



SY21-22 Budget




PREPARED JUNE 2021 BY



Contents

- SY22 Strategic Priorities
- Key Historical Events Review
- Key Assumptions
- Budget Summary & KPIs
- Revenue and Expense Detail
- Profit & Loss Changes
- Appendices

SY22 Strategic Priorities

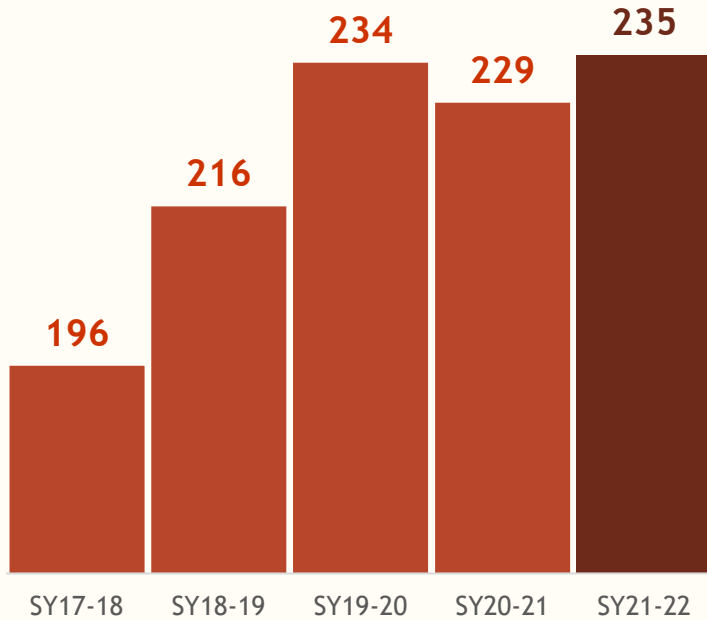
	Priority	Background	Investments/Initiatives
	Mitigate fallout from COVID-19 and the learning loss caused by the pandemic and remote/hybrid learning	We were not able to offer full-time in-person learning in SY21 due to the pandemic. As a result of this and other stressors brought on by COVID, we expect that our students will enter the upcoming school year farther behind. We are committed to investing additional resources to help students get back on track.	<ul style="list-style-type: none"> Hiring 2 interventionists, 1 social worker OR guidance counselor, 1 assistant teacher, 1 part-time operations assistant, and 2 Urban Teachers to offer added educational/emotional support to students Building 1-2 new classrooms to allow for us to add new classes, reduce class size and provide more individualized attention
	Commit to ensuring that our budget is sustainable in the long term	Over the next 2-3 years we will be receiving \$2M+ in CARES-ESSER funds (CARES I, II, & III) allocated through pandemic-related stimulus packages. We have been careful to build an operating budget that will continue to be sustainable without this non-recurring source of revenue.	<ul style="list-style-type: none"> Clearly identified CARES-funded positions in the budget. Developed plan to eliminate some of these positions and downsize overall staffing model in 3+ years once our non-recurring funds dry up Hiring two new positions through Urban Teachers, which is a non-recurring contract Refinancing existing debt to take advantage of the current rate environment and save on interest
	Continue retaining teachers and staff at high rates to ensure continuity and high-quality instruction for all students	We believe the best way to ensure the success of our students is to continue investing in and retaining our staff. We have had very low staff turnover in recent years and want to see that trend continue.	<ul style="list-style-type: none"> Issuing 2% salary increases to all staff Budgeting additional funds for stipends and bonuses Hiring new staff to help support students and alleviate workload for existing staff

Key Historical Events Review

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Grades	6,7	6,7,8	6,7,8	6,7,8	6,7,8	6,7,8	6,7,8
Enrollment	101	174	196	216	234	229	235
Ending Days of Cash	44	53	114	110	111	130	88
Facility Renovation	1 st & 4 th Floor	3rd Floor	2 nd Floor & Windows	5 th floor	Elevator	No major construction	Build out 1-2 new classrooms to accommodate new staff and increase instructional space. Estimated cost is \$250k to be paid using cash on hand
Loans	\$2M United Bank	\$1M United Bank, \$500K Building Hope	\$2.9M United Bank	\$700K OSSE	\$463K PPP Loan	No new loans; awaiting approval of PPP forgiveness application	Pay off Building Hope loan and refinance/consolidate all other loans at a lower interest rate (~4.5%)

