

**HOGAN**  
PREP ACADEMY



# March 2024 Financials

PREPARED APR'24 BY



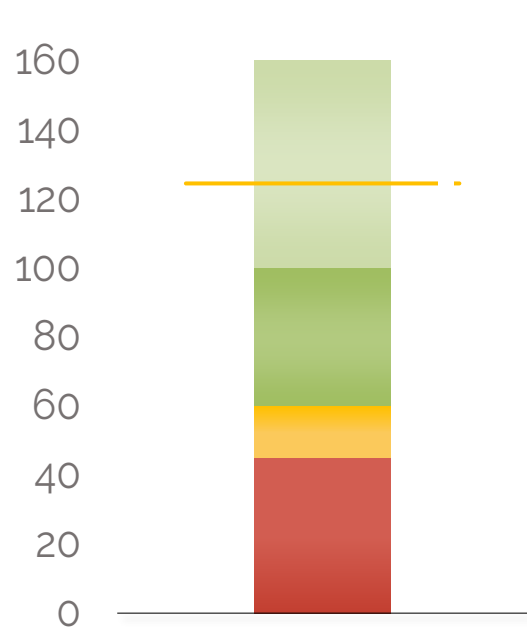
- **Executive Summary**
- **Cash Forecast**
- **Key Performance Indicators**
- **Forecast Overview**
- **Annotated Financials**
- **Monthly Projections**
- **Balance Sheet**

- As HPA closes out the 3<sup>rd</sup> quarter of FY24, our projected YE cash balance is \$9.7M, \$2.6M above budget. Our Days of Cash forecast is 202 days.
- This increase is due to two primary factors:
  - ✓ We have increased our ESSER III (Covid relief) funds such that we will be using 100% of them by 6/30/24. The funds must be spent by no later than 9/30/24. Since we have qualifying expenses in FY24, we plan to use the funds this year.
  - ✓ We have decreased our loan payment obligation to KLS. If you recall, earlier in the year we discovered that we'd budgeted this at 2x the amount due.

- Overall, we continue to run under budget from our primary source, State funding.
  - Under enrollment and attendance (vs. budget) have produced a \$1.47M revenue deficit. This would be even more significant were we using this year's ADA in the funding formula.
- From an expense perspective, we continue to see improvement. We were able to further adjust our full year forecast on various expense items, lowering our YE outlook.
- Finally, remember that we are carrying a \$1.5M contingency on the FY24 budget for a potential legal settlement. Should that not occur, those monies will return to the bottom line. However, we plan to carry this contingency next year in the FY25 budget.

## Days of Cash

Cash balance at year-end divided by average daily expenses

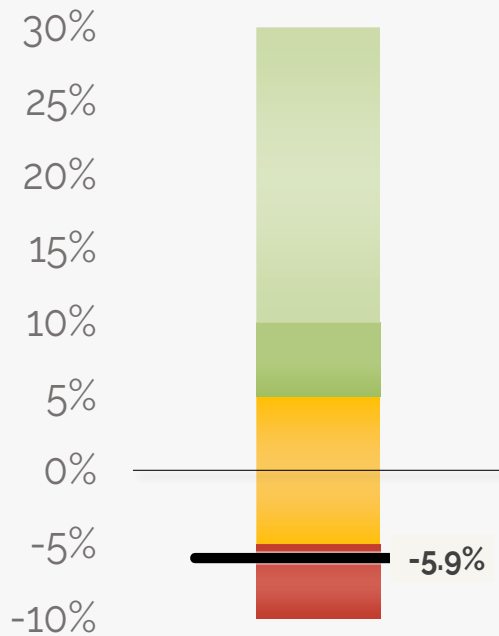


**202 DAYS OF CASH AT YEAR'S END**

The school will end the year with 202 days of cash. This is above the recommended 60 days

