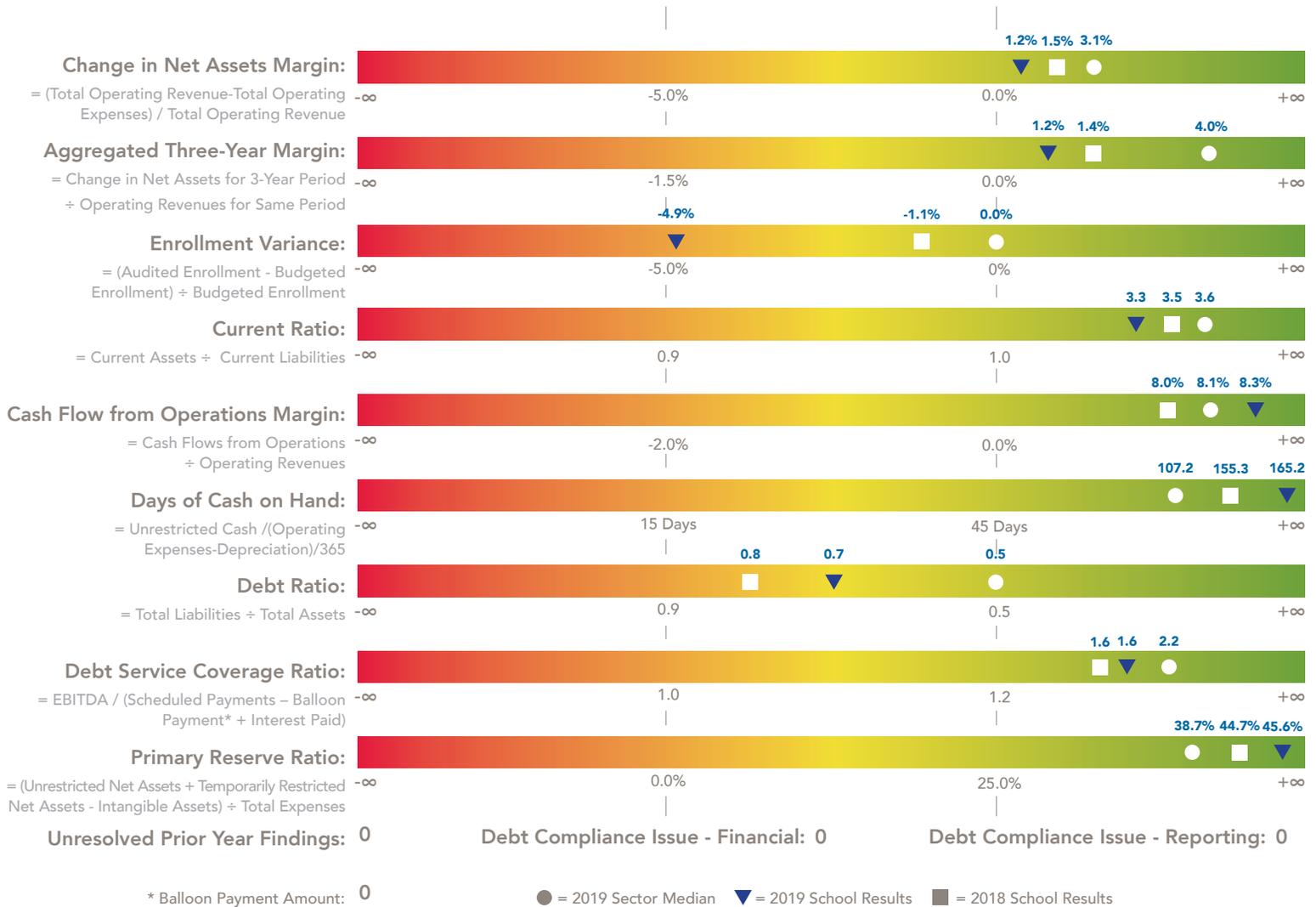


Opened:
1998-1999

Audited Enrollment:
3981

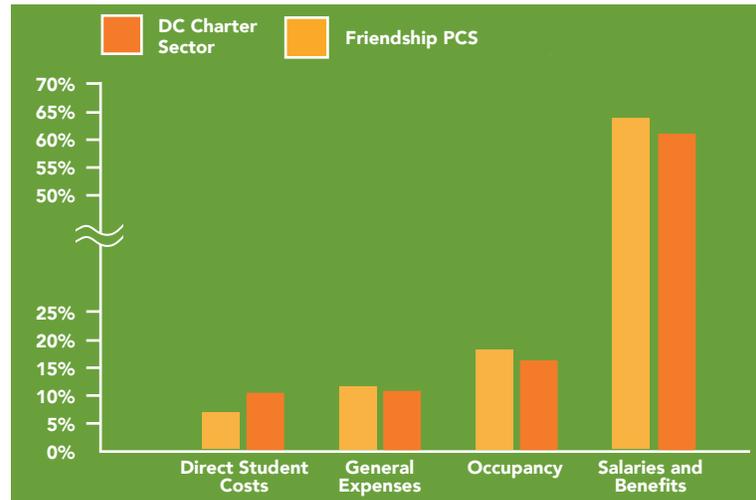
KEY FINANCIAL INDICATORS



Comments from the School

[Empty box for comments from the school]

PCS EXPENSES BY CATEGORY



FRIENDSHIP PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	\$164,383,709	\$164,115,958
Current Assets	\$43,933,717	\$40,811,726
Total Liabilities	\$122,600,054	\$124,184,142
Current Liabilities	\$13,175,332	\$11,769,145
Net Asset Position	\$41,783,655	\$39,931,816

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	\$92,712,268	\$90,619,004
Expenses	\$91,554,222	\$89,280,457
Non-operating Revenues (Expenses)	\$693,793	\$253,492
Surplus (Deficit)	\$1,851,839	\$1,592,039

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	\$19,908	\$19,088	\$19,863
Grants and Contributions Per Student	\$373	\$209	\$346
Total Revenues per Student	\$23,289	\$21,731	\$23,270
Expenses per Student	\$22,998	\$21,410	\$22,981

PCSB OBSERVATIONS

Friendship PCS' financial position remained very strong in 2019. The school had strong liquidity, including a current ratio of 3.3 and 165 days of cash on hand, indicating that the school has the financial resources to meet short-term obligations, and a cash flow from operations margin of 8.3, which indicates that the school's operations face no difficulty in generating cash even with a -4.9% enrollment variance.

The debt ratio is adequate at 0.7, but the school has a primary reserve ratio of 46%. Strong liquidity and reserves reflect the financial sustainability of the school.

Debt:

- 2012 Note payable: District of Columbia payable quarterly in annual totals ranging from \$800K to \$2.2M through 2042, plus interest at 4.8% to 5.0%. The balance at year-end 2019 was \$32.1M.