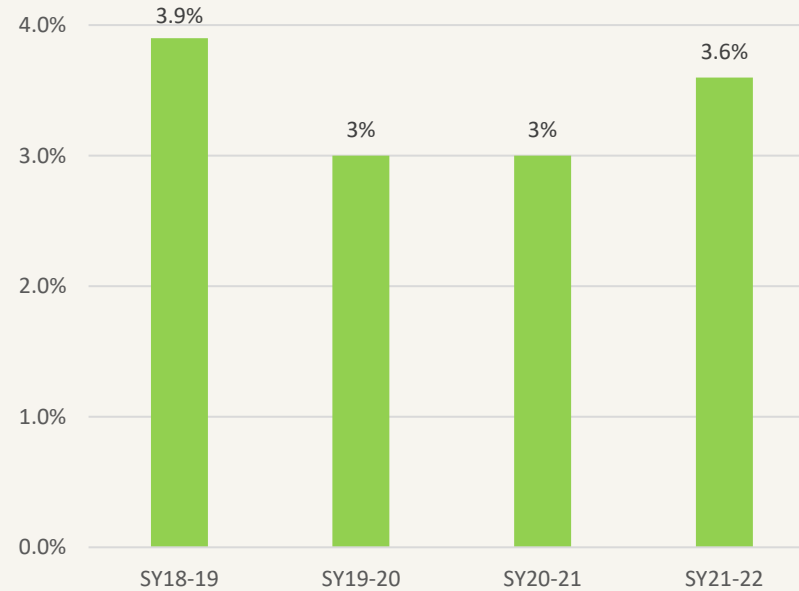
Key Assumptions

Enrollment: 235 Students



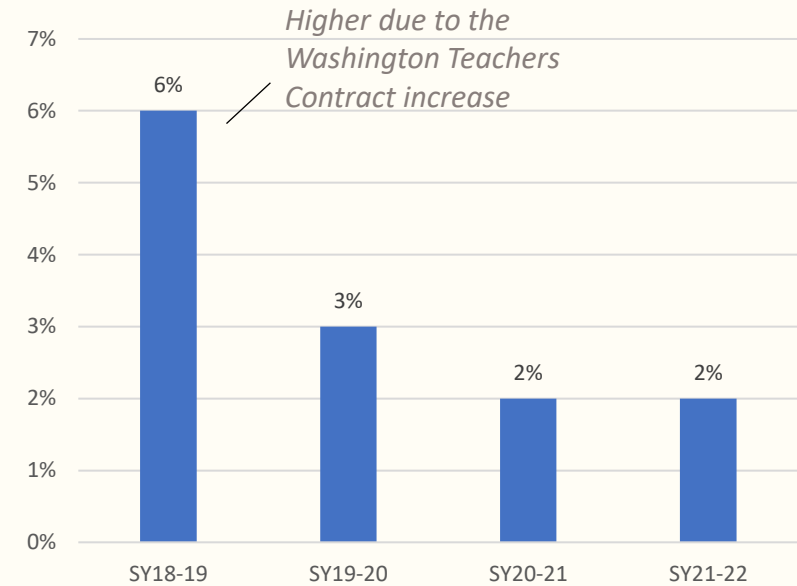
Whether distributed through D.C. or the federal government, almost all revenue is driven by student enrollment. Our goal is to ultimately achieve our full enrollment target of 240 students. However, given the uncertainty around student recruitment during COVID, we have budgeted for 235 students in FY21 and have also included an enrollment contingency.

Per Pupil Funding: 3.6% Increase



The Mayor announced in April that per pupil foundation level funding would increase by 3.6%. This is much higher than we were initially expecting and is in line with per pupil increases over the past few years.

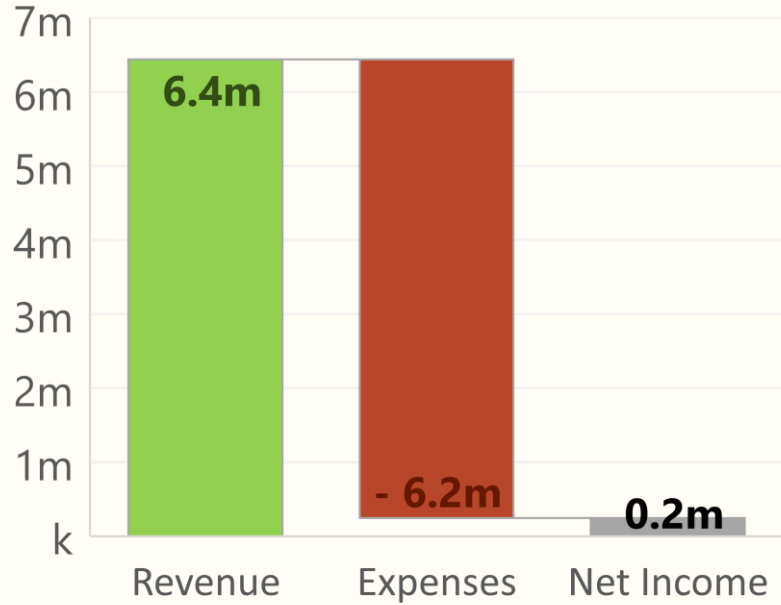
Salary Increase: 2%



The 3.6% per pupil funding increase allows us to offer a 2% base line increase for all staff.

