DC PUBLIC CHARTER SCHOOL BOARD

WASHINGTON LATIN PCS

FY2019 Financial Analysis Report

Opened: 2006-2007

Audited Enrollment: 698

KEY FINANCIAL INDICATORS

Indicator	Formula	Scale	2019 School Results	2019 Sector Median	2018 School Results
Change in Net Assets Margin:	= (Total Operating Revenue-Total Operating Expenses) / Total Operating Revenue	-∞, -5.0%, 0.0%, +∞	1.1%	3.1%	3.9%
Aggregated Three-Year Margin:	= Change in Net Assets for 3-Year Period ÷ Operating Revenues for Same Period	-∞, -1.5%, 0.0%, +∞	3.1%	4.0%	6.7%
Enrollment Variance:	= (Audited Enrollment - Budgeted Enrollment) ÷ Budgeted Enrollment	-∞, -5.0%, 0%, +∞	-1.0%	0.0%	0.6%
Current Ratio:	= Current Assets ÷ Current Liabilities	-∞, 0.9, 1.0, +∞	3.1	3.6	9.4
Cash Flow from Operations Margin:	= Cash Flows from Operations ÷ Operating Revenues	-∞, -2.0%, 0.0%, +∞	9.5%	8.1%	11.0%
Days of Cash on Hand:	= Unrestricted Cash /(Operating Expenses-Depreciation)/365	-∞, 15 Days, 45 Days, +∞	249.5	107.2	257.4
Debt Ratio:	= Total Liabilities ÷ Total Assets	-∞, 0.9, 0.5, +∞	0.7	0.5	0.7
Debt Service Coverage Ratio:	= EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)	-∞, 1.0, 1.2, +∞	2.2	2.2	3.2
Primary Reserve Ratio:	= (Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets) ÷ Total Expenses	-∞, 0.0%, 25.0%, +∞	64.6%	38.7%	69.0%

Unresolved Prior Year Findings: 0

Debt Compliance Issue - Financial: 0

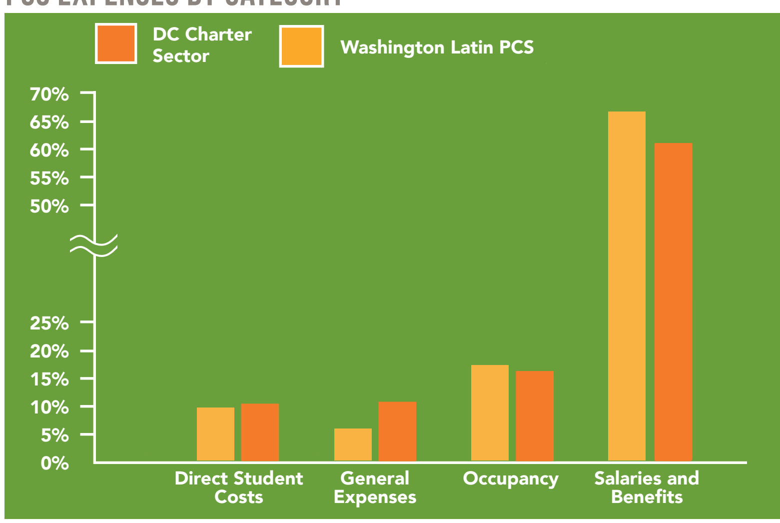
Debt Compliance Issue - Reporting: 0

* Balloon Payment Amount: 0

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

Comments from the School

PCS EXPENSES BY CATEGORY



WASHINGTON LATIN PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	$27,485,758	$27,474,291
Current Assets	$9,541,722	$8,739,558
Total Liabilities	$18,654,155	$18,623,274
Current Liabilities	$3,045,958	$927,325
Net Asset Position	$8,831,603	$8,851,017

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	$13,820,938	$13,354,905
Expenses	$13,673,517	$12,833,158
Non-operating Revenues (Expenses)	-$166,835	$212,811
Surplus (Deficit)	-$19,414	$734,558

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	$17,438	$17,100	$19,863
Grants and Contributions Per Student	$833	$814	$346
Total Revenues per Student	$19,801	$19,133	$23,270
Expenses per Student	$19,590	$18,386	$22,981

PCSB OBSERVATIONS

The school had a very strong financial position in FY 2019. The school had strong liquidity with 249 days of cash on hand and a current ratio of 3.1, indicating that the school has ample resources to meet short-term operating expenses and any unforeseen costs. The cash flow from operations margin was an exceptionally strong 9.5. Significant cash balances, strong cash flows, and a primary reserve ratio of 64.6% suggest the school has the opportunity to further invest in academic programs.

Debt:
The school has several long-term debt obligations that totaled $18.1M in FY 2019, including:
1- During February 2013, a New Market Tax Credit transaction (NMTC) provided $16.6M to the school to finance leasehold improvements. A portion of these loans may be accelerated any time after February 21, 2020.
2-A promissory note of $1.7M to finance construction of a new gym at the school was issued in November 2015. As of the end of FY 2019, $1.5M was outstanding on this note.

Property Lease:
As part of the NMTC transaction, the school formed Latin Rudolph QALICB LLC (a Qualified Active Low-Income Community Business), which in February 2013 entered into a lease agreement with the District of Columbia for use of its current school facility. The agreement was for the term of September 2013 to August 2038. The QALICB then entered into a sublease agreement with the school for the same facility for a 20-year term expiring in August 2033. The school is required to pay monthly lease payments to the QALICB, which are eliminated on consolidation. Rent of $41K was paid in 2019. Based on a review by the District of Columbia of the level of capital improvement completed by the school, it was determined that from October 2018 through the end of the lease, further rent payments will not be required.