

**HOGAN**  
PREP ACADEMY



# February 2024 Financials

PREPARED **MAR'24** BY



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- **Balance Sheet**

- Hogan Prep closes out 2/24 with a projected YE cash balance of \$8.2M. This is \$1.2M higher than our 1/24 projection. We are also now above budget for the first time this year.
  - Further, should HPA not use the \$1.5M 'reserve' set aside in our operating budget, this will return that money to the bottom-line, improving our YE cash balance by that amount.
- Revenue:
  - State revenue continues to sit well below our original budget due to actual enrollment and YTD attendance sitting well below the budget targets. Please remember that this is being offset by our ability to use prior year WADA, making this year's revenue income higher than what we would be receiving were we using this year's ADA.
  - State revenue was also negatively impacted this month due to adjustments DESE made in their transportation reimbursement calculations

- **Revenue:**

- The federal revenue forecast was updated this month for the first time to more accurately reflect food service reimbursement. Because we have fewer students than budgeted and because our attendance is also lower than budgeted, our food service costs have dropped, also impacting what we can expect from a revenue perspective.
- Finally, we had included a PIAC reimbursement in our Miscellaneous revenue forecast for FY24. It looks like that will now actually occur in FY25, so it has been removed from this year's forecast.

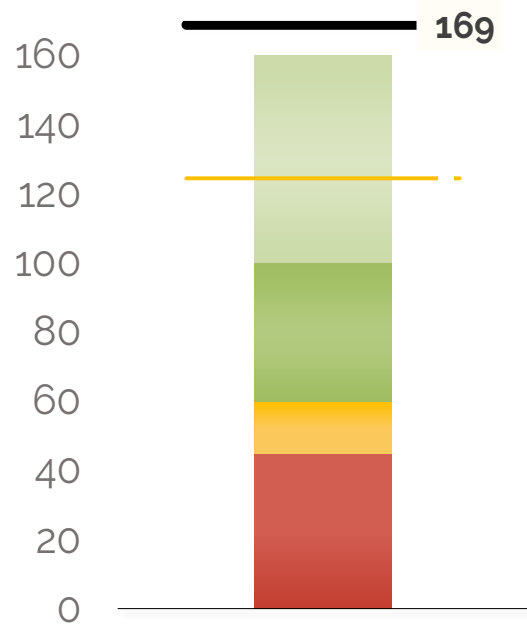
- **Expense:**

- We've made major updates to just about every expense category except staffing/benefits. The updates were based on YTD experience and our forward-looking forecast for the remainder of the year.
- This has resulted in significant increases in some areas (Occupancy Service, Office & Business Expense) and decreases in others (Student Expense Direct, Food Service & Transportation)

- **Expense:**
  - The net impact of these reallocations is a positive one for total expense, resulting in a full year forecast that is favorable vs. budget by \$667k.
- **Extraordinary Expenses & Net Income**
  - Interest has been updated for KLS full year repayments for Phases I & II
  - Facility Improvements has been adjusted to remove capital payments to KLS which are NOT due. (this was carried over from the FY23 budget in error)
  - The result is a positive impact Net Income, which goes from (\$3,572,884) to (\$2,460,904)
- **Full Year**
  - If HPA does not incur the \$1.5M legal settlement, it will positively impact the full year budget as follows:
    - We will have a break-even budget operationally
    - We will reduce our Net Income Loss from (\$2,460,904) to (\$960,904)

## Days of Cash

Cash balance at year-end divided by average daily expenses

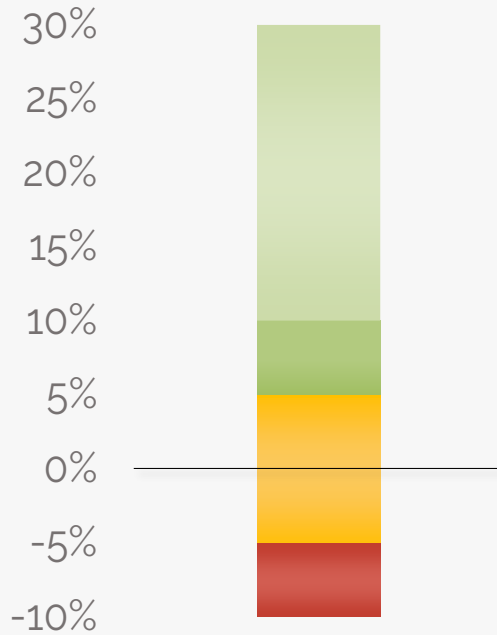


### 169 DAYS OF CASH AT YEAR'S END

The school will end the year with 169 days of cash. This is above the recommended 60 days