## Gross Margin

Revenue less expenses, divided by revenue

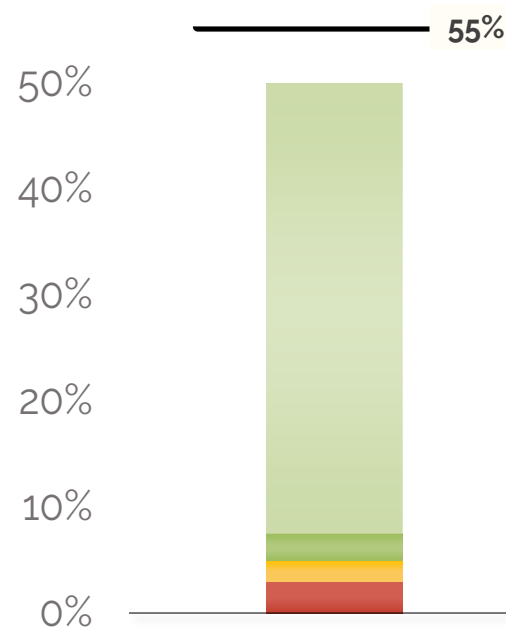


**-5.9% GROSS MARGIN**

The forecasted net income is -\$987k, which is \$2.6m above the budget. It yields a -5.9% gross margin.

## Fund Balance %

Forecasted Ending Fund Balance / Total Expenses

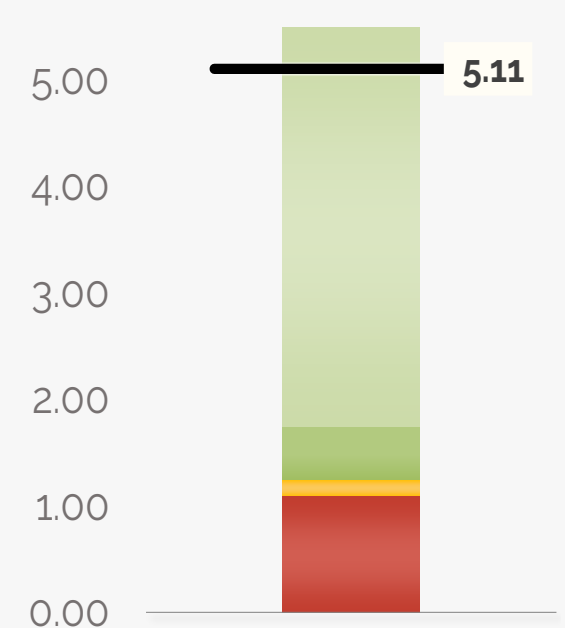


**55.31% AT YEAR'S END**

The school is projected to end the year with a fund balance of \$9,737,579. 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 5.11**