- 2016A Note payable: District of Columbia payable quarterly in annual totals ranging from \$1.8M to \$4.4M through 2046, plus interest at 5.0%. The balance at year-end 2019 was \$57.9M.
- 2016B Note payable: District of Columbia payable quarterly in annual totals ranging from \$2.0M to \$2.3M through 2026, plus interest at 2.1%. The balance at year-end 2019 was \$15.0M.
- OPCSFS Note payable of \$3.0M, interest only until maturity in 2046. Interest earnings of the Credit Enhancement Account are remitted quarterly to OPCSFS. The balance at year-end was \$3.0M.

Property Lease:

Payments on the Collegiate Academy capital lease are subject to a base rent which increases at 2% annually until 2020. Annual rent payments range from \$472K to \$728K, which are reduced by available rent credits subject to an annual minimum payment of \$63K.

School Name	FY19 Revenues	FY19 Operating Result
Friendship PCS	\$92,712,268	\$1,851,839
Management Organization ("MO") / Related Party ("RP")	MO/RP Tax Status	
K-12, Inc.	For Profit	
Highest Paid Employee / Head of MO / RP	Title	Total Compensation
Nathaniel Davis	CEO & Exec. Chairman	\$2.1M
Services Provided	FY19 Payment	% of School Revenue
Online Educational Operation and Programming	\$1,800,163	1.94%
Total	\$1,800,163	1.94%
DC PCSB Comments		
<p>K12 operates Friendship's online campus & provides Friendship with online programming, including curriculum and technical support. The school pays K12 \$8,500 per student per year. The school paid \$1.9MM in FY 2019.</p> <p>Please note that the highest paid employee above was taken from the most recent SEC report available at the time this report was produced.</p>		
School Comments		