

HOGAN
PREP ACADEMY



January 2023 Financials

PREPARED FEB'23 BY



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- January 2023 financials reflect a strong financial picture, with projections of \$12M and 268 days of cash at FY23 year end.
- However, as of 1/1/23, roughly one third of Hogan's students switched to a virtual learning model. Currently Hogan's financials do not reflect the potential impact of that switch.
 - As a quick refresh, virtual student attendance is recorded differently than students who are coming to a brick & mortar building every day. Virtual student attendance is captured based on reaching course completion milestones which, in turn, yield attendance credit. Students can receive attendance credit of 0%, 47% or 94%, based on their course completion.
 - As you might guess, students attending virtual school complete their coursework differently, with some students being far ahead of where they'd be in a 'normal' school environment while others are behind.

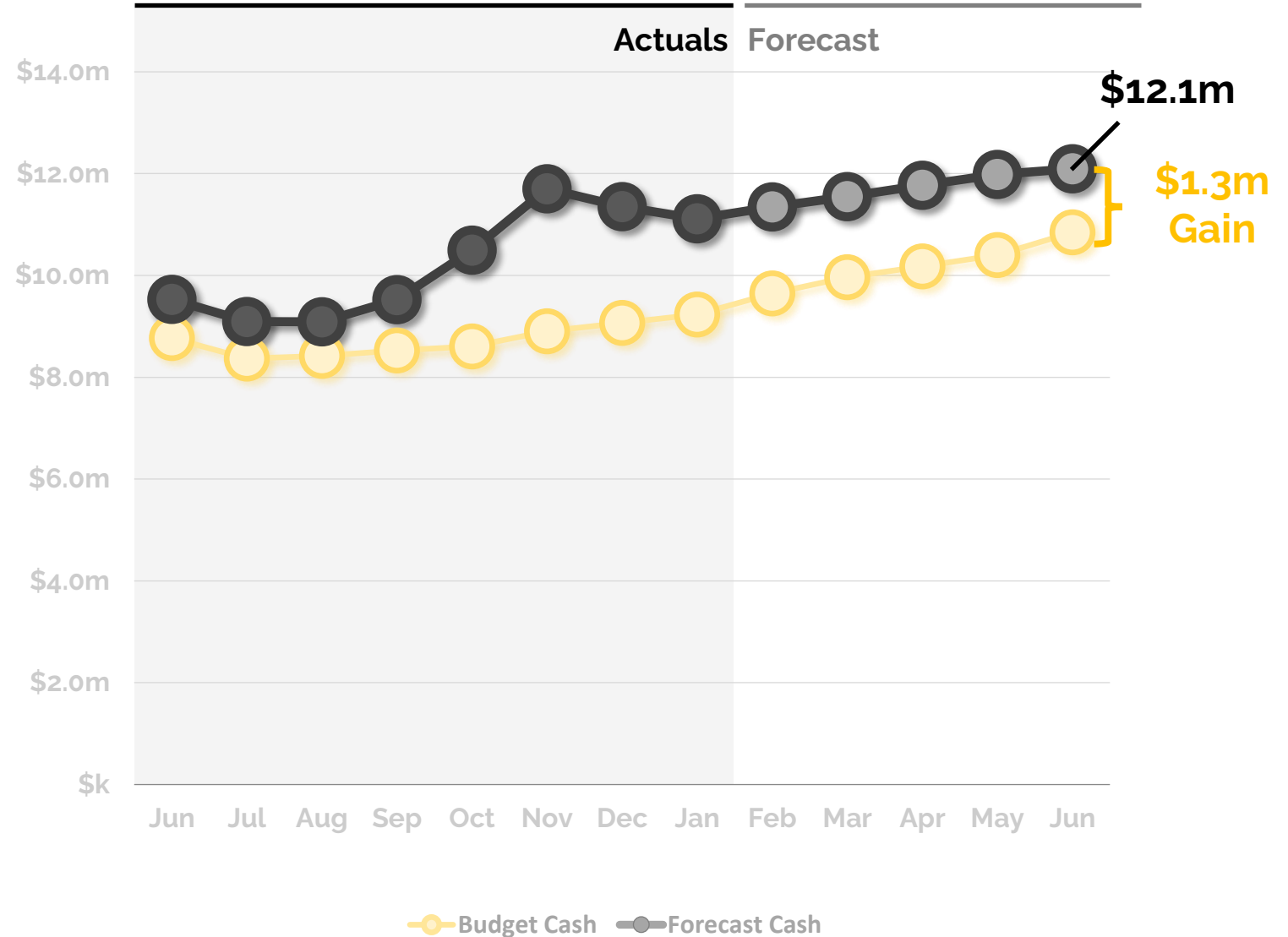
- EdOps is tracking virtual student progress each week and reporting those results to the Hogan leadership team. However, we've not yet adjusted our financial model to reflect the two student populations, those coming to school and those who are virtual.
- Right now, DESE is paying Hogan based on an ADA which assumes ALL students are coming to school every day. This creates the potential for DESE to overpay Hogan should our virtual student population not complete coursework (and receive attendance credit) at the same rate as our brick & mortar students.
- As a result, Hogan's Finance Committee is recommending that we reduce our ADA for the balance of the school year to ONLY reflect those students who are coming to school every day. Once coursework has been completed at year end, DESE can 'true up' our payment to reflect actual results.
- This serves to ensure DESE is not overpaying Hogan, putting the school in a position to have to repay DESE at year end.
- However, it also will require that Hogan use more of its existing cash on hand to support operations during this period.

