

HOGAN
PREP ACADEMY



August 2024 Financials

PREPARED SEP'24 BY



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- HPA ended August, 2024 with a year end cash projection of \$8.63M which is slightly below the full year budget. Days of Cash is 164 Days.

- Revenue –

Enrollment – the budget was based on a total enrollment of 990. As of 9/7/24, enrollment sits at 871. Even with prior year WADA, we still have a funding gap of between \$750k - \$1M. However, we continue to enroll new students daily, so hopefully this gap will continue to lower.

As noted, we are using prior year WADA from FY23 which is allowable under DESE guidelines. However, please note that our prior year WADA continues to drop over time, which could further impact our revenue potential in the future should HPA enrollment not hold. Here's a quick snapshot of the prior year WADA trend.

- FY22 – 928.0070
- FY23 – 859.8494
- FY24 – 778.9524

- **Expenses –**

- We are only 2 months into the current fiscal year. All expenses are tracking in line with or under budget. Our staffing forecast is a bit high vs. budget and this is an error tied to the changes which have occurred over the last few weeks. There is a mis-match between the new staff and those who have left, which is creating this erroneous overage. EdOps and Phalen are meeting on 10/2 to reconcile that information which will bring it back in line with budget.

- **Net Income**

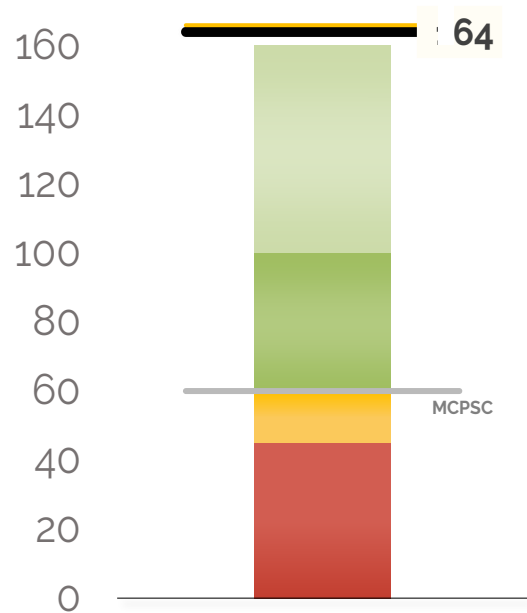
- Trending a bit lower than original budget, primarily due to overage showing on full year salaries.

- **Revised full year forecast**

- By the end of September enrollment will have settled out. At that time, we will revise our revenue and expense forecasts to reflect changes due to enrollment. This will generate a more complete picture of the additional shortfall we're facing this fiscal year. Again, we believe it to be between \$750,000 - \$1,000,000.

Days of Cash

Cash balance at year-end divided by average daily expenses

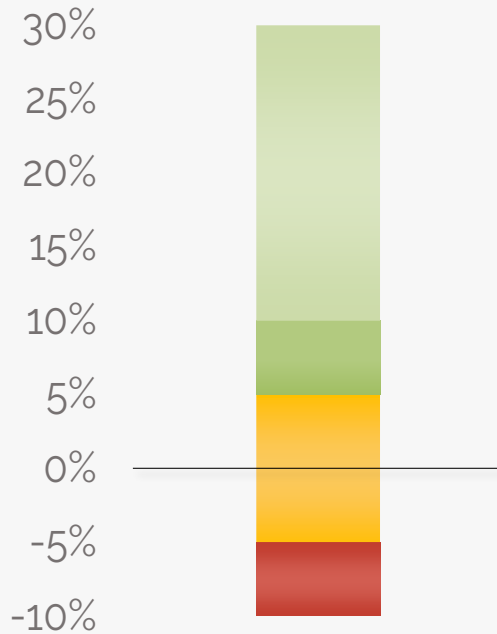


164 DAYS OF CASH AT YEAR'S END

The school will end the year with 164 days of cash. This is above the recommended 60 days

Gross Margin

Revenue less expenses, divided by revenue

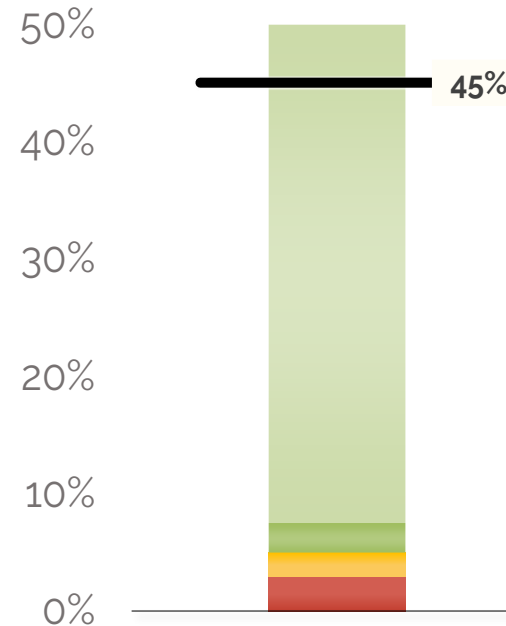


-17.6% GROSS MARGIN

The forecasted net income is -\$2.9m, which is \$75k below the budget. It yields a -17.6% gross margin.