Budget Summary | Net Income, Gross Margin, & DSCR

Net Income: \$245K

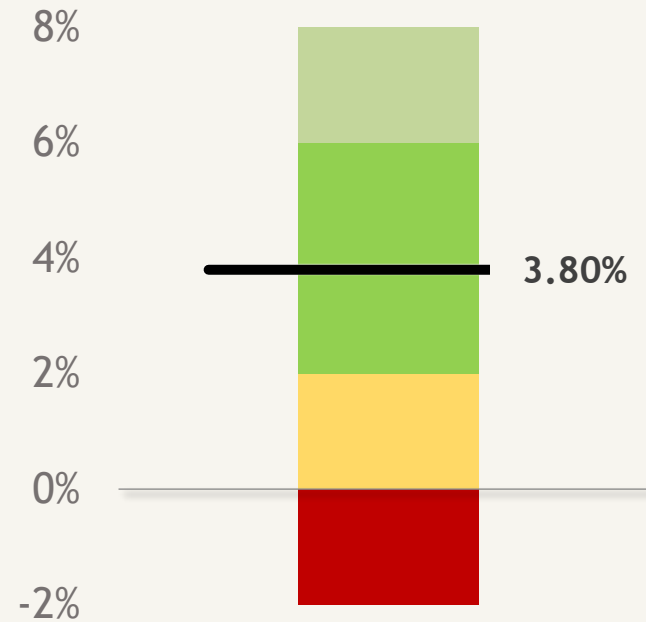


Revenue	6,443,843
---------	-----------

Expenses	6,199,102
----------	-----------

Net Income	244,741
------------	---------

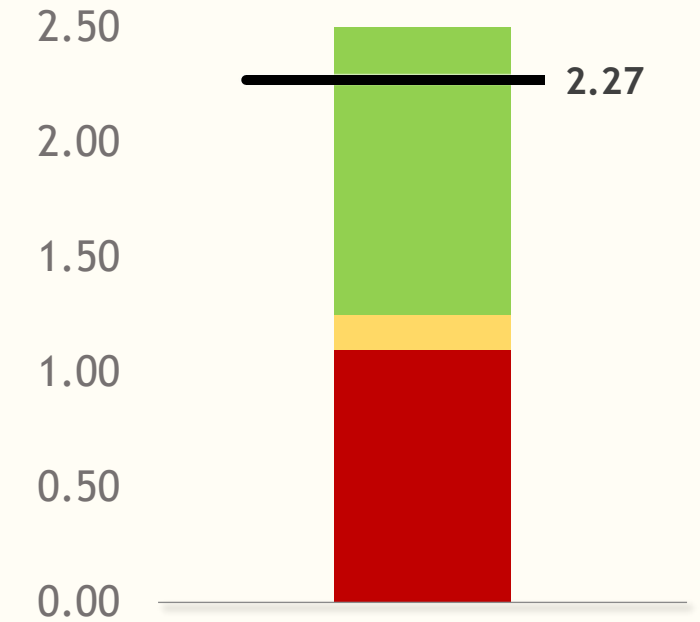
KPI #1: Gross Margin



3.80% GROSS MARGIN

The forecasted net income is \$0.2m on \$6.4 in revenue. This yields a 3.8% gross margin.

KPI #2: DSCR

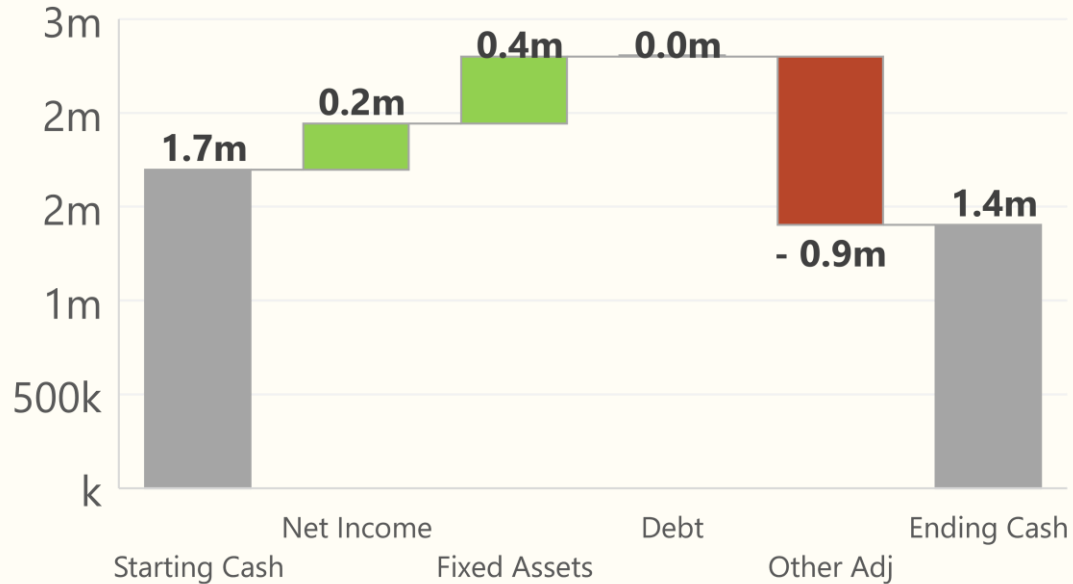


2.27 DEBT SERVICE COVERAGE RATIO

Washington Global is required to maintain a DSCR of 1.2. We have a healthy operating income in the budget and are projected to easily meet the DSCR requirement.

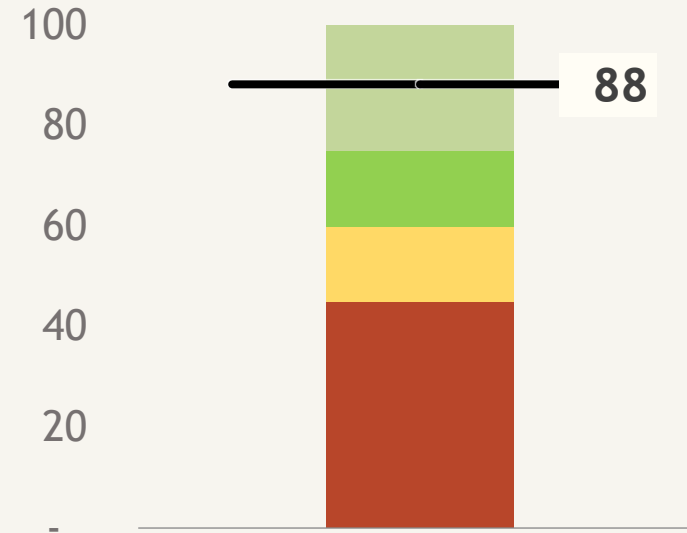
Budget Summary | Ending Cash

Ending Cash: \$1.4M



Starting Cash	1,698,079
Net Income	244,741
Depreciation & Fixed Assets	358,148
Loan payments, facilities project	(897,374)
Net Annual Cash Increase	(294,485)
Ending Cash	1,403,594