## Gross Margin

Revenue less expenses, divided by revenue

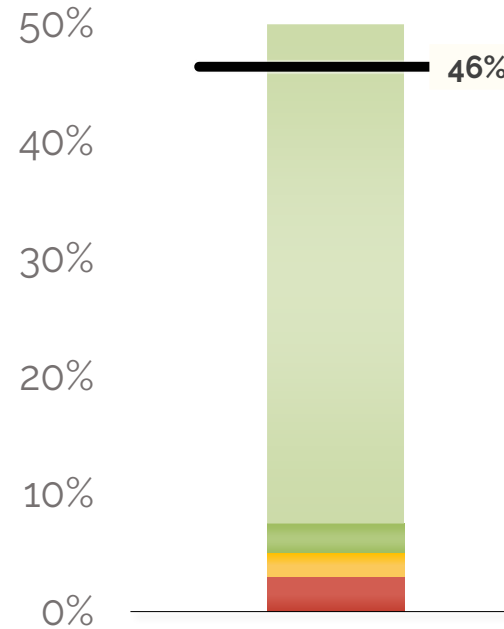


### -16.0% GROSS MARGIN

The forecasted net income is -\$2.5m, which is \$1.1m above the budget. It yields a -16.0% gross margin.

## Fund Balance %

Forecasted Ending Fund Balance / Total Expenses

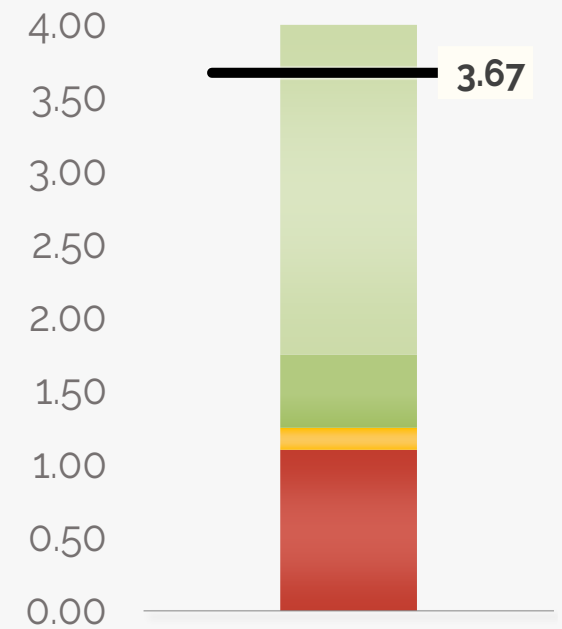


### 46.38% AT YEAR'S END

The school is projected to end the year with a fund balance of \$8,264,151. Last year's fund balance was \$10,725,056.

## DSCR

Amount of cash flow available to meet annual interest and principal payments on debt



### DSCR IS 3.67

Debt Service Coverage Ratio is defined by the school's bank covenants.

