

HOGAN
PREP ACADEMY



January 2025 Financials

PREPARED FEB'25 BY



- **Executive Summary**
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- **Key Performance Indicators**
- **Forecast Overview**
- **Annotated Financials**
- **Monthly Projections**
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- HPA finished January 2025 with a projected YE cash balance of \$9.9M, \$1.2M above budget. Days of Cash is 198 days.
- Revenue
 - The increase referenced above is directly tied to an increase in State funding. As we've discussed, the per ADA payment for FY25 was higher than budgeted. However, we'd been holding a bit of that back. With this month's forecast we've included the full per ADA amount, increasing our State funding. Where our forecast had previously been below budget, we are not ahead of budget by just over \$98k.
 - Additionally, we have received unbudgeted revenue from a final ESSER III payment, and unbudgeted ARP HCYii grant, and interest income which is trending higher than budgeted.

▪ Expenses

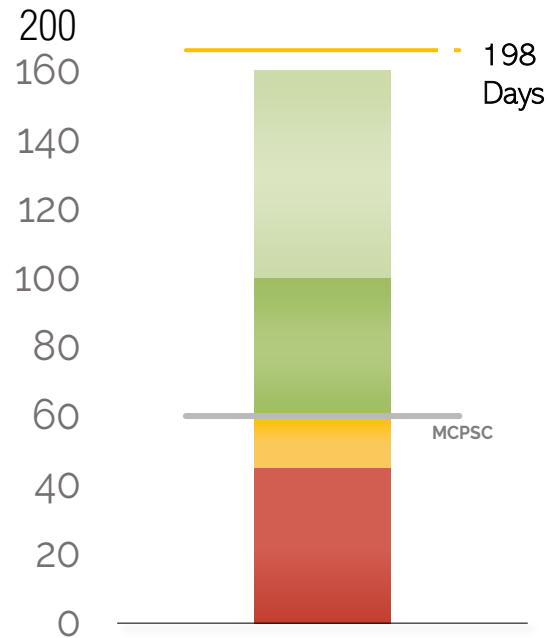
- Overall, our full year forecast for operating expenses is below budget by \$790,270. This does not include the \$1.5M we've set aside for the potential legal settlement.
- Salaries/benefits are below budget by over \$400k due to unfilled positions. Some of those will remain unfilled for the balance of the year. Substitute teacher costs are running higher than budgeted, which adjusting some of the unfilled positions. Currently, the 'savings' in salaries/benefits is more than offsetting higher sub expenses.
- At this point in the year, we are beginning to manage expenses monthly by adjusting budget categories where we are below budget, moving funds to cover other areas which are over budget.

- **Net Income**

- For the full year, we are currently showing a deficit of **(\$1,580,750)** vs. our original budget of **(\$2,795,837)**. This change is attributable to:
 - Improved revenue vs. budget
 - Lowered expenses vs. budget
 - A lower KLS loan payment vs. budget
- Finally, were we to **NOT** use the **\$1.5M** set aside for settlement, we would further improve our net income projection to **(\$80,750)**.

Days of Cash

Cash balance at year-end divided by average daily expenses

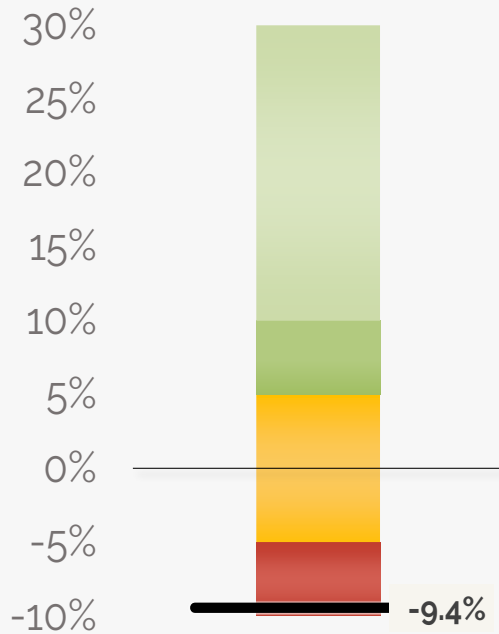


198 DAYS OF CASH AT YEAR'S END

The school will end the year with 198 days of cash. This is above the recommended 60 days, and 2 more day(s) than last month

