

HOGAN
PREP ACADEMY



May 2024 Financials

PREPARED JUN'24 BY



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

- HPA closes out May 2024 with a projected YE cash balance of \$10.89M and 234 Days of Cash.
 - This is slightly lower than our April 2024 projection due to increased expenses associated with student transportation.
- Revenue – has improved by more than \$100K due to interest income (not budgeted) and an increased YE forecast for Prop C funding.
- Expenses – are still running well below budget due to:
 - Removal of a duplicate KLS loan payment
 - Removal of the \$1.5M legal settlement contingency (moved to FY25 budget)
 - Lower than budgeted spending across various expense categories

- **Expenses (continued)**

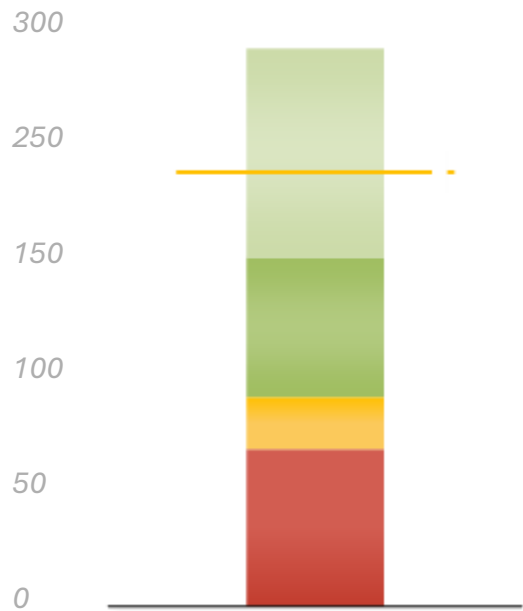
That said, total projected expenses for year end are slightly higher due to a \$200,000 increase in student transportation. While we initially thought we'd be saving money on student transportation due to lower enrollment, it actually went up. This is because of overages associated with the amount of time First Student has been spending for both pick up and drop off each day. The contract allows for 3 hours each, but First Student is spending closer to 4 hours each.

- **Net Income – we are on the plus side of this equation for the first time this fiscal year! We currently anticipate a YE Net Income \$181,556.**

- **FY25 Draft Budget**
 - **Phalen and EdOps have finalized a draft budget for FY25 and will be reviewing it with HPA's Finance Committee on 6/20/24. Any recommended changes will be incorporated and brought forward for a full vote of the Board at their 6/24/24 meeting.**
 - **As noted previously, DESE requires that the FY25 Budget be approved by the Board no later than 6/30/24.**

Days of Cash

Cash balance at year-end divided by average daily expenses

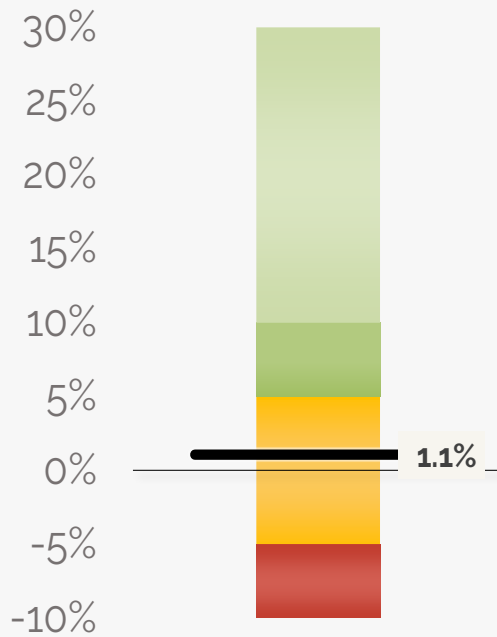


234 DAYS OF CASH AT YEAR'S END

The school will end the year with 234 days of cash. This is above the recommended 60 days