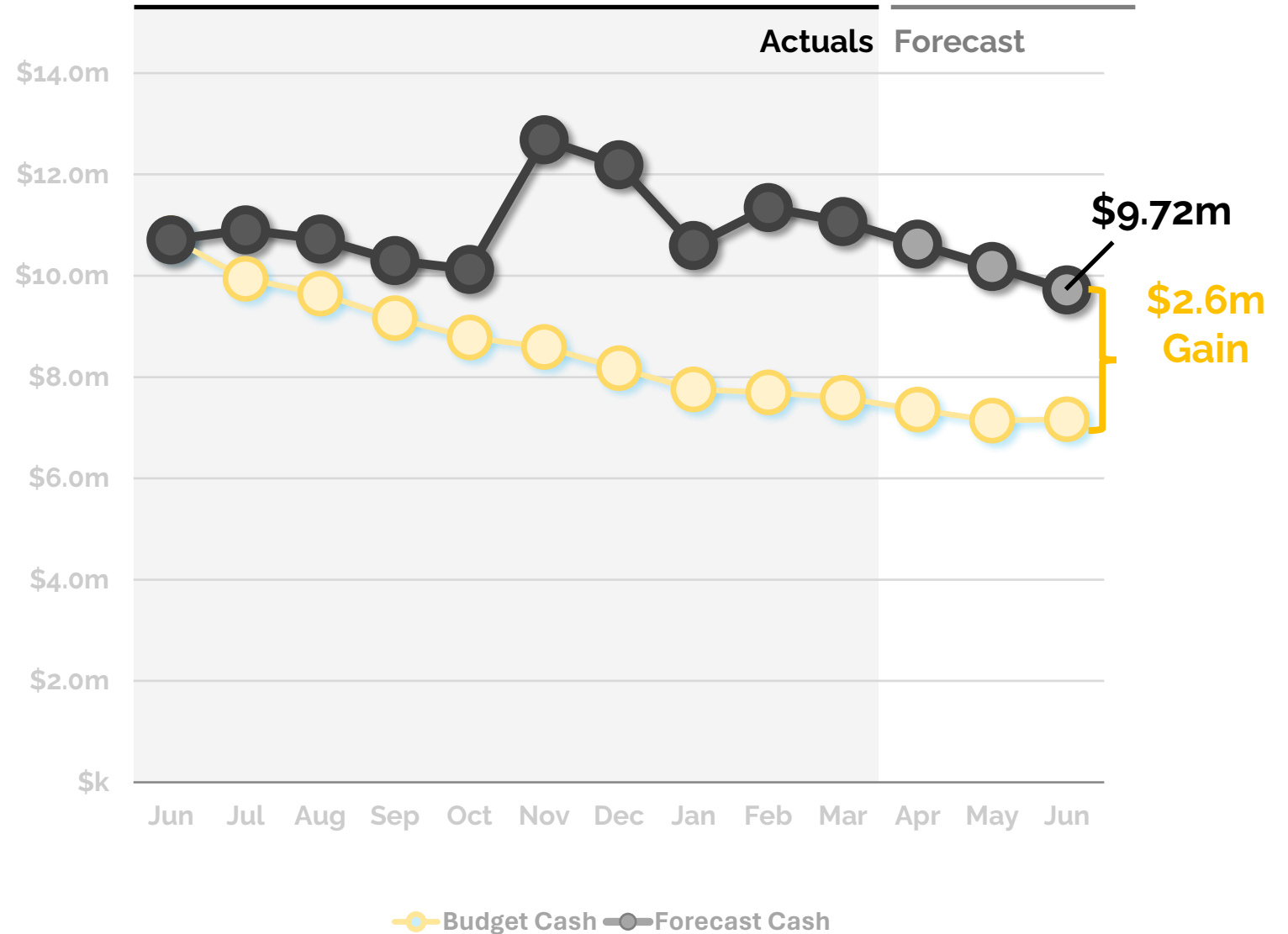
Debt Service Coverage Ratio is defined by the school's bank covenants.

# Forecast Overview

	Forecast	Budget	Variance	Variance Graphic	Comments
Revenue	\$16.6m	\$17.4m	<b>-\$828k</b>	 -828k	Represents State funding shortfall due to under enrollment and lower than budgeted attendance, partially offset by increased forecast of use of ESSER III grant funds
Expenses	\$17.6m	\$21m	<b>\$3.4m</b>	 +3.4m	This shows our IMPROVEMENT via reduced expenses for the full year + elimination of the duplicate KLS loan payment.
<b>Net Income</b>	<b>-\$987k</b>	<b>-\$3.6m</b>	<b>\$2.6m</b>	 <b>2.6m</b>	
Cash Flow Adjustments	-0	0	-0	 -0k	
<b>Change in Cash</b>	<b>-\$987k</b>	<b>-\$3.6m</b>	<b>\$2.6m</b>	 <b>2.6m</b>	

## 202 Days of Cash at year's end

We forecast the school's year ending cash balance as **\$9.7m**, **\$2.6m** above budget.