Fund Balance %

Forecasted Ending Fund Balance / Total Expenses

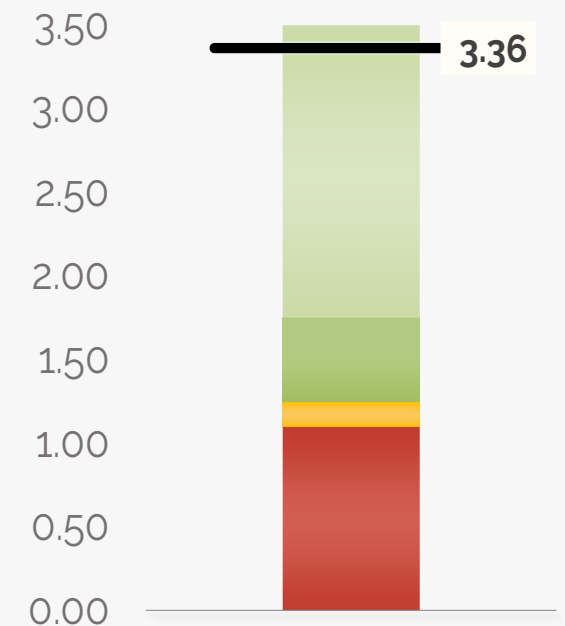


45.04% AT YEAR'S END

The school is projected to end the year with a fund balance of \$8,653,466. Last year's fund balance was \$11,524,148.