- **Starting with the 02/23 financial reports, EdOps will begin showing a breakout between the ADA being received for brick and mortar students as well as the anticipated completion results for our virtual students. In this way, the Board and Hogan leadership can more accurately assess the school's financial position.**

268 Days of Cash at year's end

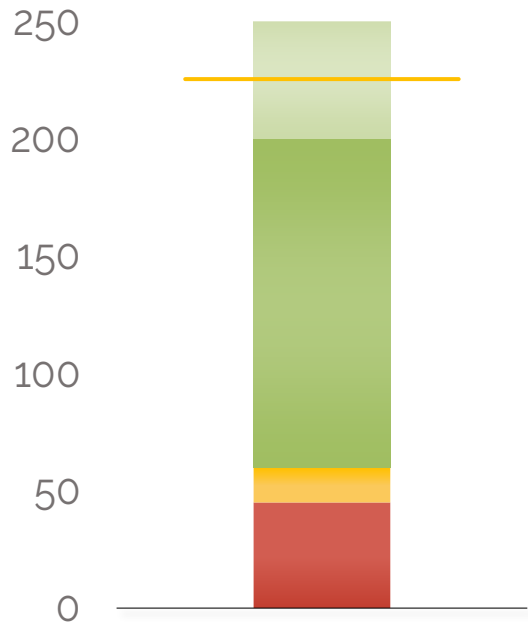
We forecast the school's year ending cash balance as **\$12m**, **\$1.3m** above budget.

As noted in the Executive Summary, this information does not currently reflect the impact (positive or negative) of students in the virtual learning program.



Days of Cash

Cash balance at year-end divided by average daily expenses

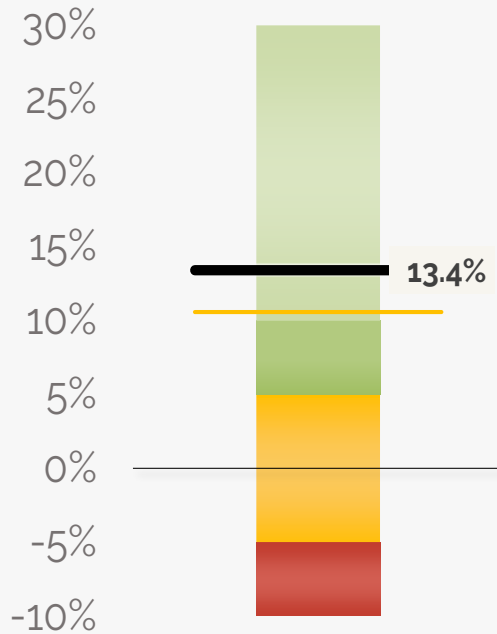


268 DAYS OF CASH AT YEAR'S END

The school will end the year with 268 days of cash. This is above the recommended 60 days