	Year-To-Date			Annual Forecast			
	Actual	Budget	Variance	Forecast	Budget	Variance	Remaining
<b>Revenue</b>							
Local Revenue	1,044,311	921,592	122,719	1,245,504	1,212,621	32,883	201,192
State Revenue	8,200,675	9,054,586	(853,911)	10,931,137	12,532,413	(1,601,276)	2,730,462
Federal Revenue	2,859,858	2,267,679	592,179	4,190,617	3,218,230	972,387	1,330,759
Private Grants and Donations	181,053	138,750	42,303	181,053	150,000	31,053	-
Earned Fees	69,814	232,841	(163,027)	69,814	332,630	(262,816)	-
<b>Total Revenue</b>	<b>12,355,712</b>	<b>12,615,448</b>	<b>(259,736)</b>	<b>16,618,125</b>	<b>17,445,894</b>	<b>(827,769)</b>	<b>① 4,262,413</b>
<b>Expenses</b>							
Salaries	4,618,140	4,740,489	122,349	6,112,571	6,320,652	208,081	1,494,431
Benefits and Taxes	1,304,915	1,383,055	78,140	1,768,068	1,844,073	76,005	463,153
Staff-Related Costs	38,689	71,156	32,467	51,125	94,875	43,750	12,435
Rent	-	25,000	25,000	-	33,334	33,334	-
Occupancy Service	1,320,317	953,042	(367,275)	1,616,142	1,270,722	(345,420)	295,826
Student Expense, Direct	961,097	1,247,076	285,979	1,361,758	1,662,767	301,010	400,661
Student Expense, Food	393,566	833,108	439,542	600,000	1,110,810	510,810	206,434
Office & Business Expense	2,005,623	3,114,669	1,109,046	4,218,735	4,152,892	(65,843)	2,213,112
Transportation	534,253	713,449	179,196	831,265	951,265	120,000	297,012
Total Ordinary Expenses	11,176,599	13,081,043	1,904,444	16,559,665	17,441,391	881,726	5,383,066
Interest	718,628	63,175	(655,453)	945,936	84,233	(861,703)	227,308
Facility Improvements	86,511	2,619,866	2,533,355	100,000	3,493,154	3,393,154	13,489
Total Extraordinary Expenses	805,139	2,683,041	1,877,902	1,045,936	3,577,387	2,531,451	240,798
<b>Total Expenses</b>	<b>11,981,738</b>	<b>15,764,084</b>	<b>3,782,346</b>	<b>17,605,601</b>	<b>21,018,778</b>	<b>3,413,177</b>	<b>② 5,623,863</b>
<b>Net Income</b>	<b>373,974</b>	<b>(3,148,635)</b>	<b>3,522,609</b>	<b>(987,476)</b>	<b>(3,572,884)</b>	<b>2,585,408</b>	<b>③ (1,361,450)</b>
<b>Cash Flow Adjustments</b>	<b>(11,963)</b>	<b>-</b>	<b>(11,963)</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>④ 11,963</b>
<b>Change in Cash</b>	<b>362,011</b>	<b>(3,148,635)</b>	<b>3,510,646</b>	<b>(987,476)</b>	<b>(3,572,884)</b>	<b>2,585,408</b>	<b>⑤ (1,349,487)</b>

**① REVENUE: \$828K BEHIND**

Lower State revenue due to under enrollment and lower attendance than budgeted, offset by increased ESSER III funds which will be used in FY24.

**② EXPENSES: \$3.4M AHEAD**

Improvements across a majoring of expenses categories + adjustment to KLS loan repayment for FY24.