Gross Margin

Revenue less expenses, divided by revenue

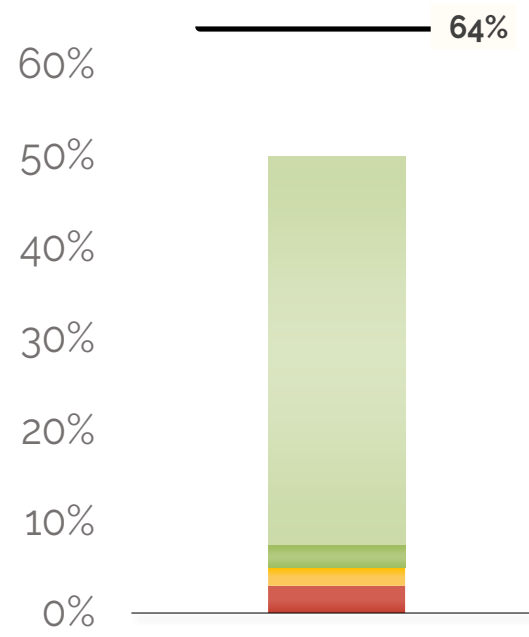


1.1% GROSS MARGIN

The forecasted net income is \$182k, which is \$3.8m above the budget. It yields a 1.1% gross margin.

Fund Balance %

Forecasted Ending Fund Balance / Total Expenses

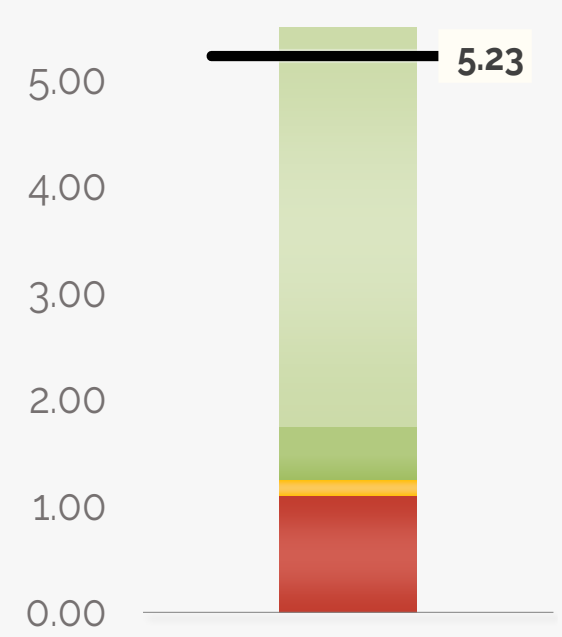


64.20% AT YEAR'S END

The school is projected to end the year with a fund balance of \$10,906,611. 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 5.23