Gross Margin

Revenue less expenses, divided by revenue

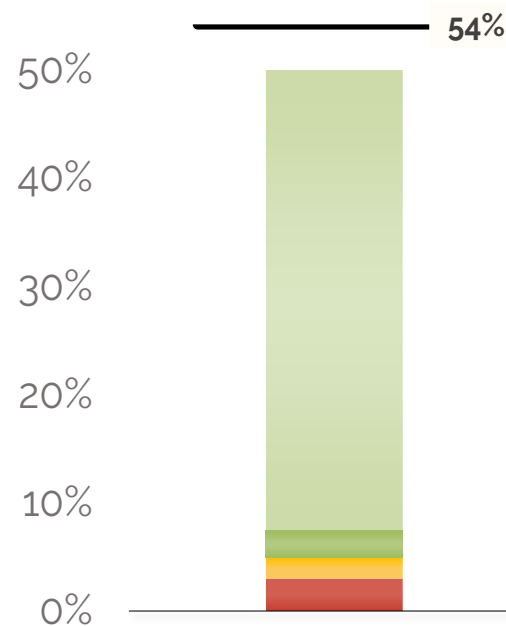


-9.4% GROSS MARGIN

The forecasted net income is -\$1.6m, which is \$1.2m above the budget. It yields a -9.4% gross margin.

Fund Balance %

Forecasted Ending Fund Balance / Total Expenses

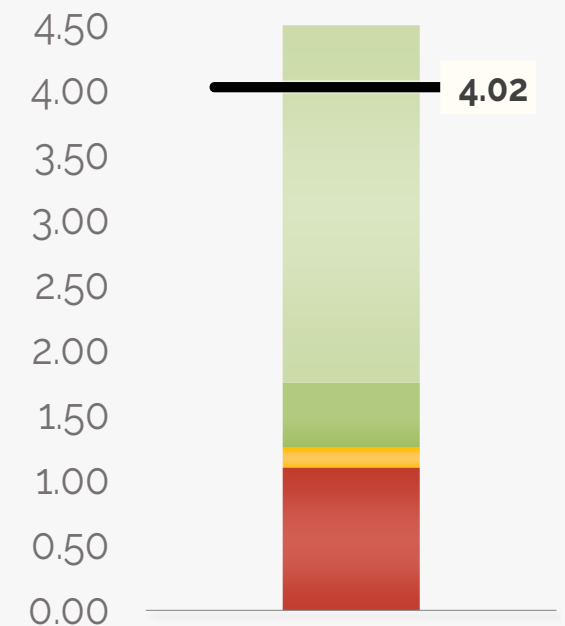


54.21% AT YEAR'S END

The school is projected to end the year with a fund balance of \$9,930,734. Last year's fund balance was \$11,511,484.

