MAYA ANGELOU PCS

FY2018 Financial Analysis Report

DC PUBLIC CHARTER SCHOOL BOARD

Opened: **1998 - 1999**

Audited Enrollment: **306**

Operates with a Management Organization: **See Forever Foundation**

KEY FINANCIAL INDICATORS

Indicator	Formula	Scale	2017 School Results	2018 School Results	2018 Sector Median
Change in Net Assets Margin	= (Total Operating Revenue-Total Operating Expenses) / Total Operating Revenue	-∞ / -5.0% / 0.0% / +∞	-8.0%	17.8%	5.5%
Aggregated Three-Year Margin	= Change in Net Assets for 3-Year Period ÷ Operating Revenues for Same Period	-∞ / -1.5% / 0.0% / +∞	2.3%	3.0%	3.6%
Enrollment Variance	= (Audited Enrollment - Budgeted Enrollment) ÷ Budgeted Enrollment	-∞ / -5.0% / 0% / +∞	-20.5%	-9.5%	-0.2%
Current Ratio	= Current Assets ÷ Current Liabilities	-∞ / 0.90 / 1.00 / +∞	2.32	1.57	3.72
Cash Flow from Operations Margin	= Cash Flows from Operations ÷ Operating Revenues	-∞ / -2.0% / 0.0% / +∞	4.4%	7.4%	8.2%
Days of Cash on Hand	= Unrestricted Cash /(Operating Expenses-Depreciation)/365	-∞ / 15 Days / 45 Days / +∞	48.4	21.3	91.4
Debt Ratio	= Total Liabilities ÷ Total Assets	-∞ / 0.90 / 0.50 / +∞	0.41	0.30	0.56
Debt Service Coverage Ratio	= EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)	-∞ / 1.00 / 1.20 / +∞	0.41	11.56	2.57
Primary Reserve Ratio	= (Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets) ÷ Total Expenses	-∞ / 0.0% / 25.0% / +∞	90.1%	110.0%	36.8%

Unresolved Prior Year Findings: 0

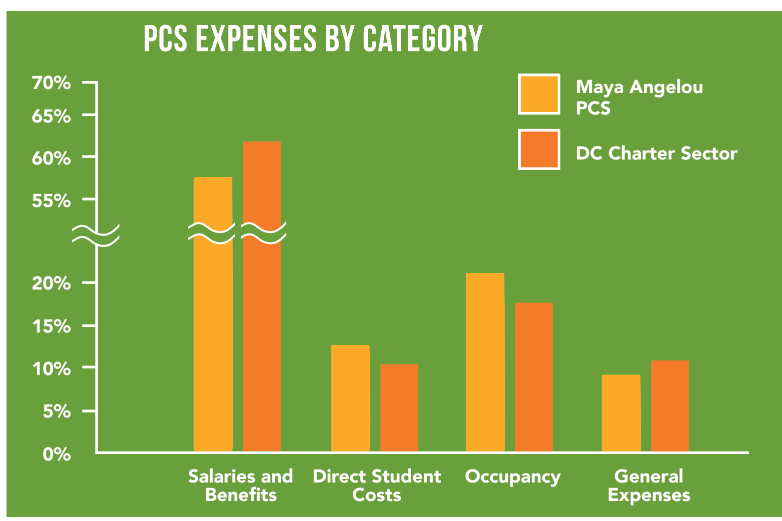
Debt Compliance Issue - Financial: Yes

Debt Compliance Issue - Reporting: Yes

* Balloon Payment Amount: 0

● = 2018 Sector Median ▼ = 2018 School Results ■ = 2017 School Results

Comments from the School



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FINANCIAL POSITION

	2018	2017
Total Assets	$17,601,548	$16,661,001
Current Assets	$2,514,538	$1,998,804
Total Liabilities	$5,288,028	$6,771,642
Current Liabilities	$1,604,304	$861,197
Net Asset Position	$12,313,520	$9,889,359

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	$13,614,017	$10,160,456
Expenses	$11,189,897	$10,975,040
Non-operating Revenues (Expenses)	$0	$0
Surplus (Deficit)	$2,424,120	-$814,584

AUDIT FINDINGS

	2018	2017
Qualified/Modified/Adverse Opinion on the Financial Statements	No	No
Material Weakness in Internal Control over Financial Reporting (GAS)	No	Yes
Non-compliance Material to the Financial Statements (GAS)	Yes	No
Modified Opinion on Major Federal Award Programs (Uniform Guidance)	Yes	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

	2018	2017	2018 Sector Median
DC Funding per Student	$25,838	$25,079	$19,243
Grants and Contributions Per Student	$7,727	$5,290	$492
Total Revenues per Student	$44,490	$32,776	$22,382
Expenses per Student	$36,568	$35,403	$21,375

PCSB OBSERVATIONS

The school's financial position was adequate with a strong current ratio of 1.57, indicating an ability to pay operating and unexpected expenses. Further, the school's cash flow from operations margin increased to 7.4%, indicating strong cost and cash flow management. The school's debt ratio also improved from FY 2017, as a result of a decrease in the school's deferred rent liability.

The school's change in net assets margin improved significantly from FY 2017, largely a result of a $2.2M gain recognized related to its deferred rent forgiveness. Without consideration for this gain recognized in the current year, the school's change in net assets margin would have been -0.5%, which still represents an improvement from FY 2017.

The school breached its debt covenants required by SunTrust bank for its construction loan; this loan requires a debt service coverage ratio of at least 1.0. Without consideration of the deferred rent forgiveness in FY 2018, the school did not achieve this metric; however, the bank did grant the school a waiver in the current year.

The school entered into a 25-year lease with the District of Columbia for the Evans building effective in July 2013. A 12-month rent abatement is available to the school for every $1M spent on renovations to the facility, which were completed in FY 2018. As a result, Maya has been provided an initial rent abatement of 15 years based on capital improvements through FY 2018 The school had previously recognized an accrued rent liability related expected rent payments over the remaining lease term, but as the initial rent abatement extends through the term of the lease, the liability has been recognized as a gain of $2.2M in the school's statement of activities.

The school's audit report on compliance expressed a qualified opinion as a result of findings related to its DC School Choice Incentive Program. The auditor identified three findings related to the procurement and bidding process, however, no specific costs were questioned as a result.