Gross Margin

Revenue less expenses, divided by revenue

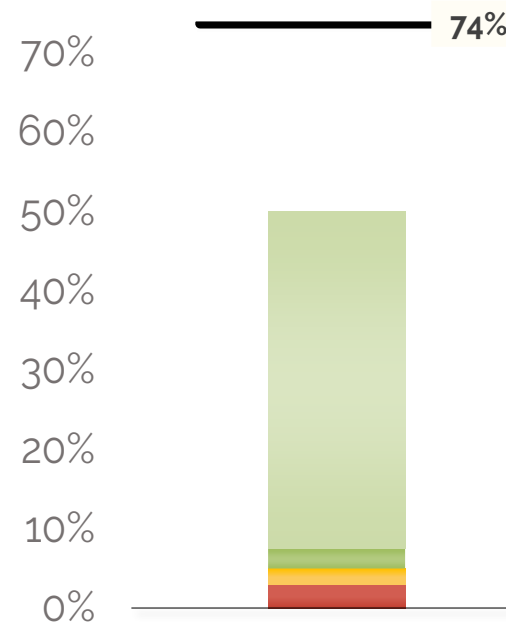


13.4% GROSS MARGIN

The forecasted net income is \$2.6m, which is \$478k above the budget. It yields a 13.4% gross margin.

Fund Balance %

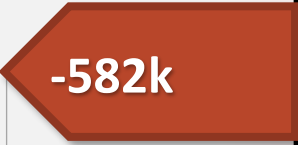
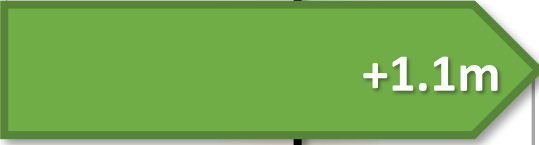
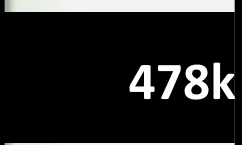

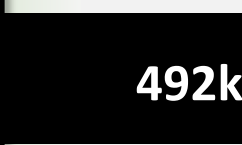

Forecasted Ending Fund Balance / Total Expenses



73.68% AT YEAR'S END

The school is projected to end the year with a fund balance of \$12,153,724. Last year's fund balance was \$9,599,590.

Forecast Overview

	Forecast	Budget	Variance	Variance Graphic	Comments
Revenue	\$19.1m	\$19.6m	-\$582k		Continued enrollment attrition; final adjustments to Title I funding, also based on lower enrollment than forecast. <i>Not yet adjusted for impact of virtual students.</i>
Expenses	\$16.5m	\$17.6m	\$1.1m		Open/unfilled staff positions and associated benefits 'savings'
Net Income	\$2.6m	\$2.1m	\$478k		Current expense reductions are offsetting decline in revenue, to return money to the bottom line.
Cash Flow Adjustments	\$14k	0	\$14k		
Change in Cash	\$2.6m	\$2.1m	\$492k		Not yet adjusted for impact of virtual students.
					