Days of Cash: 88

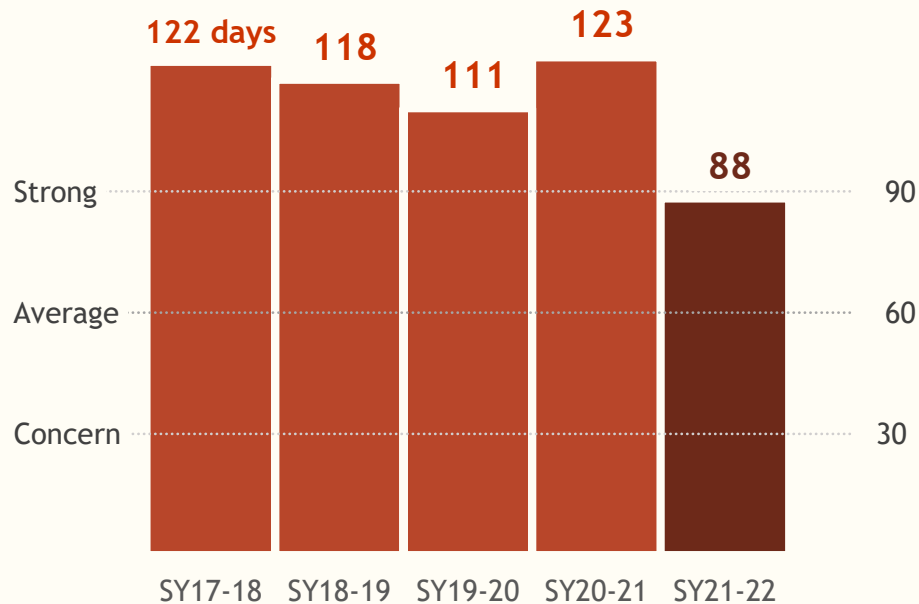


88 DAYS OF CASH AT YEAR'S END

The school's 88 days of cash is above the PCSB-recommended 60 days of cash. The cash balance is decreasing compared to previous years because we will be 1) paying off one of our loans and 2) undertaking a large facilities project. Our current cash balance allows us to do this, and it will be beneficial to have less debt on our books going forward.

Key Performance Indicators | In Context

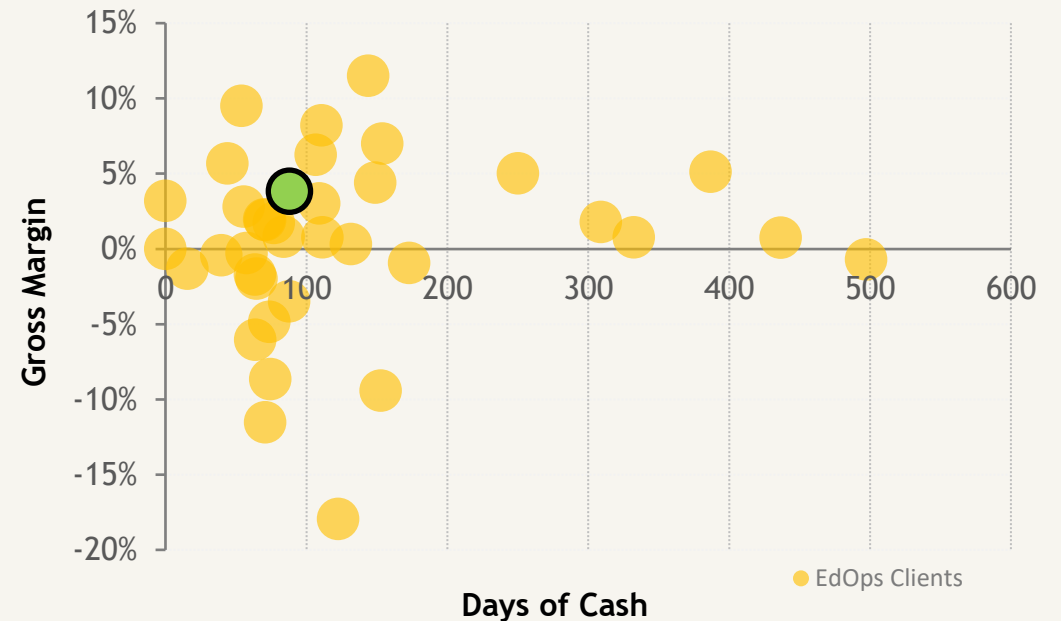
Historical Context: Days of Cash



88 DAYS OF CASH AT YEAR'S END

The budget predicts that we will end the year with 88 days of cash, which is 35 days lower than the cash forecast for 6/30/21. As mentioned on the previously slide, this is because we will be paying off one of our loans and undertaking a large facilities project in FY22.

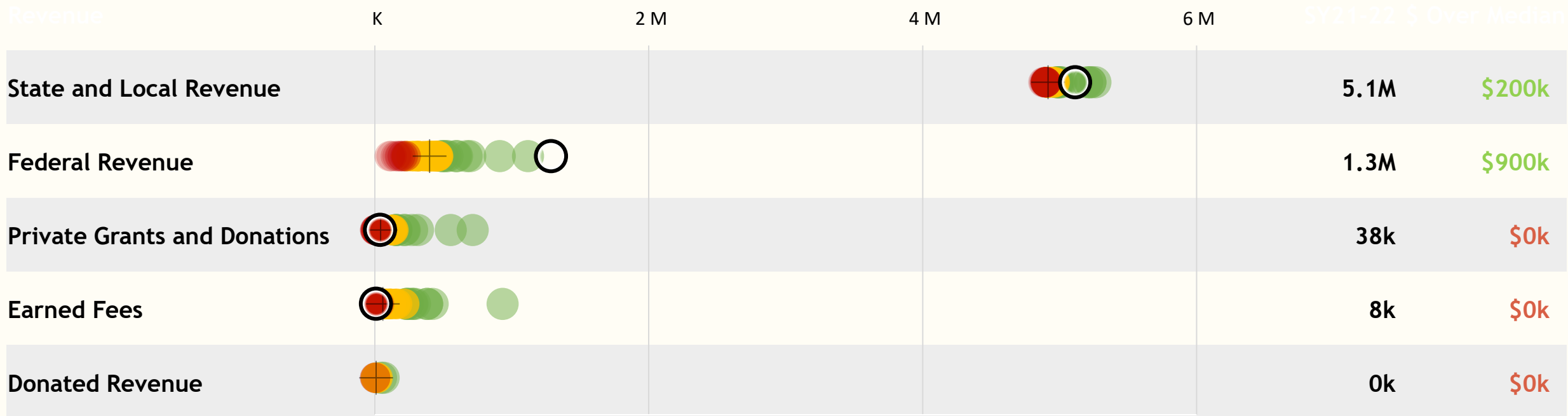
Industry Context: Days of Cash vs Gross Margin



ANNUAL PERFORMANCE VS. CUMMULATIVE CASH BALANCE

The budget predicts a gross margin of 4% and an ending cash balance that will provide 88 days of cash. The comparison above is this school's FY22 budget vs other schools' FY21 forecasted results. Our ending days of cash and gross margin are healthy and in line with other schools of our size.

