MUNDO VERDE BILINGUAL PCS

FY2019 Financial Analysis Report

DC PUBLIC CHARTER SCHOOL BOARD

Opened: 2011-2012

Audited Enrollment: 594

KEY FINANCIAL INDICATORS

Change in Net Assets Margin: = (Total Operating Revenue-Total Operating Expenses) / Total Operating Revenue

Aggregated Three-Year Margin: = Change in Net Assets for 3-Year Period ÷ Operating Revenues for Same Period

Enrollment Variance: = (Audited Enrollment - Budgeted Enrollment) ÷ Budgeted Enrollment

Current Ratio: = Current Assets ÷ Current Liabilities

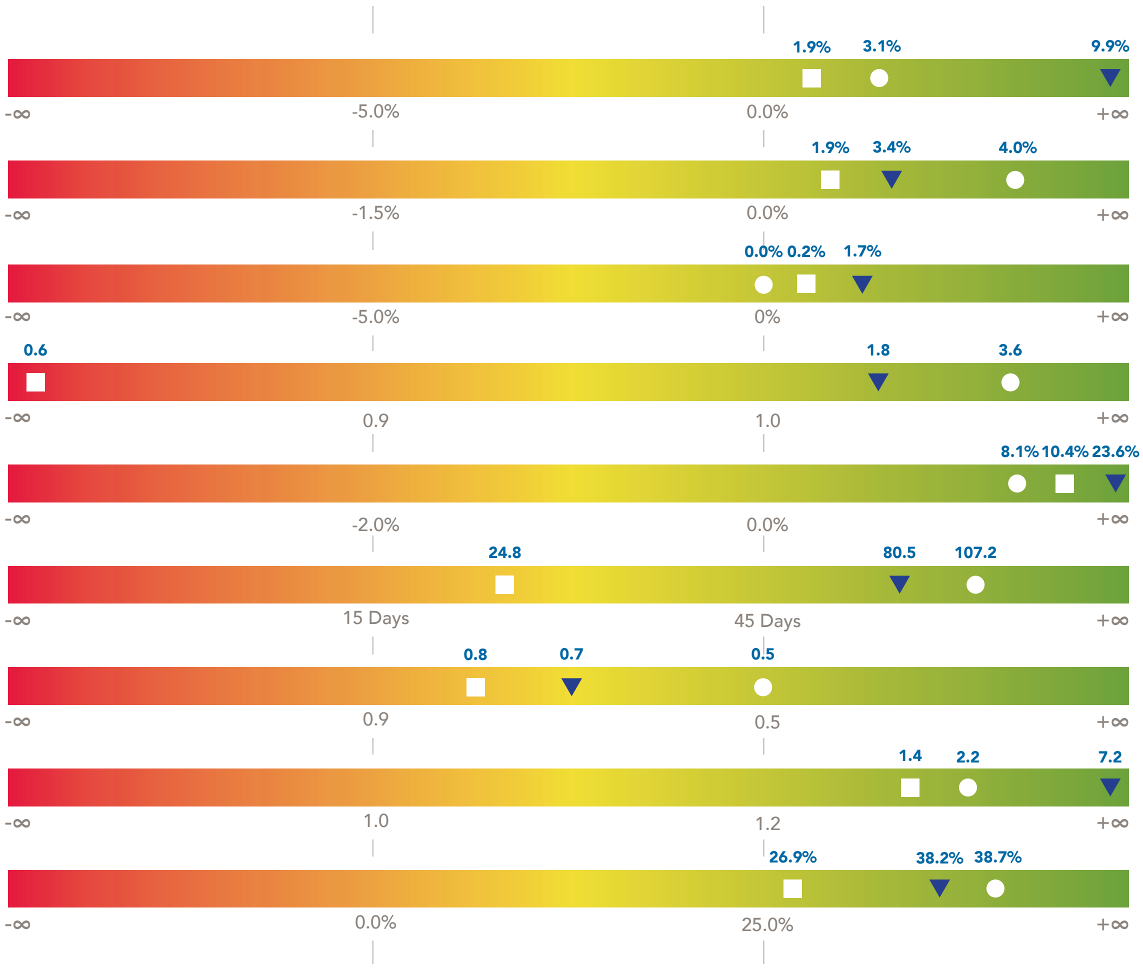
Cash Flow from Operations Margin: = Cash Flows from Operations ÷ Operating Revenues