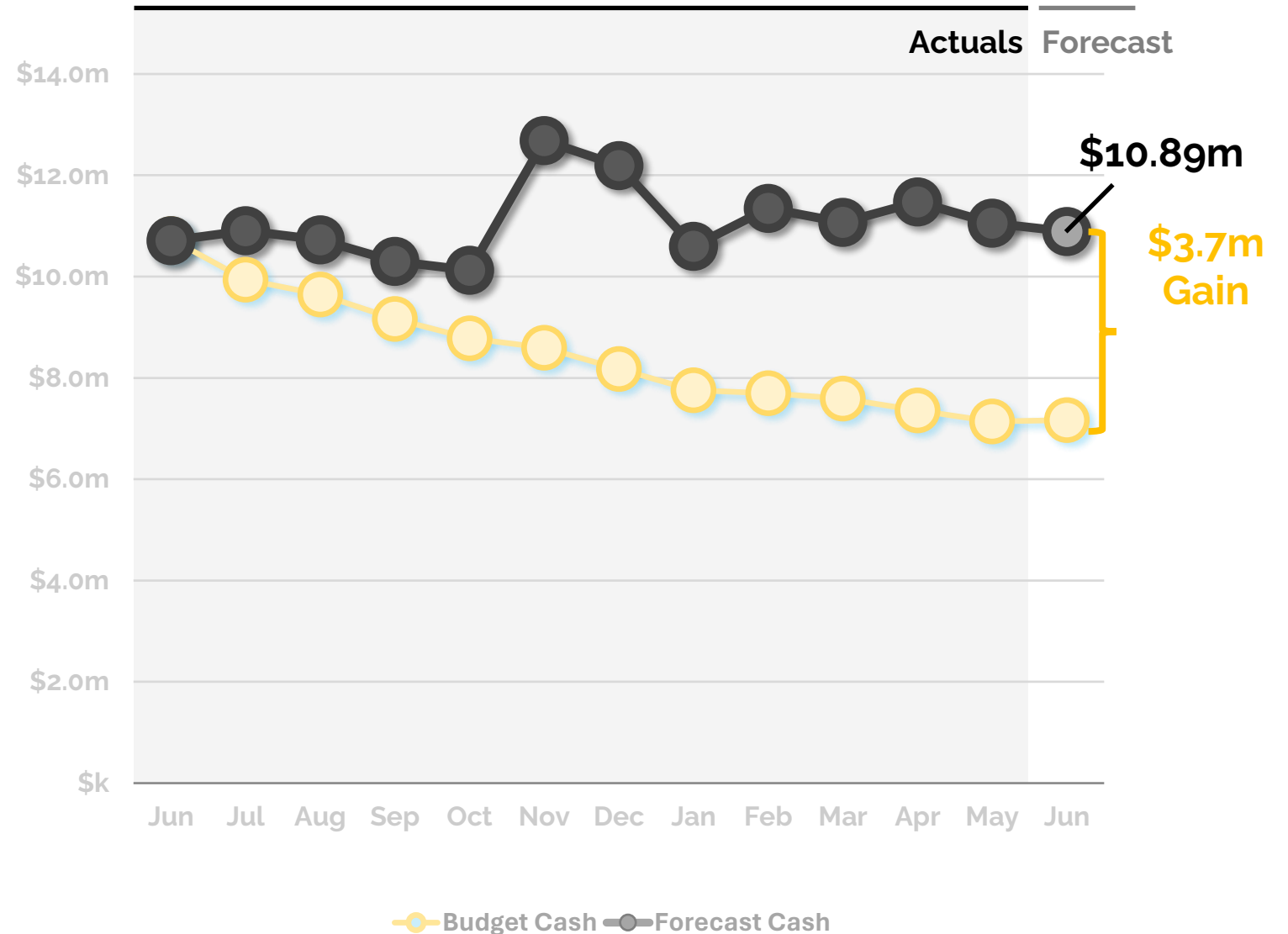
Debt Service Coverage Ratio is defined by the school's bank covenants.

Forecast Overview

	Forecast	Budget	Variance	Variance Graphic	Comments
Revenue	\$17.2m	\$17.4m	-\$275k		Lower than budgeted State revenue due to under enrollment and lower attendance; offset by ESSER III grant funding brought forward, interest income (not budgeted) and higher than budgeted Prop C funding.
Expenses	\$17m	\$21m	\$4m		Much lower than budgeted due to removal of a duplicate KLS loan payment, removal of the \$1.5M legal settlement contingency (moved to FY25), and cost savings in a variety of expense categories.
Net Income	\$182k	-\$3.6m	\$3.8m		
Cash Flow Adjustments	-0	0	-0		
Change in Cash	\$182k	-\$3.6m	\$3.8m		Showing a positive Net Income at YE for the first time this fiscal year!

234 Days of Cash at year's end

We forecast the school's year ending cash balance as **\$11m**, **\$3.7m** above budget.