Revenue | Detail & Benchmarking

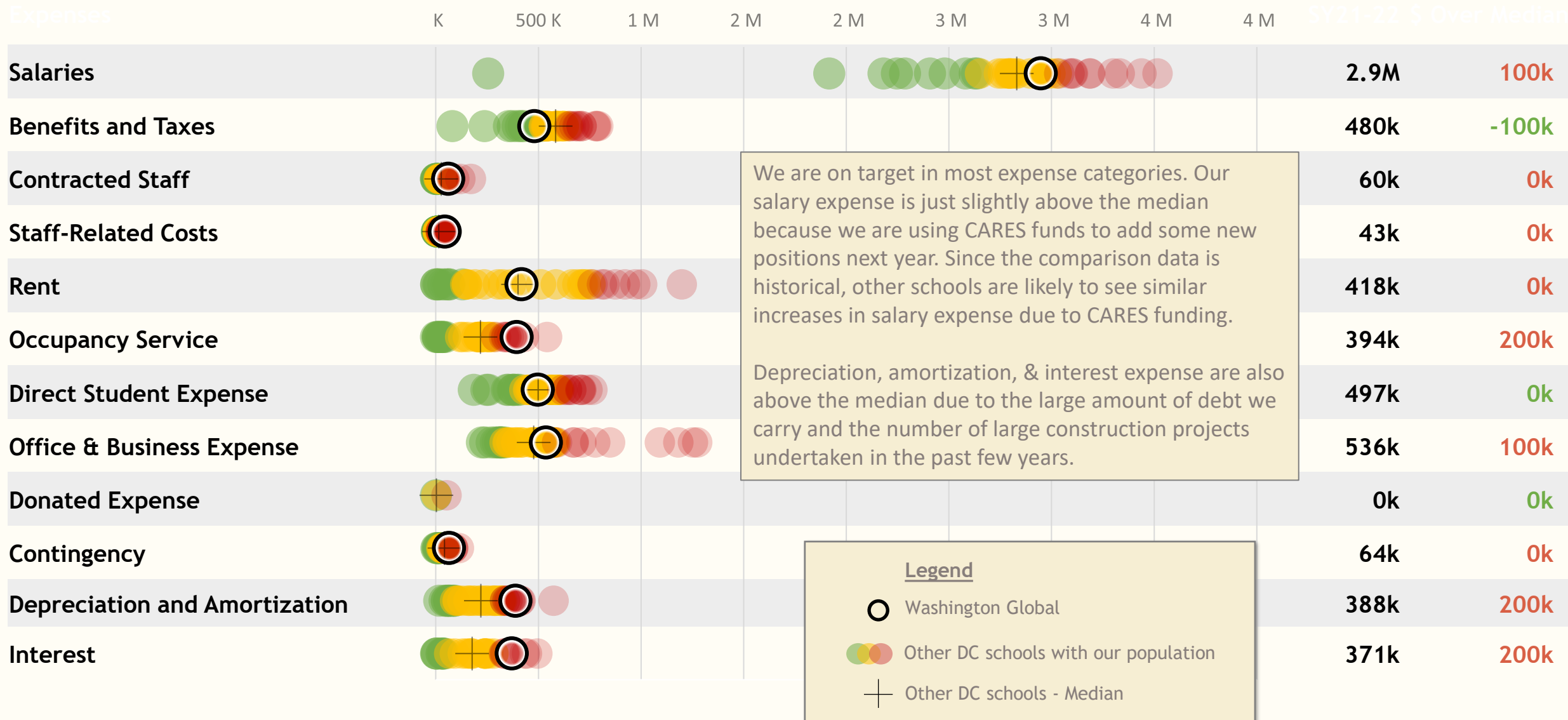


We are on target in all revenue categories except for federal revenue, which is above the median because we are expecting to draw \$825k in CARES revenue. The comparison data is historical, so other schools will likely see a similar increase in federal revenue.

Legend

- Washington Global
- Other DC schools with our population
- Other DC schools - Median

Expenses | Detail & Benchmarking



Profit and Loss Changes

Income Statement	SY20-21	SY21-22	Difference	Changes
Revenue				
State and Local Revenue	4,909,394	5,112,839	203,445	Per pupil foundation level increase of 3.6%; budgeted for 235 students compared with actual enrollment of 229 in SY21
Federal Revenue	1,129,641	1,285,504	155,862	We budgeted for \$825k in CARES revenue; the SY21 forecast includes \$463k in PPP revenue
Private Grants and Donations	14,572	38,000	23,428	
Earned Fees	-	7,500	7,500	
Total Revenue	6,053,608	6,443,843	390,235	
Operating Expense				
Salaries	2,598,211	2,948,109	(349,898)	Salaries are increasing by 2% and we are using CARES funds to add some new positions
Benefits and Taxes	377,901	480,020	(102,119)	Increasing in line with salaries
Contracted Staff	-	60,000	(60,000)	We plan to hire two Urban Teachers in FY22 (CARES-funded)
Staff-Related Costs	34,320	43,170	(8,850)	
Rent	413,443	417,693	(4,250)	
Occupancy Service	391,773	393,810	(2,037)	
Direct Student Expense	288,803	496,847	(208,043)	Student expenses were unusually low in SY21 due to COVID. We expect them to increase again in SY22
Office & Business Expense	486,315	536,252	(49,937)	
Contingency	25,000	64,438	(39,438)	
Total Operating Expense	4,615,766	5,440,338	824,572	
Net Operating Income	1,437,841	1,003,504	(434,337)	
Interest, Depreciation				
Depreciation and Amortization	373,057	388,148	(15,090)	
Interest	418,854	370,615	48,239	
Total Expenses	5,407,678	6,199,102	791,424	
Net Income	645,930	244,741	(401,189)	
Adjustments To Cash Flow	SY20-21	SY21-22	Difference	Changes
Net Income	645,930	244,741	(401,189)	Net income was unusually high in SY21 due to lowered spending during COVID
Add Depreciation	373,057	388,148	15,090	
Operating Fixed Assets	(23,000)	(30,000)	(7,000)	
Other Operating Activities	(154,367)	(243,933)	(89,565)	
Loans & Facilities Project Adjustments	(683,599)	(653,441)	30,158	We have budgeted for \$250k in facilities upgrades in FY22. The SY21 forecast includes \$463k in PPP loan forgiveness.
Net cash increase for year	158,021	(294,485)	(452,506)	



QUESTIONS?