DSCR

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



DSCR IS 4.02

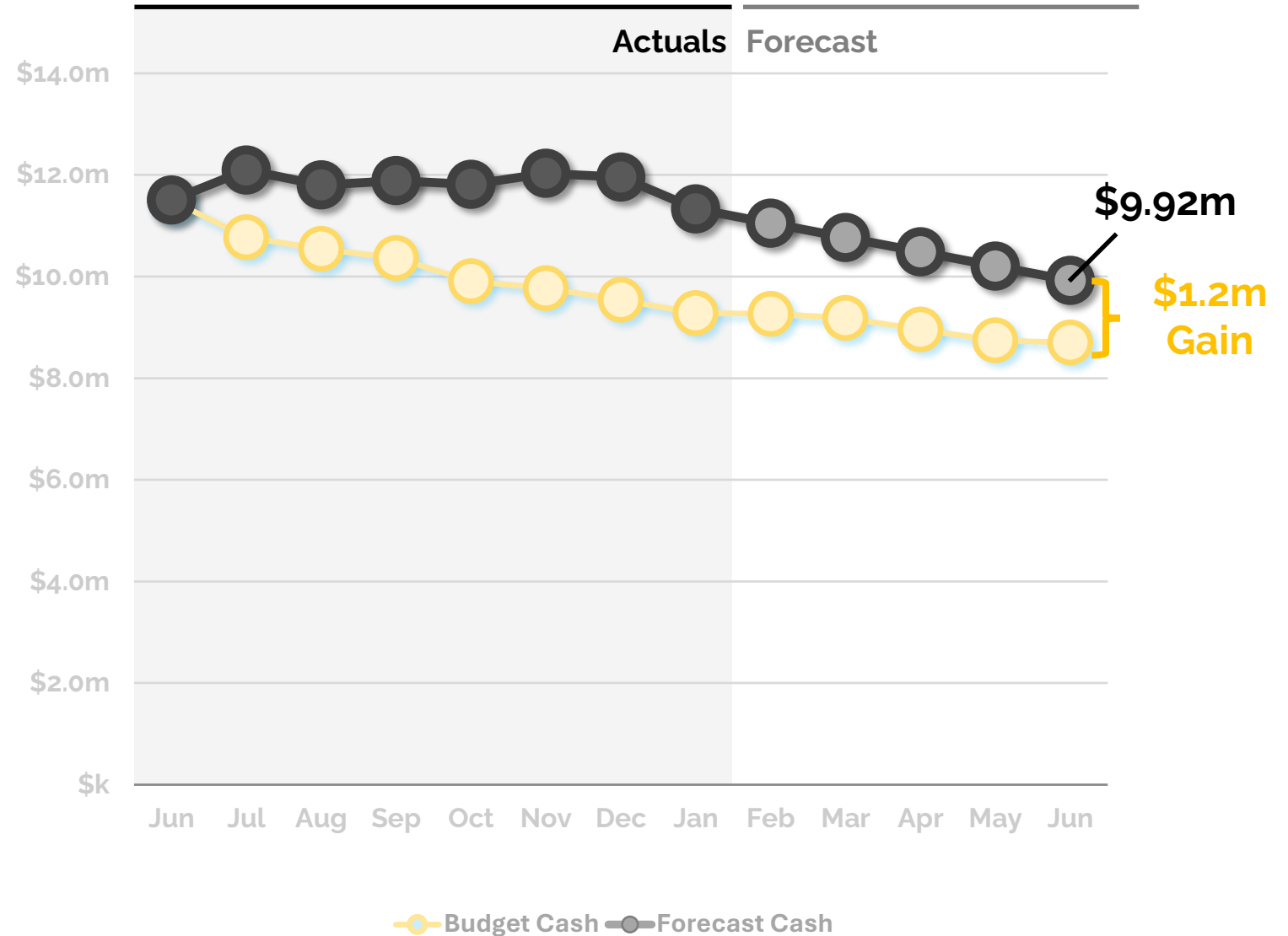
Debt Service Coverage Ratio is defined by the school's bank covenants.

Forecast Overview

	Forecast	Budget	Variance	Variance Graphic	Comments
Revenue	\$16.7m	\$16.3m	\$396k		Higher per ADA pmt for basic formula; interest income exceeding budget; unbudgeted grant and ESSER III pmts
Expenses	\$18.3m	\$19.1m	\$819k		'Savings in staffing/benefits plus lower than budgeted KLS loan payment.
Net Income	-\$1.6m	-\$2.8m	\$1.2m		
Cash Flow Adjustments	0	0	0		
Change in Cash	-\$1.6m	-\$2.8m	\$1.2m		

198 Days of Cash at year's end

We forecast the school's year ending cash balance as **\$9.9m**, **\$1.2m** above budget.