DSCR

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



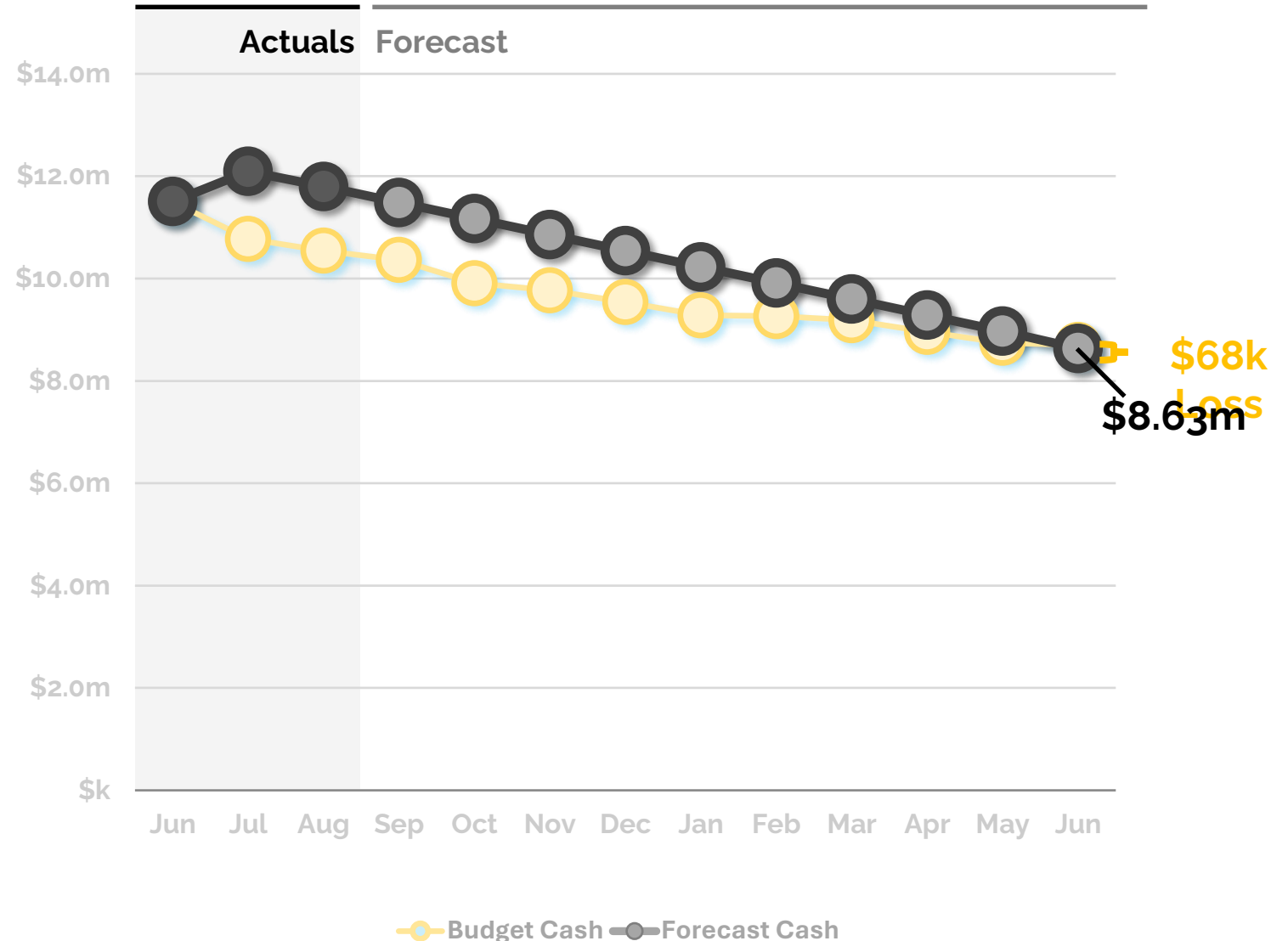
DSCR IS 3.36

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

164 Days of Cash at year's end

We forecast the school's year ending cash balance as **\$8.6m**, **\$68k** below budget.

As noted in the Executive Summary, this 'loss' is tied to staffing transitions over the first few weeks of school where we are carrying a few staff members who have left. EdOps & Phalen are meeting to resolve this in early October.



	Year-To-Date			Annual Forecast			Remaining	Rem %
	Actual	Budget	Variance	Forecast	Budget	Variance		
Revenue								
Local Revenue	266,264	233,767	32,497	1,308,780	1,308,780	0	1,042,517	80%
State Revenue	2,027,688	1,725,527	302,161	12,111,766	12,111,767	(1)	10,084,078	83%
Federal Revenue	61,864	-	61,864	1,852,208	1,852,108	100	1,790,344	97%
Private Grants and Donations	-	-	-	695,000	695,000	-	695,000	100%
Earned Fees	332,630	-	332,630	376,070	376,070	-	43,440	12%
Total Revenue	2,688,446	1,959,294	729,152	16,343,825	16,343,725	99	13,655,379	1
Expenses								
Salaries	1,071,306	1,160,230	88,924	7,034,643	6,961,380	(73,263)	5,963,337	85%
Benefits and Taxes	297,563	362,465	64,901	2,174,787	2,174,787	(0)	1,877,224	86%
Staff-Related Costs	6,690	9,565	2,875	57,390	57,390	0	50,700	88%
Occupancy Service	207,699	269,494	61,795	1,618,268	1,616,963	(1,305)	1,410,570	87%
Student Expense, Direct	134,203	224,192	89,989	1,345,218	1,345,151	(67)	1,211,015	90%
Student Expense, Food	56,078	-	(56,078)	750,000	750,000	(0)	693,922	93%
Office & Business Expense	631,177	673,106	41,929	4,038,948	4,038,639	(310)	3,407,771	84%
Transportation	(3,845)	1,545	5,390	918,231	918,231	(0)	922,076	100%
Total Ordinary Expenses	2,400,871	2,700,596	299,726	17,937,486	17,862,542	(74,945)	15,536,616	87%
Interest	-	212,837	212,837	1,277,020	1,277,020	(0)	1,277,020	100%
Total Extraordinary Expenses	-	212,837	212,837	1,277,020	1,277,020	(0)	1,277,020	100%
Total Expenses	2,400,871	2,913,433	512,562	19,214,506	19,139,562	(74,945)	16,813,636	2
Net Income	287,575	(954,139)	1,241,714	(2,870,682)	(2,795,837)	(74,845)	(3,158,257)	3
Cash Flow Adjustments	7,568	-	7,568	(0)	-	(0)	(7,568)	4
Change in Cash	295,143	(954,139)	1,249,282	(2,870,682)	(2,795,837)	(74,845)	(3,165,825)	5