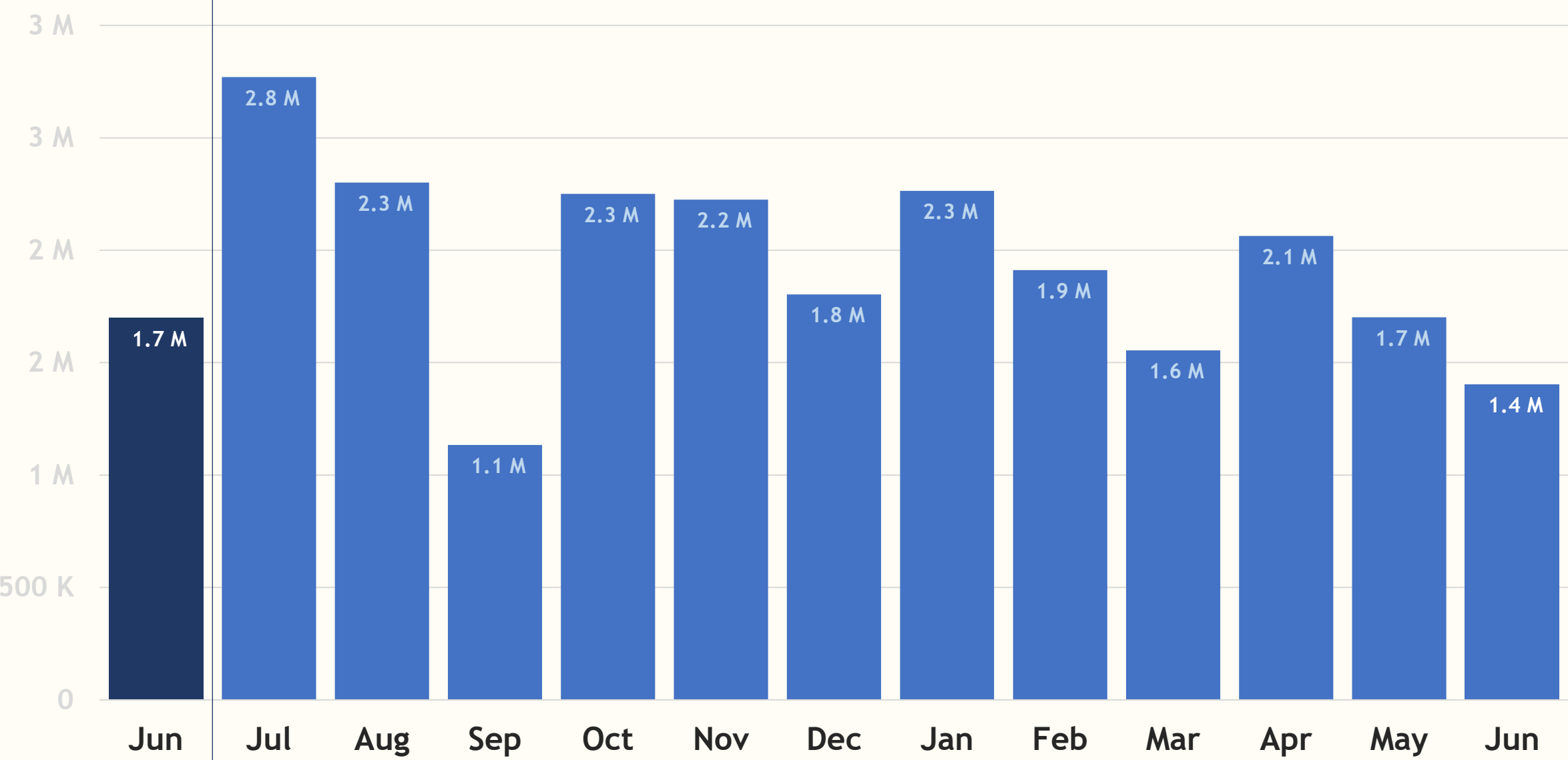
Please contact your EdOps Finance Specialist:

Leigh Carey





















leigh@ed-ops.com

617-875-7087

Appendix | Monthly Cash



Appendix | State and Local Revenue Account Detail

Selected Accounts	Total Amount (\$)		\$ Per Student	
State and Local Revenue Category				
	SY19-20	 \$5.2m	SY19-20	 22,161
	SY20-21	 \$4.9m	SY20-21	 21,438
	SY21-22	 \$5.1m	SY21-22	 21,757
Per-pupil allocation Increasing in line with the 3.6% foundation level increase	SY19-20	 \$2.8m	SY19-20	 11,858
	SY20-21	 \$2.8m	SY20-21	 12,215
	SY21-22	 \$3m	SY21-22	 12,655
Per-pupil At Risk Increasing in line with the 3.6% foundation level increase	SY19-20	 \$353k	SY19-20	 1,510
	SY20-21	 \$378k	SY20-21	 1,649
	SY21-22	 \$427k	SY21-22	 1,819
Per-pupil shortfall contingency We included a per pupil revenue contingency this year due to uncertainty around enrollment	SY19-20	\$0k	SY19-20	
	SY20-21	\$0k	SY20-21	
	SY21-22	 -\$103k	SY21-22	 -438
Local grants We included a new facilities grant in the budget, which can be used to fund a portion of our facilities project	SY19-20	\$50k	SY19-20	214
	SY20-21	\$40k	SY20-21	175
	SY21-22	\$67k	SY21-22	287

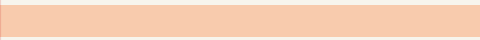
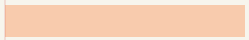










