promissory note agreements with a fixed interest rate of 4.111%.

Property Lease:

The school maintains two building leases. The first is for the 4025 9th Street, SE, location which the school leases from the District of Columbia Baptist Convention. This lease has been extended twice since the agreement commencement date in July 2014 and is now set to expire in June 2020, with the option to renew for an additional one-year term. The second lease agreement is with Crawford Edgewood Managers Inc. for rental of the building at 4301 Ninth Street, SE. Rent expense for FY 2019 was approximately \$595K.