Days of Cash on Hand: = Unrestricted Cash /(Operating Expenses-Depreciation)/365

Debt Ratio: = Total Liabilities ÷ Total Assets

Debt Service Coverage Ratio: = EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)

Primary Reserve Ratio: = (Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets) ÷ Total Expenses



Unresolved Prior Year Findings: 0

Debt Compliance Issue - Financial: 0

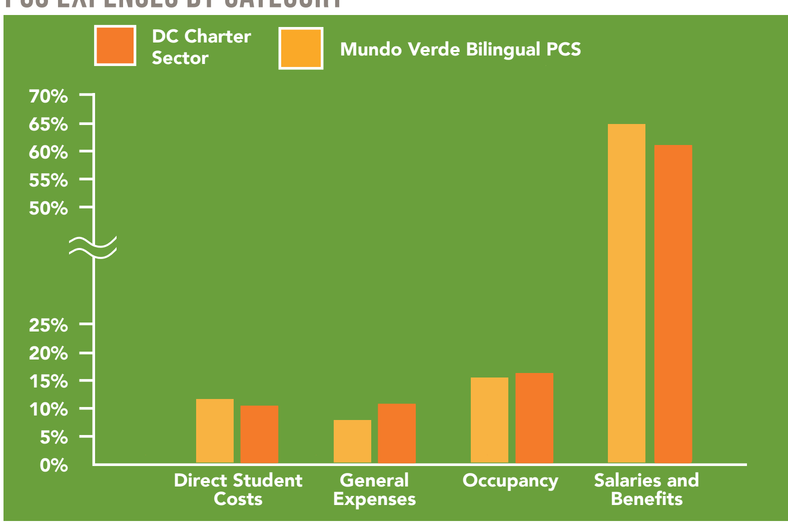
Debt Compliance Issue - Reporting: 0

* Balloon Payment Amount: 0

● = 2019 Sector Median ▼ = 2019 School Results ■ = 2018 School Results

Comments from the School

PCS EXPENSES BY CATEGORY



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FINANCIAL POSITION

	2019	2018
Total Assets	$17,612,365	$16,548,206
Current Assets	$3,113,360	$2,093,392
Total Liabilities	$13,205,442	$13,408,933
Current Liabilities	$1,720,530	$3,490,919
Net Asset Position	$4,406,923	$3,139,273

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	$12,797,915	$11,894,508
Expenses	$11,530,265	$11,669,175
Non-operating Revenues (Expenses)	$0	$0
Surplus (Deficit)	$1,267,650	$225,333

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	$18,157	$17,471	$19,863
Grants and Contributions Per Student	$450	$611	$346
Total Revenues per Student	$21,545	$20,579	$23,270
Expenses per Student	$19,411	$20,189	$22,981

PCSB OBSERVATIONS

The school has a very strong financial position and saw improvements year over year in most of the financial metrics.

The school's change in net assets margin grew to 9.9% from 1.9%. While revenues grew by 7%, expenses were essentially unchanged, reflecting strong cost management. In addition, the three liquidity metrics all improved substantially. current ratio improved to 1.8 from 0.6, cash flow from operations margin increased to 23.6% from 10.4% and days of cash on hand increased to 80.5 days from 24.8 days. All these measures indicate adequate resources to pay short-term obligations and to cover any unexpected expenses.

Debt:
1- In January 2014, the school secured a revenue bond issued for $11.5M at 4% per annum through January 2020. For subsequent periods, the interest rate will be the greater of the sum of the five year swap rate for the 30 day LIBOR rate, plus 3% multiplied by one minus the bank tax rate and a factor, or 4% per annum. The loan was used to acquire and renovate the building currently used by the school. The revenue bond is collateralized by all assets of the School. According to the terms of the debt, the school is required to maintain financial and nonfinancial covenants. The bond matures in February 2030.

2- In January 2014, the school secured a $2M loan from the PCSFS. The PCSFS loan is paid by quarterly principal and interest payments at 4.5% per annum over a term of five years based on a 25-year amortization schedule. A balloon payment of $1.98M was due at the original maturity of the loan in January 2019; the loan has since been extended to July 2024.

Property Lease:
In 2014, the school entered into a 30-year lease agreement with the District of Columbia. For every $1M spent on leasehold improvements, the school is eligible for 12 months' rent abatement. Rent expense related to this lease totaled $300K in FY 2019. The school entered into another lease agreement for an additional school location, which is set to expire in June 2047.