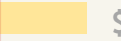





Appendix | Federal Revenue Account Detail

Selected Accounts	Total Amount (\$)		\$ Per Student	
Federal Revenue Category				
	SY19-20	\$426k	SY19-20	1,820
	SY20-21	\$1.1m	SY20-21	4,933
	SY21-22	\$1.3m	SY21-22	5,470
CARES Act Funds				
We have been allocated a total of \$2.1M in CARES funds to be spent between 7/1/2020 and 9/30/2023. We plan to draw \$825k in SY22	SY19-20	\$0k	SY19-20	
	SY20-21	\$139k	SY20-21	606
	SY21-22	\$825k	SY21-22	3,512
Competitive federal grants				
We received two SOAR grants in SY21. Our SOAR funding in SY22 will return to lower levels	SY19-20	\$75k	SY19-20	321
	SY20-21	\$201k	SY20-21	876
	SY21-22	\$105k	SY21-22	447
Paycheck Protection Program				
The PPP loan was a one-time source of funding. We will not have this revenue in the budget going forward	SY19-20	\$0k	SY19-20	
	SY20-21	\$463k	SY20-21	2,023
	SY21-22	\$0k	SY21-22	
National school lunch prog				
We expect our meal service to return to normal in SY22, which will result in an increase in NSLP revenue	SY19-20	\$71k	SY19-20	305
	SY20-21	\$8k	SY20-21	36
	SY21-22	\$78k	SY21-22	331

Appendix | Salaries Account Detail

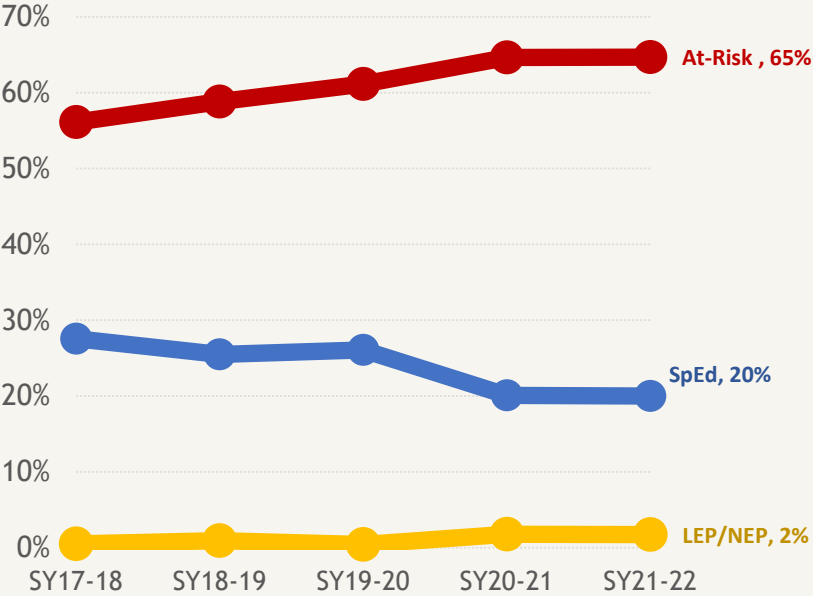
Selected Accounts	Total Amount (\$)		\$ Per Student	
Salaries Category We have budgeted for two new interventionists, an assistant teacher, a social worker, and a part-time operations assistant. We plan to fund all these positions with CARES money	SY19-20	\$2.5m	SY19-20	10,808
	SY20-21	\$2.6m	SY20-21	11,346
	SY21-22	\$2.9m	SY21-22	12,545
Teacher salaries	SY19-20	\$734k	SY19-20	3,137
	SY20-21	\$743k	SY20-21	3,245
	SY21-22	\$897k	SY21-22	3,819
Teacher aides salaries	SY19-20	\$157k	SY19-20	670
	SY20-21	\$150k	SY20-21	657
	SY21-22	\$198k	SY21-22	845
Curricular stipends We budgeted for stipend spending to return to normal levels in SY22	SY19-20	\$77k	SY19-20	329
	SY20-21	\$40k	SY20-21	175
	SY21-22	\$74k	SY21-22	317
Student support salaries	SY19-20	\$290k	SY19-20	1,239
	SY20-21	\$271k	SY20-21	1,182
	SY21-22	\$351k	SY21-22	1,493

Appendix | Interest Account Detail

Selected Accounts	Total Amount (\$)		\$ Per Student	
Interest Category				
	SY19-20	 \$436k	SY19-20	 1,863
	SY20-21	 \$419k	SY20-21	 1,829
	SY21-22	 \$371k	SY21-22	 1,577
Interest payments Our interest payments on debt should go down in SY22 due to the loan refinance	SY19-20	 \$358k	SY19-20	 1,528
	SY20-21	 \$338k	SY20-21	 1,478
	SY21-22	 \$261k	SY21-22	 1,110
Amortization of deferred financing	SY19-20	 \$78k	SY19-20	 334
	SY20-21	 \$80k	SY20-21	 351
	SY21-22	 \$110k	SY21-22	 468

Appendix | Enrollment Assumptions

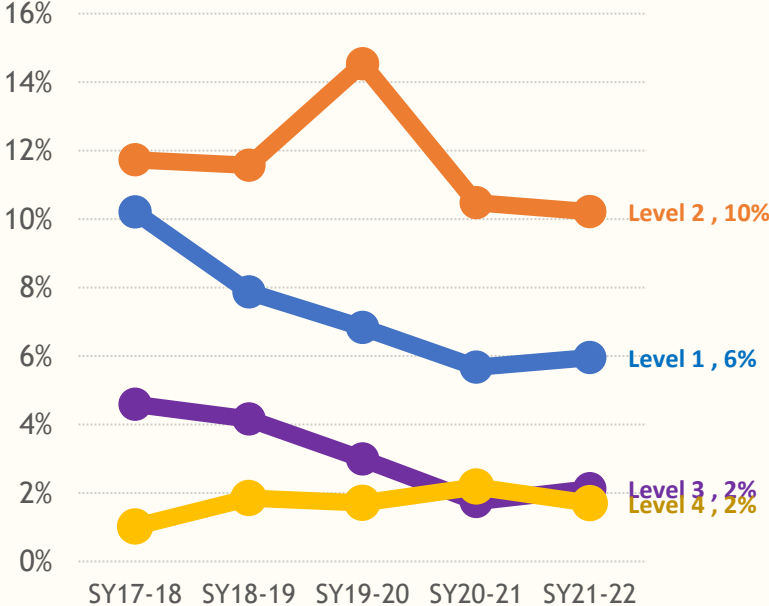
Special Populations



ENROLLMENT SUB-GROUPS

Certain D.C. and federal funding is driven by different sub-groups of our student population. We have budgeted for each of our student sub-populations to remain the same proportion of the overall population.