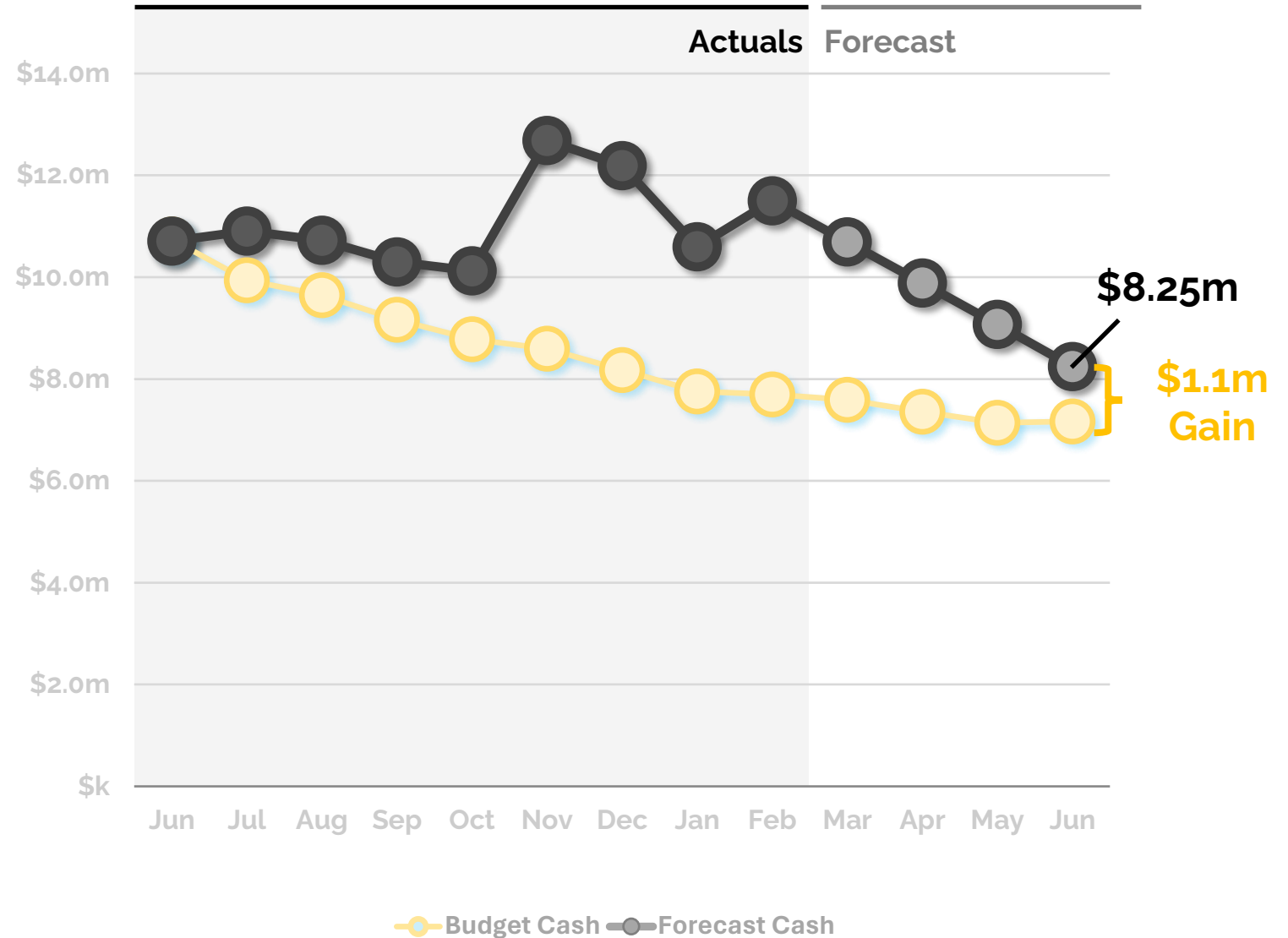
# Forecast Overview



	Forecast	Budget	Variance	Variance Graphic	Comments
Revenue	\$15.4m	\$17.4m	-\$2.1m		Enrollment/attendance vs. budget; food service reimbursement reductions to reflect lower food costs; removal of PIAC reimbursement for ES bus lane
Expenses	\$17.8m	\$21m	\$3.2m		Major updates to all expense categories, including extraordinary expenses (KLS Phase I & II payment adjustments; removal of add'l principal payment NOT due)
<b>Net Income</b>	<b>-\$2.5m</b>	<b>-\$3.6m</b>	<b>\$1.1m</b>		
Cash Flow Adjustments	-0	0	-0		
<b>Change in Cash</b>	<b>-\$2.5m</b>	<b>-\$3.6m</b>	<b>\$1.1m</b>		

## 169 Days of Cash at year's end

We forecast the school's year ending cash balance as **\$8.2m**, **\$1.1m** above budget.