	Year-To-Date			Annual Forecast			
	Actual	Budget	Variance	Forecast	Budget	Variance	Remaining
Revenue							
Local Revenue	1,229,425	1,103,485	125,940	1,315,971	1,212,621	103,350	86,547
State Revenue	10,218,495	11,296,532	(1,078,038)	11,158,894	12,532,413	(1,373,520)	940,399
Federal Revenue	3,703,681	2,820,381	883,299	4,441,470	3,218,230	1,223,241	737,790
Private Grants and Donations	180,300	146,250	34,050	180,300	150,000	30,300	-
Earned Fees	73,997	299,367	(225,370)	73,997	332,630	(258,633)	-
Total Revenue	15,405,898	15,666,016	(260,118)	17,170,632	17,445,894	(275,261) ①	1,764,735
Expenses							
Salaries	5,617,320	5,793,931	176,611	6,129,810	6,320,652	190,842	512,490
Benefits and Taxes	1,618,338	1,690,400	72,063	1,773,168	1,844,073	70,905	154,830
Staff-Related Costs	46,029	86,969	40,939	57,125	94,875	37,750	11,095
Rent	-	30,556	30,556	-	33,334	33,334	-
Occupancy Service	1,632,751	1,164,829	(467,922)	1,751,393	1,270,722	(480,670)	118,642
Student Expense, Direct	1,530,343	1,524,203	(6,140)	1,630,440	1,662,767	32,328	100,097
Student Expense, Food	503,235	1,018,243	515,008	600,000	1,110,810	510,810	96,766
Office & Business Expense	2,388,248	3,806,818	1,418,570	2,646,251	4,152,892	1,506,641	258,003
Transportation	611,726	871,993	260,267	1,068,160	951,265	(116,895)	456,434
Total Ordinary Expenses	13,947,989	15,987,941	2,039,952	15,656,346	17,441,391	1,785,044	1,708,357
Interest	718,628	77,214	(641,414)	945,936	84,233	(861,703)	227,308
Facility Improvements	386,794	3,202,058	2,815,264	386,794	3,493,154	3,106,360	-
Total Extraordinary Expenses	1,105,422	3,279,272	2,173,850	1,332,730	3,577,387	2,244,657	227,308
Total Expenses	15,053,411	19,267,213	4,213,802	16,989,077	21,018,778	4,029,701 ②	1,935,666
Net Income	352,486	(3,601,198)	3,953,684	181,556	(3,572,884)	3,754,440 ③	(170,931)
Cash Flow Adjustments	(4,770)	-	(4,770)	(o)	-	(o) ④	4,770
Change in Cash	347,717	(3,601,198)	3,948,914	181,556	(3,572,884)	3,754,440 ⑤	(166,161)

① REVENUE: \$275K BEHIND

Lower than budgeted State revenue due to under enrollment & lower attendance, offset by ESSER III grant funds brought forward, plus interest income (not budgeted) and improved Prop C revenue vs. budget.

② EXPENSES: \$4M AHEAD

Benefitting from the removal of KLS duplicate loan payment and \$1.5M legal settlement contingency (moved to FY25 budget), lower than budgeted expenses in many categories.