	Year-To-Date			Annual Forecast				
	Actual	Budget	Variance	Forecast	Budget	Variance	Remaining	Rem %
Revenue								
Local Revenue	758,625	746,338	12,286	1,323,780	1,308,780	15,000	565,156	43%
State Revenue	7,063,928	6,369,084	694,844	12,210,610	12,111,767	98,844	5,146,682	42%
Federal Revenue	1,337,992	952,191	385,801	1,991,105	1,852,108	138,997	653,113	33%
Private Grants and Donations	140,330	556,000	(415,670)	695,000	695,000	-	554,670	80%
Earned Fees	519,082	188,035	331,047	519,082	376,070	143,012	-	0%
Total Revenue	9,819,957	8,811,648	1,008,309	16,739,578	16,343,725	395,853	6,919,621	①
Expenses								
Salaries	3,975,474	4,060,805	85,331	6,723,608	6,961,380	237,772	2,748,134	41%
Benefits and Taxes	1,117,574	1,268,626	151,052	1,999,484	2,174,787	175,303	881,910	44%
Staff-Related Costs	95,992	33,478	(62,514)	124,590	57,390	(67,200)	28,598	23%
Occupancy Service	901,201	943,228	42,028	1,617,031	1,616,963	(68)	715,830	44%
Student Expense, Direct	1,000,959	784,671	(216,287)	1,503,123	1,345,151	(157,972)	502,164	33%
Student Expense, Food	298,264	375,000	76,736	750,000	750,000	0	451,736	60%
Office & Business Expense	1,674,770	2,355,873	681,103	3,893,782	4,038,639	144,857	2,219,012	57%
Transportation	411,394	459,888	48,494	918,231	918,231	0	506,837	55%
Total Ordinary Expenses	9,475,626	10,281,569	805,943	17,529,848	17,862,542	332,693	8,054,222	46%
Interest	395,240	744,928	349,689	790,480	1,277,020	486,540	395,240	50%
Total Extraordinary Expenses	395,240	744,928	349,689	790,480	1,277,020	486,540	395,240	50%
Total Expenses	9,870,866	11,026,497	1,155,632	18,320,328	19,139,562	819,233	8,449,463	②
Net Income	(50,909)	(2,214,849)	2,163,940	(1,580,750)	(2,795,837)	1,215,086	(1,529,841)	③
Cash Flow Adjustments	(121,928)	-	(121,928)	0	-	0	121,928	④
Change in Cash	(172,837)	(2,214,849)	2,042,012	(1,580,750)	(2,795,837)	1,215,086	(1,407,913)	⑤