	Year-To-Date			Annual Forecast			Remaining
	Actual	Budget	Variance	Forecast	Budget	Variance	
Revenue							
Local Revenue	944,855	850,284	94,571	1,511,727	1,491,727	20,000	566,872
State Revenue	6,179,409	5,449,084	730,325	10,040,978	10,407,630	(366,652)	3,861,569
Federal Revenue	2,095,818	3,476,313	(1,380,495)	6,535,528	6,202,728	332,800	4,439,709
Private Grants and Donations	360,230	446,000	(85,770)	557,500	557,500	-	197,270
Earned Fees	303,154	486,433	(183,279)	404,511	972,866	(568,355)	101,357
Total Revenue	9,883,467	10,708,115	(824,648)	19,050,244	19,632,450	(582,206) ①	9,166,777
Expenses							
Salaries	3,525,588	4,156,395	630,807	6,146,564	7,125,248	978,684	2,620,976
Benefits and Taxes	944,389	1,183,959	239,570	1,774,824	2,029,643	254,820	830,435
Staff-Related Costs	103,538	132,927	29,389	231,298	227,875	(3,423)	127,760
Rent	100,000	87,500	(12,500)	183,335	150,000	(33,335)	83,335
Occupancy Service	686,373	634,493	(51,879)	1,208,223	1,087,703	(120,520)	521,850
Student Expense, Direct	664,885	1,065,207	400,322	1,826,069	1,826,069	(0)	1,161,184
Student Expense, Food	421,589	637,580	215,992	1,092,995	1,092,995	0	671,406
Office & Business Expense	489,227	665,495	176,268	1,156,975	1,140,849	(16,126)	667,747
Transportation	454,206	549,243	95,037	941,560	941,560	(0)	487,354
Total Ordinary Expenses	7,389,795	9,112,800	1,723,005	14,561,842	15,621,943	1,060,100	7,172,047
Net Operating Income	2,493,672	1,595,315	898,357	4,488,402	4,010,508	477,894	1,994,730
Extraordinary Expenses							
Interest	589,092	49,136	(539,956)	84,233	84,233	0	(504,859)
Facility Improvements	379,210	1,079,187	699,977	1,850,034	1,850,034	0	1,470,824
Total Extraordinary Expenses	968,302	1,128,323	160,021	1,934,267	1,934,268	0	965,965
Total Expenses	8,358,097	10,241,123	1,883,026	16,496,109	17,556,210	1,060,101 ②	8,138,012
Net Income	1,525,370	466,992	1,058,377	2,554,134	2,076,240	477,894 ③	1,028,765
Cash Flow Adjustments	57,072	-	57,072	14,344	-	14,344 ④	(42,728)
Change in Cash	1,582,442	466,992	1,115,450	2,568,478	2,076,240	492,238 ⑤	986,036

① REVENUE: \$582K BEHIND
Continued enrollment attrition, Title I allocation adjustments

② EXPENSES: \$1.1M AHEAD
'Savings' from open/unfilled staff positions and associated benefits