	Year-To-Date			Annual Forecast			
	Actual	Budget	Variance	Forecast	Budget	Variance	Remaining
<b>Revenue</b>							
Local Revenue	954,452	824,582	129,870	1,241,743	1,212,621	29,122	287,291
State Revenue	7,406,462	7,818,705	(412,243)	10,921,578	12,532,413	(1,610,835)	3,515,116
Federal Revenue	2,560,347	1,991,328	569,019	2,947,872	3,218,230	(270,357)	387,525
Private Grants and Donations	180,953	135,000	45,953	180,953	150,000	30,953	-
Earned Fees	67,048	199,578	(132,530)	67,048	332,630	(265,582)	-
<b>Total Revenue</b>	<b>11,169,262</b>	<b>10,969,194</b>	<b>200,068</b>	<b>15,359,194</b>	<b>17,445,894</b>	<b>(2,086,700)</b>	<b>① 4,189,932</b>
<b>Expenses</b>							
Salaries	4,124,549	4,213,768	89,219	6,123,355	6,320,652	197,296	1,998,807
Benefits and Taxes	1,150,991	1,229,382	78,391	1,752,938	1,844,073	91,135	601,947
Staff-Related Costs	30,079	63,250	33,171	84,875	94,875	10,000	54,795
Rent	-	22,223	22,223	-	33,334	33,334	-
Occupancy Service	1,121,641	847,148	(274,493)	1,599,187	1,270,722	(328,465)	477,546
Student Expense, Direct	817,435	1,108,512	291,076	1,275,635	1,662,767	387,132	458,200
Student Expense, Food	294,203	740,540	446,337	850,000	1,110,810	260,810	555,797
Office & Business Expense	1,797,055	2,768,595	971,540	4,256,906	4,152,892	(104,014)	2,459,851
Transportation	453,149	634,177	181,028	831,265	951,265	120,000	378,116
Total Ordinary Expenses	9,789,102	11,627,594	1,838,491	16,774,162	17,441,391	667,228	6,985,060
Interest	493,788	56,156	(437,633)	945,936	84,233	(861,703)	452,148
Facility Improvements	85,461	2,328,769	2,243,308	100,000	3,493,154	3,393,154	14,539
Total Extraordinary Expenses	579,249	2,384,925	1,805,676	1,045,936	3,577,387	2,531,451	466,687
<b>Total Expenses</b>	<b>10,368,352</b>	<b>14,012,519</b>	<b>3,644,167</b>	<b>17,820,098</b>	<b>21,018,778</b>	<b>3,198,680</b>	<b>② 7,451,747</b>
<b>Net Income</b>	<b>800,910</b>	<b>(3,043,325)</b>	<b>3,844,235</b>	<b>(2,460,904)</b>	<b>(3,572,884)</b>	<b>1,111,980</b>	<b>③ (3,261,815)</b>
<b>Cash Flow Adjustments</b>	<b>(5,859)</b>	<b>-</b>	<b>(5,859)</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>④ 5,859</b>
<b>Change in Cash</b>	<b>795,051</b>	<b>(3,043,325)</b>	<b>3,838,376</b>	<b>(2,460,904)</b>	<b>(3,572,884)</b>	<b>1,111,980</b>	<b>⑤ (3,255,955)</b>

**① REVENUE: \$2.1M BEHIND**

Lower than budgeted enrollment/attendance; reduced food service revenue; removed PIAC reimbursement for ES bus lane