1 REVENUE: \$0K AHEAD

2 EXPENSES: \$75K BEHIND

Potential staffing duplicates in model – to be resolved by 9/24 financials

3 NET INCOME: \$75K behind

4 CASH ADJ:\$0K BEHIND

5 NET CHANGE IN CASH: \$75K BEHIND

Monthly Financials

Income Statement	Actual		Forecast										TOTAL
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Revenue													
Local Revenue	154,741	111,523	104,252	104,252	104,252	104,252	104,252	104,252	104,252	104,252	104,252	104,252	1,308,780
State Revenue	1,007,545	1,020,143	1,008,408	1,008,408	1,008,408	1,008,408	1,008,408	1,008,408	1,008,408	1,008,408	1,008,408	1,008,408	12,111,766
Federal Revenue	56,562	5,302	179,034	179,034	179,034	179,034	179,034	179,034	179,034	179,034	179,034	179,034	1,852,208
Private Grants and Donations	0	0	69,500	69,500	69,500	69,500	69,500	69,500	69,500	69,500	69,500	69,500	695,000
Earned Fees	332,630	0	4,344	4,344	4,344	4,344	4,344	4,344	4,344	4,344	4,344	4,344	376,070
Total Revenue	1,551,478	1,136,968	1,365,538	1,365,538	1,365,538	1,365,538	1,365,538	1,365,538	1,365,538	1,365,538	1,365,538	1,365,538	16,343,825
Expenses													
Salaries	505,770	565,535	594,108	594,108	594,108	594,108	594,108	594,108	594,108	594,108	594,108	616,367	7,034,643
Benefits and Taxes	147,963	149,600	187,722	187,722	187,722	187,722	187,722	187,722	187,722	187,722	187,722	187,722	2,174,787
Staff-Related Costs	6,139	552	5,070	5,070	5,070	5,070	5,070	5,070	5,070	5,070	5,070	5,070	57,390
Occupancy Service	119,747	87,951	141,057	141,057	141,057	141,057	141,057	141,057	141,057	141,057	141,057	141,057	1,618,268
Student Expense, Direct	63,509	70,694	121,101	121,101	121,101	121,101	121,101	121,101	121,101	121,101	121,101	121,101	1,345,218
Student Expense, Food	56,078	0	69,392	69,392	69,392	69,392	69,392	69,392	69,392	69,392	69,392	69,392	750,000
Office & Business Expense	61,484	569,693	340,777	340,777	340,777	340,777	340,777	340,777	340,777	340,777	340,777	340,777	4,038,948
Transportation	2,155	-6,000	92,208	92,208	92,208	92,208	92,208	92,208	92,208	92,208	92,208	92,208	918,231
Total Ordinary Expenses	962,846	1,438,025	1,551,436	1,551,436	1,551,436	1,551,436	1,551,436	1,551,436	1,551,436	1,551,436	1,551,436	1,573,695	17,937,486
Operating Income	588,632	-301,057	-185,898	-185,898	-185,898	-185,898	-185,898	-185,898	-185,898	-185,898	-185,898	-208,157	-1,593,662
Extraordinary Expenses													
Interest	0	0	127,702	127,702	127,702	127,702	127,702	127,702	127,702	127,702	127,702	127,702	1,277,020
Total Extraordinary Expenses	0	0	127,702	127,702	127,702	127,702	127,702	127,702	127,702	127,702	127,702	127,702	1,277,020
Total Expenses	962,846	1,438,025	1,679,138	1,679,138	1,679,138	1,679,138	1,679,138	1,679,138	1,679,138	1,679,138	1,679,138	1,701,397	19,214,506
Net Income	588,632	-301,057	-313,600	-313,600	-313,600	-313,600	-313,600	-313,600	-313,600	-313,600	-313,600	-335,859	-2,870,682
Cash Flow Adjustments	852	6,716	-757	-757	-757	-757	-757	-757	-757	-757	-757	-757	0
Change in Cash	589,484	-294,341	-314,357	-314,357	-314,357	-314,357	-314,357	-314,357	-314,357	-314,357	-314,357	-336,616	-2,870,682
Ending Cash	12,094,271	11,799,930	11,485,574	11,171,217	10,856,861	10,542,504	10,228,147	9,913,791	9,599,434	9,285,078	8,970,721	8,634,105	

	<i>Previous Year End</i>	<i>Current</i>	<i>Year End</i>
Assets			
Current Assets			
Cash	11,504,787	11,799,930	8,634,105
Total Current Assets	11,504,787	11,799,930	8,634,105
Total Assets	11,504,787	11,799,930	8,634,105
Liabilities and Equity			
Liabilities			
Current Liabilities			
Other Current Liabilities	-19,360	-11,792	-19,360
Total Current Liabilities	-19,360	-11,792	-19,360
Total Long-Term Liabilities	0	0	
Total Liabilities	-19,360	-11,792	-19,360
Equity			
Unrestricted Net Assets	11,524,148	11,524,148	11,524,148
Net Income	0	287,575	-2,870,682
Total Equity	11,524,148	11,811,723	8,653,466
Total Liabilities and Equity	11,504,787	11,799,930	8,634,105

*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 7/31/24. Loan payments are made quarterly.



QUESTIONS?

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