**Key Financial Indicators**

**Change in Net Assets Margin:**
\[
\text{Change in Net Assets Margin} = \frac{\text{Total Operating Revenue} - \text{Total Operating Expenses}}{\text{Total Operating Revenue}}
\]

**Aggregated Three-Year Margin:**
\[
\text{Aggregated Three-Year Margin} = \frac{\text{Change in Net Assets for 3-Year Period}}{\text{Operating Revenues for Same Period}}
\]

**Enrollment Variance:**
\[
\text{Enrollment Variance} = \frac{\text{Audited Enrollment} - \text{Budgeted Enrollment}}{\text{Budgeted Enrollment}}
\]

**Current Ratio:**
\[
\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}
\]

**Cash Flow from Operations Margin:**
\[
\text{Cash Flow from Operations Margin} = \frac{\text{Cash Flows from Operations}}{\text{Operating Revenues}}
\]

**Days of Cash on Hand:**
\[
\text{Days of Cash on Hand} = \frac{\text{Unrestricted Cash}}{\text{(Operating Expenses - Depreciation)/365}}
\]

**Debt Ratio:**
\[
\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}
\]

**Debt Service Coverage Ratio:**
\[
\text{Debt Service Coverage Ratio} = \frac{\text{EBITDA}}{\text{(Scheduled Payments - Balloon Payment*) + Interest Paid}}
\]

**Primary Reserve Ratio:**
\[
\text{Primary Reserve Ratio} = \frac{\text{(Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets)}}{\text{Total Expenses}}
\]

**Unresolved Prior Year Findings:**
- 0

**Debt Compliance Issue - Financial:**
- 0

**Debt Compliance Issue - Reporting:**
- 0

* Balloon Payment Amount: 0

Comments from the School:

Changes:
- 1 - Cash on hand net of LOC.
- 2 - ST write-up implies there is $1M outstanding on LOCs vs. actual balance of $132K.

The school has 56 days of cash on hand. This indicates that the school has adequate cash on hand to meet operating expenses in the event of unexpected delays in cash receipts.

The school had three lines of credit totaling $1.05 million that expire in April, July, and September 2018. The school is current on interest and principal payments.

PCS Expenses by Category:
- **DC Charter Sector**
- **Washington Latin PCS**

* = 2019 Sector Median  ▼ = 2019 Results  □ = 2018 School Results

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.