① REVENUE: \$396K AHEAD

② EXPENSES: \$819K AHEAD

③ NET INCOME: \$1.2M ahead

④ CASH ADJ: \$0K AHEAD

⑤ NET CHANGE IN CASH:
\$1.2M AHEAD

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	97,218	92,541	129,418	79,837	93,346	113,031	113,031	113,031	113,031	113,031	1,323,780
State Revenue	1,007,545	1,020,143	965,062	980,404	1,006,700	1,077,881	1,006,192	1,029,336	1,029,336	1,029,336	1,029,336	1,029,336	12,210,610
Federal Revenue	56,562	5,302	260,537	76,212	371,019	395,923	172,438	130,623	130,623	130,623	130,623	130,623	1,991,105
Private Grants and Donations	1,000	0	135,000	0	4,330	0	0	110,934	110,934	110,934	110,934	110,934	695,000
Earned Fees	332,630	117,654	32,892	5,677	350	0	29,879	0	0	0	0	0	519,082
Total Revenue	1,552,478	1,254,622	1,490,709	1,154,835	1,511,817	1,553,642	1,301,855	1,383,924	1,383,924	1,383,924	1,383,924	1,383,924	16,739,578
Expenses													
Salaries	505,770	565,535	646,710	572,403	544,237	577,440	563,378	549,627	549,627	549,627	549,627	549,627	6,723,608
Benefits and Taxes	147,678	149,600	183,812	162,534	152,986	157,268	163,696	176,382	176,382	176,382	176,382	176,382	1,999,484
Staff-Related Costs	6,139	552	125,033	-46,855	3,016	5,329	2,778	5,720	5,720	5,720	5,720	5,720	124,590
Occupancy Service	119,747	87,951	144,300	156,839	118,329	160,070	113,964	143,166	143,166	143,166	143,166	143,166	1,617,031
Student Expense, Direct	63,509	182,231	108,201	65,402	100,284	264,391	216,941	100,433	100,433	100,433	100,433	100,433	1,503,123
Student Expense, Food	56,078	0	0	34,804	0	0	207,381	90,347	90,347	90,347	90,347	90,347	750,000
Office & Business Expense	61,486	569,695	200,386	40,595	365,081	209,680	227,846	443,802	443,802	443,802	443,802	443,802	3,893,782
Transportation	2,155	0	8,470	46,579	0	249,777	104,413	101,367	101,367	101,367	101,367	101,367	918,231
Total Ordinary Expenses	962,563	1,555,565	1,416,912	1,032,301	1,283,933	1,623,954	1,600,397	1,610,844	1,610,844	1,610,844	1,610,844	1,610,844	17,529,848
Operating Income	589,914	-300,943	73,796	122,533	227,884	-70,312	-298,542	-226,920	-226,920	-226,920	-226,920	-226,920	-790,270
Extraordinary Expenses													
Interest	0	0	0	197,620	0	0	197,620	79,048	79,048	79,048	79,048	79,048	790,480
Total Extraordinary Expenses	0	0	0	197,620	0	0	197,620	79,048	79,048	79,048	79,048	79,048	790,480
Total Expenses	962,563	1,555,565	1,416,912	1,229,921	1,283,933	1,623,954	1,798,017	1,689,893	1,689,893	1,689,893	1,689,893	1,689,893	18,320,328
Net Income	589,914	-300,943	73,796	-75,086	227,884	-70,312	-496,162	-305,968	-305,968	-305,968	-305,968	-305,968	-1,580,750
Cash Flow Adjustments	852	6,716	12,218	713	-11,296	-1,185	-129,945	24,386	24,386	24,386	24,386	24,386	0
Change in Cash	590,766	-294,227	86,014	-74,374	216,587	-71,497	-626,107	-281,583	-281,583	-281,583	-281,583	-281,583	-1,580,750
Ending Cash	12,095,554	11,801,327	11,887,342	11,812,968	12,029,555	11,958,058	11,331,950	11,050,368	10,768,785	10,487,202	10,205,620	9,924,037	

	<i>Previous Year End</i>	<i>Current</i>	<i>Year End</i>
Assets			
Current Assets			
Cash	11,504,787	11,331,666	9,924,037
Total Current Assets	11,504,787	11,331,666	9,924,037
Total Assets	11,504,787	11,331,666	9,924,037
Liabilities and Equity			
Liabilities			
Current Liabilities			
Other Current Liabilities	-6,697	-128,625	-6,697
Total Current Liabilities	-6,697	-128,625	-6,697
Total Long-Term Liabilities	0	0	
Total Liabilities	-6,697	-128,625	-6,697
Equity			
Unrestricted Net Assets	11,511,484	11,511,484	11,511,484
Net Income	0	-50,909	-1,580,750
Total Equity	11,511,484	11,460,576	9,930,734
Total Liabilities and Equity	11,504,787	11,331,950	9,924,037

****KLS Loan Balance**

\$14,215,059.57

** 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 1/31/25. Loan payments are made quarterly.



QUESTIONS?

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