③ NET INCOME: \$478K ahead

④ CASH ADJ: \$14K AHEAD

⑤ NET CHANGE IN CASH: \$492K AHEAD

Monthly Financials

Income Statement	Actual							Forecast					TOTAL
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Revenue													
Local Revenue	159,450	144,898	125,697	132,468	122,039	125,263	135,041	113,374	113,374	113,374	113,374	113,374	1,511,727
State Revenue	652,434	768,164	702,991	1,594,362	786,116	630,606	1,044,735	772,314	772,314	772,314	772,314	772,314	10,040,978
Federal Revenue	76,426	9,573	0	467,609	1,431,274	54,903	56,034	887,942	887,942	887,942	887,942	887,942	6,535,528
Private Grants and Donations	1,000	40,700	314,000	1,000	0	3,530	0	39,454	39,454	39,454	39,454	39,454	557,500
Earned Fees	95,428	30,018	168,852	3,072	1,237	4,523	24	20,271	20,271	20,271	20,271	20,271	404,511
Total Revenue	984,737	993,353	1,311,540	2,198,512	2,340,666	818,824	1,235,834	1,833,355	1,833,355	1,833,355	1,833,355	1,833,355	19,050,244
Expenses													
Salaries	538,677	442,981	479,855	468,479	528,616	598,260	468,720	490,348	515,835	500,098	513,498	601,198	6,146,564
Benefits and Taxes	139,145	131,021	127,291	134,063	136,996	137,468	138,405	163,498	165,447	164,244	165,269	171,978	1,774,824
Staff-Related Costs	6,252	14,263	11,701	17,932	22,305	6,216	24,870	25,552	25,552	25,552	25,552	25,552	231,298
Rent	16,667	16,667	16,667	16,667	16,667	16,667	0	16,667	16,667	16,667	16,667	16,667	183,335
Occupancy Service	81,274	73,148	92,261	99,684	125,349	122,234	92,422	104,370	104,370	104,370	104,370	104,370	1,208,223
Student Expense, Direct	58,017	220,061	38,835	55,145	79,054	76,939	136,834	232,237	232,237	232,237	232,237	232,237	1,826,069
Student Expense, Food	226,775	0	30,401	0	82,569	42,085	39,759	134,281	134,281	134,281	134,281	134,281	1,092,995
Office & Business Expense	60,090	65,864	64,370	88,349	47,495	56,727	106,331	133,549	133,549	133,549	133,549	133,549	1,156,975
Transportation	3,325	5,136	8,353	138,316	99,196	161,709	38,171	97,471	97,471	97,471	97,471	97,471	941,560
Total Ordinary Expenses	1,130,222	969,140	869,735	1,018,636	1,138,247	1,218,306	1,045,511	1,397,973	1,425,410	1,408,469	1,422,894	1,517,303	14,561,842
Operating Income	-145,485	24,213	441,805	1,179,877	1,202,419	-399,481	190,324	435,383	407,945	424,887	410,462	316,053	4,488,402
Extraordinary Expenses													
Interest	7,019	7,019	7,019	136,372	7,019	7,019	417,622	-100,972	-100,972	-100,972	-100,972	-100,972	84,233
Facility Improvements	281,250	28,750	0	69,210	0	0	0	294,165	294,165	294,165	294,165	294,165	1,850,034
Total Extraordinary Expenses	288,269	35,769	7,019	205,582	7,019	7,019	417,622	193,193	193,193	193,193	193,193	193,193	1,934,267
Total Expenses	1,418,491	1,004,909	876,754	1,224,218	1,145,266	1,225,325	1,463,133	1,591,166	1,618,603	1,601,662	1,616,087	1,710,496	16,496,109
Net Income	-433,754	-11,556	434,786	974,294	1,195,400	-406,501	-227,299	242,190	214,753	231,694	217,269	122,860	2,554,134
Cash Flow Adjustments	2,750	5,162	94	-3,325	13,079	51,905	-12,593	-8,546	-8,546	-8,546	-8,546	-8,546	14,344
Change in Cash	-431,005	-6,394	434,880	970,970	1,208,478	-354,596	-239,892	233,644	206,207	223,148	208,723	114,314	2,568,478

	<i>Previous Year End</i>	<i>Current</i>	<i>Year End</i>
	<i>6/30/2022</i>	<i>1/31/2023</i>	<i>6/30/2023</i>
Assets			
Current Assets			
Cash	9,527,639	11,110,081	12,096,117
Total Current Assets	9,527,639	11,110,081	12,096,117
Total Assets	9,527,639	11,110,081	12,096,117
Liabilities and Equity			
Liabilities			
Current Liabilities			
Other Current Liabilities	-71,951	-14,879	-57,607
Total Current Liabilities	-71,951	-14,879	-57,607
Total Long-Term Liabilities	0	0	
Total Liabilities	-71,951	-14,879	
Equity			
Unrestricted Net Assets	9,599,590	9,599,590	9,599,590
Net Income	0	1,525,370	2,554,134
Total Equity	9,599,590	11,124,960	12,153,724