③ NET INCOME: \$3.8M ahead

④ CASH ADJ: \$0K BEHIND

⑤ NET CHANGE IN CASH: \$3.8M AHEAD

Monthly Financials

Income Statement	Actual											Forecast	
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Revenue													
Local Revenue	214,626	41,800	113,114	112,607	129,133	93,742	100,212	149,217	89,859	97,577	87,536	86,547	1,315,971
State Revenue	923,510	892,452	907,991	914,386	3,543,253	73,984	75,810	75,076	794,213	1,004,613	1,013,207	940,399	11,158,894
Federal Revenue	16,099	16,858	28,145	0	302,165	355,890	66,117	1,775,073	299,511	765,109	78,713	737,790	4,441,470
Private Grants and Donations	1,000	0	0	25,350	3,350	150,000	0	100	0	500	0	0	180,300
Earned Fees	1,950	0	3,467	8,314	53,929	0	1,532	1,600	1,653	1,552	0	0	73,997
Total Revenue	1,157,185	951,111	1,052,717	1,060,656	4,031,831	673,616	243,671	2,001,066	1,185,237	1,869,351	1,179,456	1,764,735	17,170,632
Expenses													
Salaries	389,577	487,543	698,533	506,162	537,667	521,047	496,054	487,965	493,591	497,548	501,633	512,490	6,129,810
Benefits and Taxes	114,968	140,507	141,796	140,119	144,908	139,203	171,806	157,684	153,924	153,761	159,661	154,830	1,773,168
Staff-Related Costs	4,718	6,500	216	932	8,215	3,270	3,229	5,604	6,006	4,250	3,090	11,095	57,125
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	133,412	179,022	118,642	1,751,393
Student Expense, Direct	84,040	107,256	109,531	122,714	89,985	59,579	181,446	75,222	131,324	367,404	201,843	100,097	1,630,440
Student Expense, Food	863	0	0	29,194	76,512	79,627	66,030	84,788	56,553	47,644	62,025	96,766	600,000
Office & Business Expense	210,905	237,824	384,892	237,190	105,483	72,741	358,751	191,060	206,776	186,172	196,453	258,003	2,646,251
Transportation	4,265	1,500	12,928	31,376	109,814	79,950	192,841	86,300	15,278	57,092	20,381	456,434	1,068,160
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	1,447,283	1,324,107	1,708,357	15,656,346
Operating Income	236,406	-181,669	-398,081	-180,969	2,831,552	-469,525	-1,384,346	769,363	-42,241	422,069	-144,651	56,378	1,514,286
Extraordinary Expenses													
Interest	7,019	7,019	7,019	7,019	231,859	6,698	227,154	0	224,839	0	0	227,308	945,936
Facility Improvements	29,200	560	1,350	6,663	29,200	18,348	140	1,050	0	24,664	275,619	0	386,794
Total Extraordinary Expenses	36,219	7,579	8,369	13,682	261,059	25,046	227,294	1,050	224,839	24,664	275,619	227,308	1,332,730
Total Expenses	956,998	1,140,359	1,459,167	1,255,308	1,461,338	1,168,187	1,855,312	1,232,753	1,452,317	1,471,947	1,599,726	1,935,666	16,989,077
Net Income	200,187	-189,248	-406,450	-194,651	2,570,493	-494,571	-1,611,640	768,313	-267,080	397,404	-420,270	-170,931	181,556
Cash Flow Adjustments	-1,788	9,359	-19,437	19,077	-11,186	3,099	16,424	-21,221	-7,669	8,337	234	4,770	0
Change in Cash	198,399	-179,889	-425,887	-175,575	2,559,307	-491,472	-1,595,216	747,093	-274,749	405,742	-420,036	-166,161	181,556
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	11,474,961	11,054,925	10,888,764	

	Previous Year End	Current	Year End
Assets			
Current Assets			
Cash	10,707,208	11,054,925	10,888,764
Total Current Assets	10,707,208	11,054,925	10,888,764
Total Assets	10,707,208	11,054,925	10,888,764
Liabilities and Equity			
Liabilities			
Current Liabilities			
Other Current Liabilities	-17,847	-22,617	-17,847
Total Current Liabilities	-17,847	-22,617	-17,847
Total Long-Term Liabilities	0	0	
Total Liabilities	-17,847	-22,617	-17,847
Equity			
Unrestricted Net Assets	10,725,056	10,725,056	10,725,056
Net Income	0	352,486	181,556
Total Equity	10,725,056	11,077,542	10,906,611
Total Liabilities and Equity	10,707,208	11,054,925	10,888,764

* KLS Loan Balance \$15,049,292.17

*The HPA financials presented in each monthly board report conform to DESE standards. However, they do not reflect Hogan’s long-term liabilities, currently represented by the KLS loan for our most recent capital project. Both long term liabilities and associated assets are understated on this Balance Sheet.

This information IS produced each year as a part of the YE financials prepared by our auditor. However, given the amount of the loan and our ongoing discussions about future planning, we will begin to reflect it at the bottom of this Balance Sheet each month.

** The KLS loan was structured as a short-term vehicle (5 years) to assist schools who needed help and time transitioning to a longer-term loan. During the KLS loan period no interest is charged, but KLS captures 14% of the school’s State funding (Basic Formula) and applies it to principal. HPA’s loan with KLS has an end date of 6/30/27. The balance provided is as of 3/31/24. Loan payments are made quarterly.



QUESTIONS?

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