**② EXPENSES: \$3.2M AHEAD**

Adjustments to all expense categories, including extraordinary expenses

**③ NET INCOME: \$1.1M ahead**

**④ CASH ADJ:\$0K BEHIND**

**⑤ NET CHANGE IN CASH: \$1.1M AHEAD**

# Monthly Financials

Income Statement	Actual								Forecast				TOTAL
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
<b>Revenue</b>													
Local Revenue	214,626	41,800	113,114	112,607	129,133	93,742	100,212	149,217	71,823	71,823	71,823	71,823	1,241,743
State Revenue	923,510	892,452	907,991	914,386	3,543,253	73,984	75,810	75,076	878,779	878,779	878,779	878,779	10,921,578
Federal Revenue	16,099	16,858	28,145	0	302,165	355,890	66,117	1,775,073	96,881	96,881	96,881	96,881	2,947,872
Private Grants and Donations	1,000	0	0	26,603	3,350	150,000	0	0	0	0	0	0	180,953
Earned Fees	1,950	0	3,467	7,061	53,929	0	641	0	0	0	0	0	67,048
<b>Total Revenue</b>	<b>1,157,185</b>	<b>951,111</b>	<b>1,052,717</b>	<b>1,060,656</b>	<b>4,031,831</b>	<b>673,616</b>	<b>242,780</b>	<b>1,999,366</b>	<b>1,047,483</b>	<b>1,047,483</b>	<b>1,047,483</b>	<b>1,047,483</b>	<b>15,359,194</b>
<b>Expenses</b>													
Salaries	389,577	487,543	698,533	506,162	537,667	521,047	496,054	487,965	495,302	495,302	495,302	512,902	6,123,355
Benefits and Taxes	114,968	140,507	141,796	140,119	144,908	139,203	171,806	157,684	150,046	150,046	150,046	151,809	1,752,938
Staff-Related Costs	4,718	6,500	216	932	8,215	3,270	3,229	3,000	13,699	13,699	13,699	13,699	84,875
Rent	0	0	0	0	0	0	0	0	0	0	0	0	0
Occupancy Service	111,443	151,650	102,901	173,939	127,694	187,724	157,860	108,431	119,387	119,387	119,387	119,387	1,599,187
Student Expense, Direct	84,040	107,256	109,531	122,714	89,985	59,579	181,446	62,884	114,550	114,550	114,550	114,550	1,275,635
Student Expense, Food	863	0	0	29,194	76,512	79,627	66,030	41,978	138,949	138,949	138,949	138,949	850,000
Office & Business Expense	210,905	237,824	384,892	237,190	105,483	72,741	358,751	189,268	614,963	614,963	614,963	614,963	4,256,906
Transportation	4,265	1,500	12,928	31,376	109,814	79,950	192,841	20,475	94,529	94,529	94,529	94,529	831,265
Total Ordinary Expenses	920,778	1,132,780	1,450,798	1,241,625	1,200,279	1,143,141	1,628,018	1,071,684	1,741,424	1,741,424	1,741,424	1,760,787	16,774,162
Operating Income	236,406	-181,669	-398,081	-180,969	2,831,552	-469,525	-1,385,237	927,682	-693,941	-693,941	-693,941	-713,304	-1,414,968
<b>Extraordinary Expenses</b>													
Interest	7,019	7,019	7,019	7,019	231,859	6,698	227,154	0	113,037	113,037	113,037	113,037	945,936
Facility Improvements	29,200	560	1,350	6,663	29,200	18,348	140	0	3,635	3,635	3,635	3,635	100,000
Total Extraordinary Expenses	36,219	7,579	8,369	13,682	261,059	25,046	227,294	0	116,672	116,672	116,672	116,672	1,045,936
<b>Total Expenses</b>	<b>956,998</b>	<b>1,140,359</b>	<b>1,459,167</b>	<b>1,255,308</b>	<b>1,461,338</b>	<b>1,168,187</b>	<b>1,855,312</b>	<b>1,071,684</b>	<b>1,858,096</b>	<b>1,858,096</b>	<b>1,858,096</b>	<b>1,877,459</b>	<b>17,820,098</b>
<b>Net Income</b>	<b>200,187</b>	<b>-189,248</b>	<b>-406,450</b>	<b>-194,651</b>	<b>2,570,493</b>	<b>-494,571</b>	<b>-1,612,531</b>	<b>927,682</b>	<b>-810,613</b>	<b>-810,613</b>	<b>-810,613</b>	<b>-829,976</b>	<b>-2,460,904</b>
Cash Flow Adjustments	-1,788	9,359	-19,437	19,077	-11,186	3,099	16,266	-21,249	1,465	1,465	1,465	1,465	0
<b>Change in Cash</b>	<b>198,399</b>	<b>-179,889</b>	<b>-425,887</b>	<b>-175,575</b>	<b>2,559,307</b>	<b>-491,472</b>	<b>-1,596,265</b>	<b>906,433</b>	<b>-809,148</b>	<b>-809,148</b>	<b>-809,148</b>	<b>-828,511</b>	<b>-2,460,904</b>
Ending Cash	10,905,607	10,725,718	10,299,831	10,124,256	12,683,563	12,192,091	10,595,826	11,502,259	10,693,111	9,883,963	9,074,815	8,246,304	

	<i>Previous Year End</i>	<i>Current</i>	<i>Year End</i>
<b>Assets</b>			
Current Assets			
Cash	10,707,208	11,502,259	8,246,304
Total Current Assets	10,707,208	11,502,259	8,246,304
<b>Total Assets</b>	<b>10,707,208</b>	<b>11,502,259</b>	<b>8,246,304</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Current Liabilities			
Other Current Liabilities	-17,847	-23,707	-17,847
Total Current Liabilities	-17,847	-23,707	-17,847
Total Long-Term Liabilities	0	0	
<b>Total Liabilities</b>	<b>-17,847</b>	<b>-23,707</b>	<b>-17,847</b>
<b>Equity</b>			
Unrestricted Net Assets	10,725,056	10,725,056	10,725,056
Net Income	0	800,910	-2,460,904
<b>Total Equity</b>	<b>10,725,056</b>	<b>11,525,966</b>	<b>8,264,151</b>
<b>Total Liabilities and Equity</b>	<b>10,707,208</b>	<b>11,502,259</b>	<b>8,246,304</b>



# QUESTIONS?

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