DC PUBLIC CHARTER SCHOOL BOARD

WASHINGTON LEADERSHIP ACADEMY PCS

FY2019 Financial Analysis Report

Opened: 2016-2017

Audited Enrollment: 306

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%, +∞	-10.0%	3.1%	34.0%
Aggregated Three-Year Margin	= Change in Net Assets for 3-Year Period ÷ Operating Revenues for Same Period	-∞, -1.5%, 0.0%, +∞	10.4%	4.0%	%
Enrollment Variance	= (Audited Enrollment - Budgeted Enrollment) ÷ Budgeted Enrollment	-∞, -5.0%, 0%, +∞	2.0%	0.0%	7.4%
Current Ratio	= Current Assets ÷ Current Liabilities	-∞, 0.9, 1.0, +∞	7.0	3.6	14.1
Cash Flow from Operations Margin	= Cash Flows from Operations ÷ Operating Revenues	-∞, -2.0%, 0.0%, +∞	-7.4%	8.1%	37.9%
Days of Cash on Hand	= Unrestricted Cash /(Operating Expenses-Depreciation)/365	-∞, 15 Days, 45 Days, +∞	106.2	107.2	255.1
Debt Ratio	= Total Liabilities ÷ Total Assets	-∞, 0.9, 0.5, +∞	0.1	0.5	0.1
Debt Service Coverage Ratio	= EBITDA / (Scheduled Payments – Balloon Payment* + Interest Paid)	-∞, 1.0, 1.2, +∞			
Primary Reserve Ratio	= (Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets) ÷ Total Expenses	-∞, 0.0%, 25.0%, +∞	29.3%	38.7%	71.3%

Unresolved Prior Year Findings: 0

Debt Compliance Issue - Financial: 0

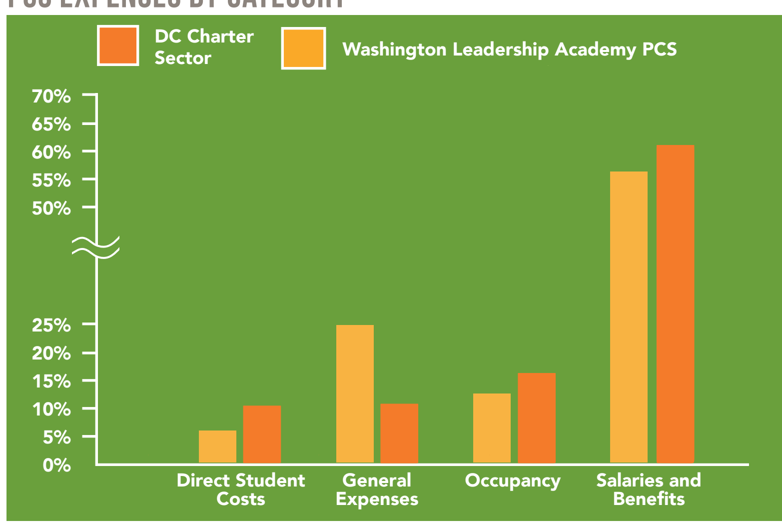
Debt Compliance Issue - Reporting: 0

* Balloon Payment Amount: 0

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

Comments from the School

PCS EXPENSES BY CATEGORY



WASHINGTON LEADERSHIP ACADEMY PCS

FY2019 Financial Analysis Report

FINANCIAL POSITION

	2019	2018
Total Assets	$2,731,696	$3,323,253
Current Assets	$2,521,294	$3,129,137
Total Liabilities	$365,169	$221,724
Current Liabilities	$358,364	$221,724
Net Asset Position	$2,366,527	$3,101,529

FINANCIAL ACTIVITIES

	2019	2018
Revenues and Support	$7,336,977	$6,585,417
Expenses	$8,071,979	$4,347,098
Non-operating Revenues (Expenses)	$0	$0
Surplus (Deficit)	-$735,002	$2,238,319

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	$21,355	$20,076	$19,863
Grants and Contributions Per Student	$1,013	$10,747	$346
Total Revenues per Student	$23,977	$32,281	$23,270
Expenses per Student	$26,379	$21,309	$22,981

PCSB OBSERVATIONS

The school had strong financial performance in 2019. The school had negative change in net assets and cash flow margin in FY19 but this was the result of a misalignment in the timing of the revenue and expense associated with a large private grant. WLA received the first $2M tranche of a multi-year $10M grant at the end of FY18 but spent these restricted funds in FY19, when the school initially planned to receive the funding. As a result, the school's cash flow operations margin decreased to (7.4%) and change in net assets margin fell to (10%). The school's aggregate three year margin was a strong 10.4%.

Property Lease:
The school entered into a use agreement to lease space for its office and schools, which is set to expire on June 30, 2021. The agreement includes an option to purchase the premises at any time after the fifth year but before the 10th year of the lease effective date. The rent payment is determined as a usage fee and is payable quarterly. Total rent expense for this lease in FY 2019 was $998K.