KEY FINANCIAL INDICATORS

Change in Net Assets Margin: 39.2% 3.1%
= (Total Operating Revenue - Total Operating Expenses) / Total Operating Revenue

Aggregated Three-Year Margin: -5.0% 0.0%
= Change in Net Assets for 3-Year Period + Operating Revenues for Same Period

Enrollment Variance: -5.0% 0%
= (Audited Enrollment - Budgeted Enrollment) / Budgeted Enrollment

Current Ratio: 0.9 1.0
= Current Assets / Current Liabilities

Cash Flow from Operations Margin: -2.0%
= Cash Flows from Operations / Operating Revenues

Days of Cash on Hand: 15 Days 45 Days
= Unrestricted Cash / (Operating Expenses - Depreciation) / 365

Debt Ratio: 0.9 0.5
= Total Liabilities / Total Assets

Debt Service Coverage Ratio: 1.0 1.2
= EBITDA / (Scheduled Payments - Balloon Payment* + Interest Paid)

Primary Reserve Ratio: 0.0% 25.0%
= (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

Comments from the School

DC Charter Sector Statesmen College Preparatory Academy for Boys PCS

PCS EXPENSES BY CATEGORY

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50% 55% 60% 65% 70%

Direct Student Costs General Expenses Occupancy Salaries and Benefits
The school had exceptionally strong financial performance in its first year of operations. While enrollment of 54 students was below expectations, the school had a change in net assets without donor restrictions of $340K, and an additional $984K change in net assets with donor restrictions, for a total surplus of over $1.3M. Favorable results reflect the high levels of grants that the school receives—while Federal grants were $300K, private grants were $865K. The school also had strong cash flow and liquidity: The cash flow from operations margin was 10.1%; the current ratio was 14.2; and the school had 116 days of cash on hand.

Property Lease:
The school had a lease agreement for use of the building at 4250 Massachusetts Avenue, SE. with Rocketship Education DC PCS, Inc. The lease expired on June 30, 2019. Total rent expense was $195k. On July 1, 2019, the school entered into a new sublease for use of the building at 4600 Livingston Road, SE. which expires on June 30, 2021. The school will pay a total full-service usage fee of 100% of the funded per-pupil facilities allotment amount for 120 students for year one of the sublease and 100% of the funded per-pupil facilities allotment for 180 students or the school’s audited enrollment, whichever is higher, the remainder of the sublease term from July 2020 through June 2021.