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KIPP DC PCS

FY2018 Financial Analysis Report

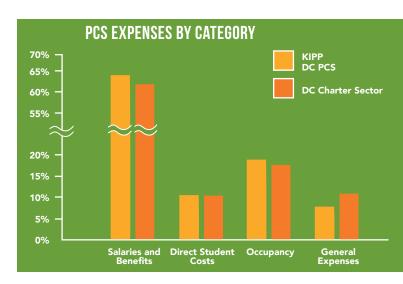
Audited Enrollment:

6,115

KEY FINANCIAL INDICATORS

			-		5.5%	6 5.7%	7.2%
Change in Net Assets Margin:					\bullet		
= (Total Operating Revenue-Total Operating Expenses) / Total Operating Revenue	-00	-5.0%	0.0%				+∞
				3.6 %		1 0.2 %	14.1%
Aggregated Three-Year Margin:				\bullet			
= Change in Net Assets for 3-Year Period	-00	-1.5%	0.0%				+∞
÷ Operating Revenues for Same Period			-0.4% -0.2%		3.3%		
Enrollment Variance:			▼ •				
= (Audited Enrollment - Budgeted	-00	-5.0%	0%				+∞
Enrollment) ÷ Budgeted Enrollment					3.72 4	4.29	12.84
Current Ratio:					•		
= Current Assets ÷ Current Liabilities	-00	0.90	1.00				+∞
				3.4%	8.2%		15.5%
Cash Flow from Operations Margin:					•		
= Cash Flows from Operations	-00	-2.0%	0.0%				+∞
÷ Operating Revenues					91.4	329.5	341.3
Days of Cash on Hand:							
= Unrestricted Cash /(Operating	-00	15 Days	45 Days				+∞
Expenses-Depreciation)/365		0.59 0.57 0	.56				
Debt Ratio:		V 🗖 🗸	•				
= Total Liabilities ÷ Total Assets	-00	0.90	0.50				+∞
				2.55	2.57 3	3.45	
Debt Service Coverage Ratio:					\mathbf{O}		
= EBITDA / (Scheduled Payments – Balloon	-00	1.00	1.20				+∞
Payment* + Interest Paid)					36.8 % 1	03.6 % 1	120.3%
Primary Reserve Ratio:							
= (Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets) ÷ Total Expenses	-00	0.0%	25.0%				+∞
Unresolved Prior Year Findings:	0	Debt Compliance Issue - Financial: No	Debt Comp	oliance Issue	e - Repo	rting	No
* Balloon Payment Amount:	0	= 2018 Sector Median	s 🔲 = 2017 Sch	ool Results			

Comments from the School



FINANCIAL POSITION

	2018	2017
Total Assets	\$328,800,567	\$322,526,072
Current Assets	\$115,180,223	\$107,312,202
Total Liabilities	\$195,422,253	\$184,184,993
Current Liabilities	\$8,967,346	\$25,028,234
Net Asset Position	\$133,378,314	\$138,341,079

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$136,582,356	\$123,965,399
Expenses	\$128,762,463	\$114,978,350
Non-operating Revenues (Expenses)	-\$12,782,658	\$2,822,495
Surplus (Deficit)	-\$4,962,765	\$11,809,544

AUDIT FINDINGS

	2010	2017
Qualified/Modified/Adverse Opinion on the Financial Statements	Νο	Νο
Material Weakness in Internal Control over Financial Reporting (GAS)	Νο	Νο
Non-compliance Material to the Financial Statements (GAS)	Νο	Νο
Modified Opinion on Major Federal Award Programs (Uniform Guidance)	Νο	Νο
Material Weaknesses in the Internal Control over Compliance with Major Federal Programs (Uniform Guidance)	Νο	Νο
Findings and Questioned Costs	0	0
Going-Concern Issue	No	Νο

REVENUES/EXPENSES PER STUDENT

	2018	2017	2018 Sector Median
DC Funding per Student	\$19,269	\$18,096	\$19,243
Grants and Contributions Per Student	\$781	\$767	\$492
Total Revenues per Student	\$22,336	\$21,436	\$22,382
Expenses per Student	\$21,057	\$19,882	\$21,375

PCSB OBSERVATIONS

The school's condition was healthy, as evidenced by many of its indicators above DC PCSB's standards in FY 2018. Specifically, the school's liquidity was strong, with a current ratio of 12.84 and 330 days of cash on hand, indicating that the school had sufficient financial resources to meet its short-term obligations. Although the school generated an operating gain of \$8.4M, the school experienced a loss of (\$13.3M) on the extinguishment of debt, for a total change of (\$5.0M) in the current year. The school's net asset position remained strong at \$133.3M in total net assets. Further, the primary reserve ratio of 103.6% is an indication of the school's long-term health.

The school had a debt ratio of 0.59, and its debt service coverage ratio was 2.55 for FY 2018. The school has several lease obligations for its various campuses mostly in the 30- to 35-year range, and one 10-year lease for KIPP DC's headquarters. Total rent expense for FY 2018 was \$1.7M.