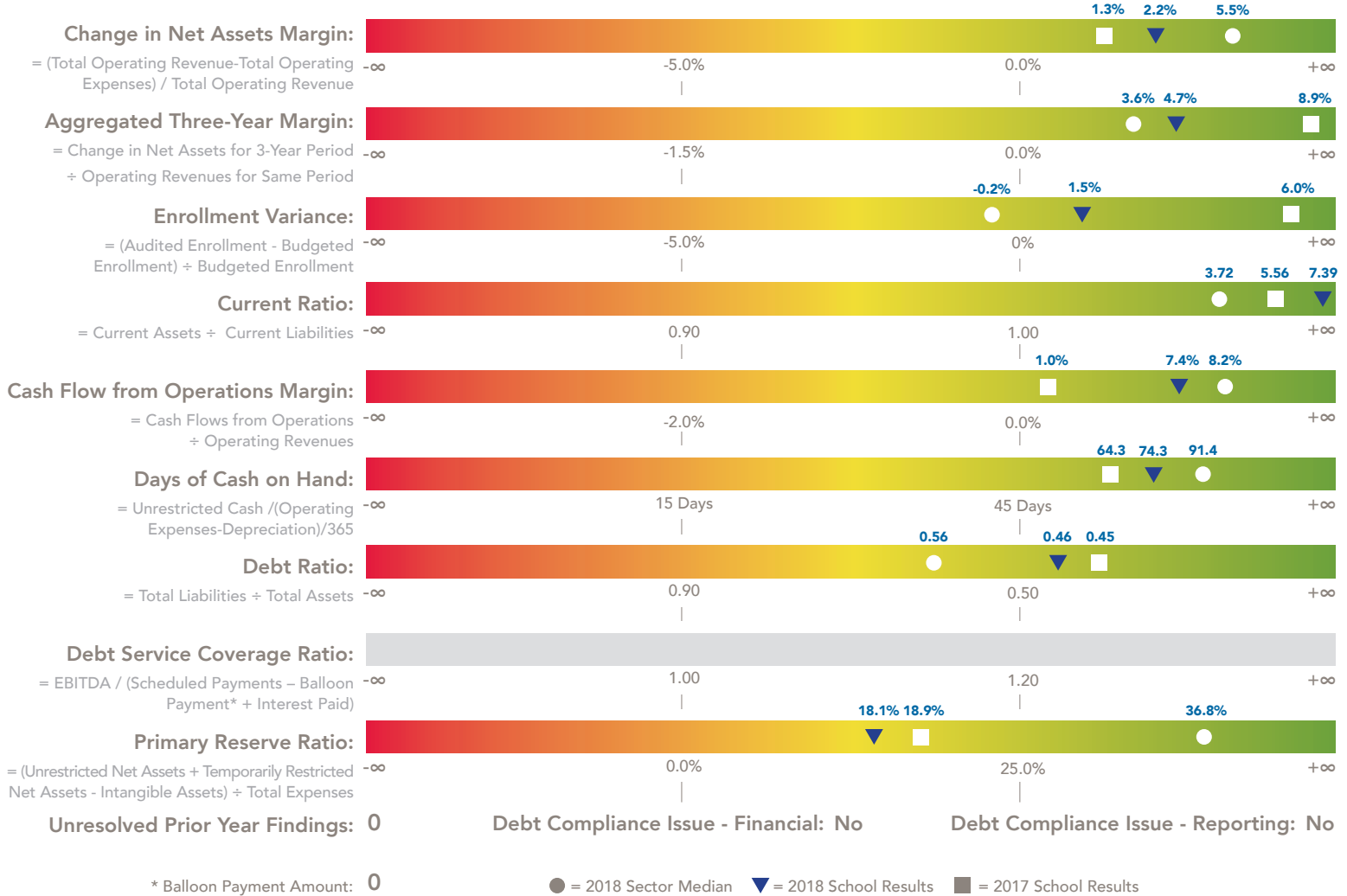


KEY FINANCIAL INDICATORS



Comments from the School

With regard to the material weakness in internal control, invoices were not properly maintained for just a few purchases made with school-issued credit cards. This was a one-time occurrence, without intended negligence, and school leadership has taken appropriate steps to ensure proper maintenance of documentation related to purchases made with school-issued credit cards, including timely filing of all documentation for related expenses, spreadsheet tracking of all such expenses in tandem with our contracted finance specialist, and internal audits throughout the year to review tracking and documentation.

PCS EXPENSES BY CATEGORY



SELA PCS

FY2018 Financial Analysis Report

FINANCIAL POSITION

	2018	2017
Total Assets	\$1,449,386	\$1,248,051
Current Assets	\$1,201,221	\$993,166
Total Liabilities	\$668,268	\$562,521
Current Liabilities	\$162,571	\$178,710
Net Asset Position	\$781,118	\$685,530

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$4,406,616	\$3,679,864
Expenses	\$4,311,028	\$3,631,312
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	\$95,588	\$48,552

AUDIT FINDINGS

	2018	2017
Qualified/Modified/Adverse Opinion on the Financial Statements	No	No
Material Weakness in Internal Control over Financial Reporting (GAS)	Yes	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

	2018	2017	2018 Sector Median
DC Funding per Student	\$18,496	\$16,878	\$19,243
Grants and Contributions Per Student	\$168	\$1,187	\$492
Total Revenues per Student	\$21,815	\$20,790	\$22,382
Expenses per Student	\$21,342	\$20,516	\$21,375

PCSB OBSERVATIONS

Overall, the school's financial indicators were strong. However, the auditor did note a material weakness in the school's control environment. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement in the financial statements would not be prevented or detected in a timely fashion. The identified material weakness in internal controls related to the school's use of credit cards and retention of supporting documentation. The auditor noted their belief that the inadequate record keeping for credit card purchases was a one-time occurrence, and school leadership proposed a plan to remediate these findings in the FY 2018 audited financial statements.

The school's enrollment grew by 14% as a result of additional grades served. The school's change in net assets margin increased to 2.17% in FY 2018 from 1.32% in FY 2017. The school had strong liquidity with a current ratio of 7.39, 74 days of cash on hand, and positive cash flow from operations, so there was no immediate concern regarding the school's ability to meet its operational obligations.

In December 2012, the school entered into a lease agreement with Jemal's Chillum LLC for its location at 6015-17 Chillum Place, NE, which was originally set to expire in July 2018 but, in August 2016, was extended to July 2022. The lease includes roughly 31,300 square feet, and monthly base rent is set to increase each year. Rent expense for FY 2018 was \$480K.