WASHINGTON LEADERSHIP ACADEMY PCS

FY2018 Financial Analysis Report

DC PUBLIC CHARTER SCHOOL BOARD

Opened: 2016-2017

Audited Enrollment: 204

KEY FINANCIAL INDICATORS

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

Aggregated Three-Year Margin:
= Change in Net Assets for 3-Year Period ÷ Operating Revenues for Same Period

Enrollment Variance:
= (Audited Enrollment - Budgeted Enrollment) ÷ Budgeted Enrollment

Current Ratio:
= Current Assets ÷ Current Liabilities

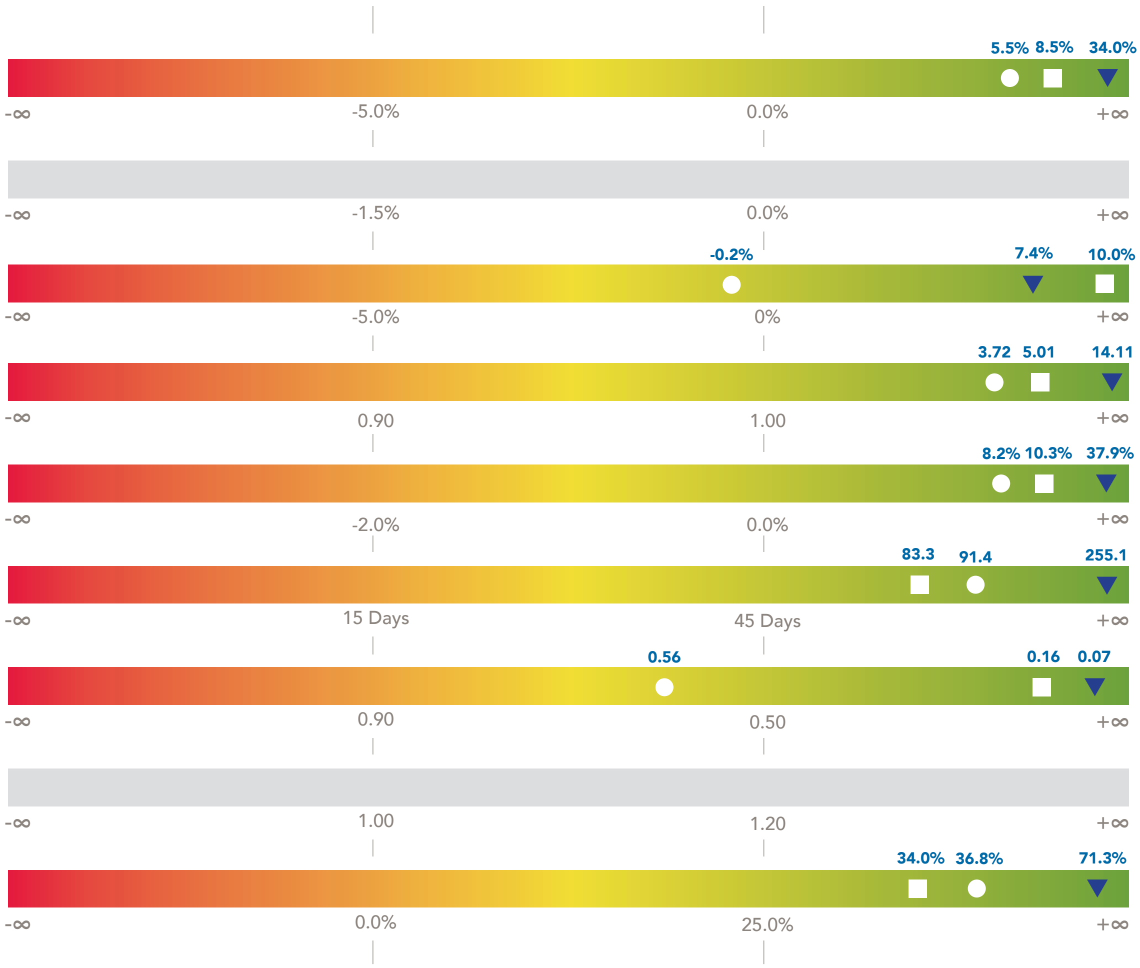
Cash Flow from Operations Margin:
= Cash Flows from Operations ÷ Operating Revenues

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

Debt Ratio:
= Total Liabilities ÷ Total Assets

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

Primary Reserve Ratio:
= (Unrestricted Net Assets + Temporarily Restricted Net Assets - Intangible Assets) ÷ Total Expenses



Unresolved Prior Year Findings: 0

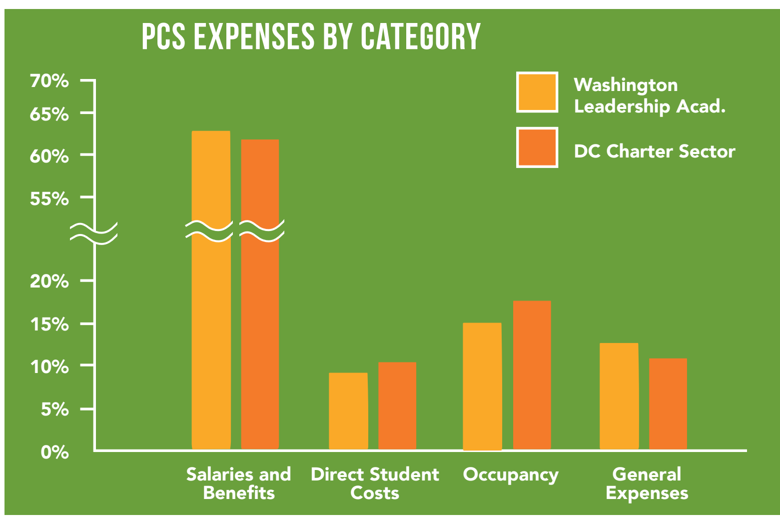
Debt Compliance Issue - Financial: No

Debt Compliance Issue - Reporting: No

* Balloon Payment Amount: 0

● = 2018 Sector Median ▼ = 2018 School Results ■ = 2017 School Results

Comments from the School



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FINANCIAL POSITION

	2018	2017
Total Assets	$3,323,253	$1,022,605
Current Assets	$3,129,137	$798,900
Total Liabilities	$221,724	$159,396
Current Liabilities	$221,724	$159,396
Net Asset Position	$3,101,529	$863,209

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	$6,585,417	$2,776,381
Expenses	$4,347,098	$2,540,450
Non-operating Revenues (Expenses)	$0	$0
Surplus (Deficit)	$2,238,319	$235,931

AUDIT FINDINGS

	2018	2017
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

	2018	2017	2018 Sector Median
DC Funding per Student	$20,076	$18,581	$19,243
Grants and Contributions Per Student	$10,772	$3,314	$492
Total Revenues per Student	$32,281	$25,240	$22,382
Expenses per Student	$21,309	$23,095	$21,375

PCSB OBSERVATIONS

Overall, the school's financial position did not present a concern, as all of its financial indicators improved from FY 2017. The school ended FY 2018 with an operating surplus of $2.2M, almost a $2M increase from FY 2017, largely the result of higher enrollment and a significant private grant. The school's liquidity did not present a concern, with a strong current ratio of 14.1. Liquidity refers to a school's ability to convert assets to cash in order to meet its obligations; DC PCSB considers a current ratio above 1.0 as sufficient as it indicates that for every liability coming due in the current year, there is an asset expected to convert to cash that will meet the need. The school's cash flow from operations margin was also strong, indicating that operations were being managed adequately to generate a cash surplus. Lastly, the school ended the year with 255 days of cash on hand.

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 2018 was $651K.