**③ NET INCOME: \$2.6M ahead****④ CASH ADJ:\$0K BEHIND****⑤ NET CHANGE IN CASH: \$2.6M 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	89,859	67,064	67,064	67,064	1,245,504
State Revenue	923,510	892,452	907,991	914,386	3,543,253	73,984	75,810	75,076	794,213	910,154	910,154	910,154	10,931,137
Federal Revenue	16,099	16,858	28,145	0	302,165	355,890	66,117	1,775,073	299,511	443,586	443,586	443,586	4,190,617
Private Grants and Donations	1,000	0	0	26,603	3,350	150,000	0	100	0	0	0	0	181,053
Earned Fees	1,950	0	3,467	7,061	53,929	0	1,532	1,600	275	0	0	0	69,814
<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>243,671</b>	<b>2,001,066</b>	<b>1,183,859</b>	<b>1,420,804</b>	<b>1,420,804</b>	<b>1,420,804</b>	<b>16,618,125</b>
<b>Expenses</b>													
Salaries	389,577	487,543	698,533	506,162	537,667	521,047	496,054	487,965	493,591	492,277	492,277	509,877	6,112,571
Benefits and Taxes	114,968	140,507	141,796	140,119	144,908	139,203	171,806	157,684	153,924	153,797	153,797	155,560	1,768,068
Staff-Related Costs	4,718	6,500	216	932	8,215	3,270	3,229	5,604	6,006	4,145	4,145	4,145	51,125
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	143,080	164,027	98,609	98,609	98,609	1,616,142
Student Expense, Direct	84,040	107,256	109,531	122,714	89,985	59,579	181,446	75,222	131,324	133,554	133,554	133,554	1,361,758
Student Expense, Food	863	0	0	29,194	76,512	79,627	66,030	84,788	56,553	68,811	68,811	68,811	600,000
Office & Business Expense	210,905	237,824	384,892	237,190	105,483	72,741	358,751	191,060	206,776	737,704	737,704	737,704	4,218,735
Transportation	4,265	1,500	12,928	31,376	109,814	79,950	192,841	86,300	15,278	99,004	99,004	99,004	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	1,231,703	1,227,477	1,787,901	1,787,901	1,807,264	16,559,665
Operating Income	236,406	-181,669	-398,081	-180,969	2,831,552	-469,525	-1,384,346	769,363	-43,619	-367,097	-367,097	-386,460	58,460
<b>Extraordinary Expenses</b>													
Interest	7,019	7,019	7,019	7,019	231,859	6,698	227,154	0	224,839	75,769	75,769	75,769	945,936
Facility Improvements	29,200	560	1,350	6,663	29,200	18,348	140	1,050	0	4,496	4,496	4,496	100,000
Total Extraordinary Expenses	36,219	7,579	8,369	13,682	261,059	25,046	227,294	1,050	224,839	80,266	80,266	80,266	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>1,232,753</b>	<b>1,452,317</b>	<b>1,868,167</b>	<b>1,868,167</b>	<b>1,887,530</b>	<b>17,605,601</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>-1,611,640</b>	<b>768,313</b>	<b>-268,458</b>	<b>-447,362</b>	<b>-447,362</b>	<b>-466,725</b>	<b>-987,476</b>
Cash Flow Adjustments	-1,788	9,359	-19,437	19,077	-11,186	3,099	16,424	-21,221	-6,290	3,988	3,988	3,988	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>-1,595,216</b>	<b>747,093</b>	<b>-274,749</b>	<b>-443,375</b>	<b>-443,375</b>	<b>-462,738</b>	<b>-987,476</b>
Ending Cash	10,905,607	10,725,718	10,299,831	10,124,256	12,683,563	12,192,091	10,596,875	11,343,968	11,069,219	10,625,844	10,182,470	9,719,732	

	<i>Previous Year End</i>	<i>Current</i>	<i>Year End</i>
<b>Assets</b>			
Current Assets			
Cash	10,707,208	11,069,219	9,719,732
Total Current Assets	10,707,208	11,069,219	9,719,732
<b>Total Assets</b>	<b>10,707,208</b>	<b>11,069,219</b>	<b>9,719,732</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Current Liabilities			
Other Current Liabilities	-17,847	-29,810	-17,847
Total Current Liabilities	-17,847	-29,810	-17,847
Total Long-Term Liabilities	0	0	
<b>Total Liabilities</b>	<b>-17,847</b>	<b>-29,810</b>	<b>-17,847</b>
<b>Equity</b>			
Unrestricted Net Assets	10,725,056	10,725,056	10,725,056
Net Income	0	373,974	-987,476
<b>Total Equity</b>	<b>10,725,056</b>	<b>11,099,030</b>	<b>9,737,579</b>
<b>Total Liabilities and Equity</b>	<b>10,707,208</b>	<b>11,069,219</b>	<b>9,719,732</b>

*Current full year picture shows a net loss of \$987,476. However, that does include \$1.5M in legal settlement contingency funds. Should that issue not be resolved, the \$1.5M would be added back into our cash reserves, for a net income of \$512,524.*



# QUESTIONS?

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