Special Education

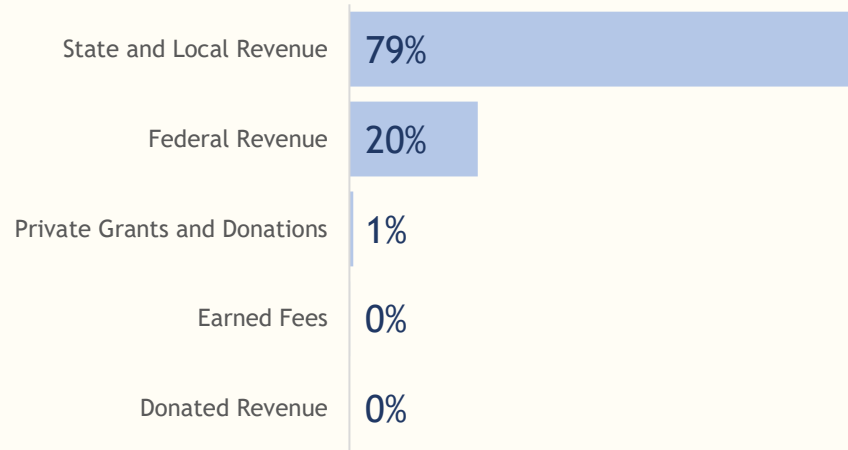


SPECIAL EDUCATION LEVELS

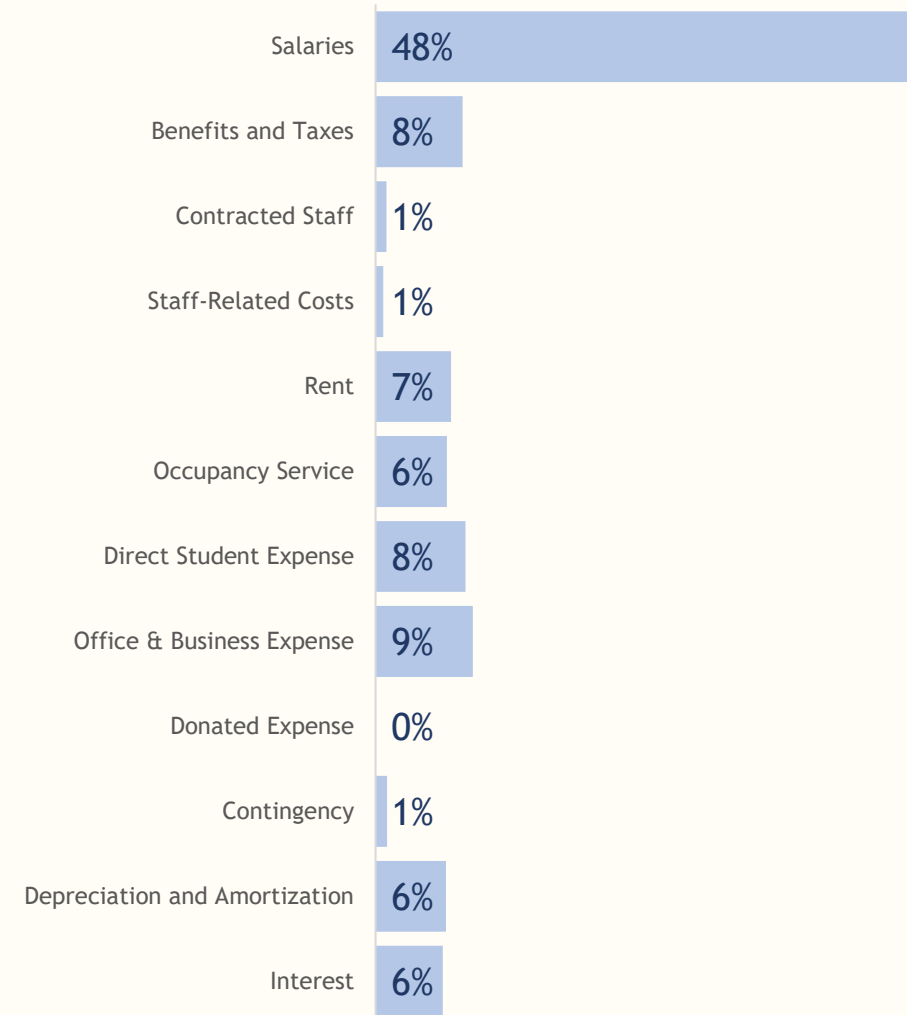
The levels within our Special Education sub-group drive both funding and spending. We budgeted an overall special education population that is in line with previous years, but slightly skewed the population towards lower levels, which drive less revenue.

Appendix | Revenue And Expenses

Categories of Revenue



Categories of Expense



Appendix | KPI Calculation

Calculating Days of Cash

Non-Depr Expenses	5,810,954
Day of Year	365
Daily Expenses	15,920
Ending Cash Balance	1,403,594
Days of Cash*	88

Calculating Gross Margin

Revenue	6,443,843
Expenses	6,199,102
Net Income	244,741
Revenue	6,443,843
Gross Margin*	4%

*Note: These are PCSB's formulas