

HOGAN
PREP ACADEMY



April 2024 Financials

PREPARED **MAY'24** BY



- **Executive Summary**
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- **Key Performance Indicators**
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- As of 4/30/24 HPA has a projected YE cash balance of \$11M, up from \$9.7M as of 3/31/24. Our Days of Cash is 251 vs. 202 in 03/24.
 - The key driver for this change is the removal of the \$1.5M cash reserve for the potential legal settlement. The case is ongoing and will not reach conclusion by 6/30/24.
 - The \$1.5M cash reserve will be added to the FY25 draft budget as a contingency item. This is an important note because it will likely put the school in a deficit position next year....as it did at the start of this year.
- Revenue - While we continue to be behind \$1.5M in State funding due to lower than budgeted enrollment & attendance, we have brought forward all remaining ESSER III funds which almost offsets the shortfall. We should end the year with a \$400k shortfall in revenue.

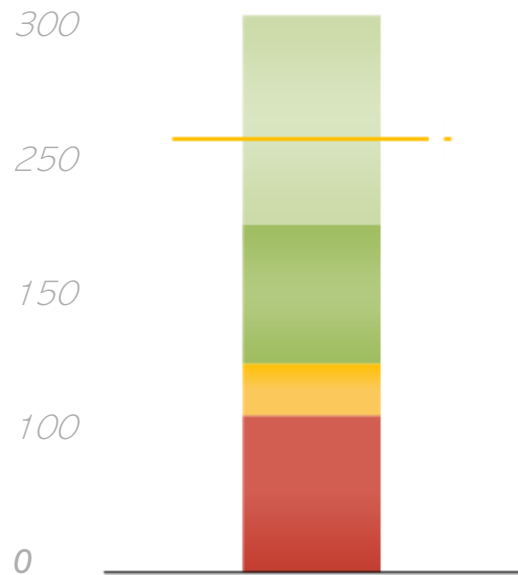
- **Expenses – removal of the \$1.5M legal settlement contingency has dramatically improved our full year expense outlook! Additionally, we are showing full year savings in staffing/benefits, direct student expenses, and food costs.**
 - **This month we adjusted our full year transportation cost outlook to include additional fees from First Student. These fees cover the time overages associated with student pickup and drop off each day. An audit by First Student earlier this year determined it was taking them longer each day to pickup/dropoff than quoted in their contract pricing. As a result, HPA will incur an additional \$120,000 in transportation costs for the year. HPA is re-bidding transportation services for FY25.**

- **Expenses (continued) –**
 - **We are seeing \$400k+ in higher than budgeted Occupancy Services for the year. The main contributors to this overage are utility costs (specifically electricity) and security. We have asked KLS and McCown Gordon to examine the utility costs as our new buildings were supposed to run more efficiently and that is not happening. Security costs are tied to having more guards (and armed vs. not) at each school for the full year.**
- **Net Income – is also improving given our removal of the legal contingency, the increase in ESSER III grant funds, and lower expenses in several budget categories.**

- **Net Income** – is also improving given our removal of the legal contingency, the increase in ESSER III grant funds, and lower expenses in several budget categories.
- **FY25 Budget** – we are in the process of finalizing the draft budget and will review it with the HPA Finance Committee at the June meeting (6/20) and then bring it to the Board for a full vote at their June meeting (6/24). The FY25 Budget is required to be approved and submitted to the sponsor & DESE by no later than 6/30/24.

Days of Cash

Cash balance at year-end divided by average daily expenses

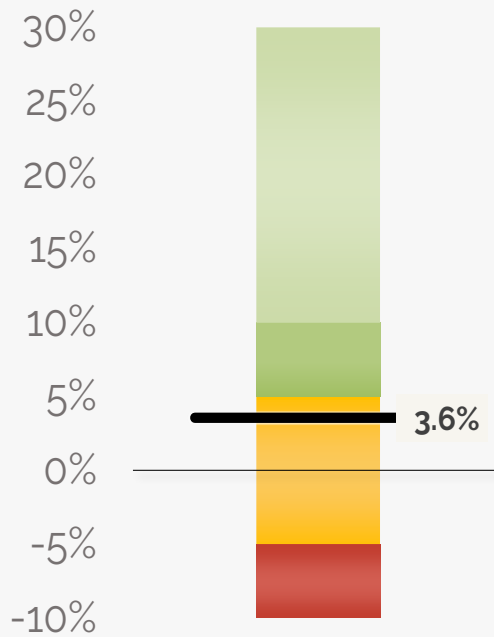


251 DAYS OF CASH AT YEAR'S END

The school will end the year with 251 days of cash. This is above the recommended 60 days. HPA's sponsor requires 90 days of cash at YE.

Gross Margin

Revenue less expenses, divided by revenue

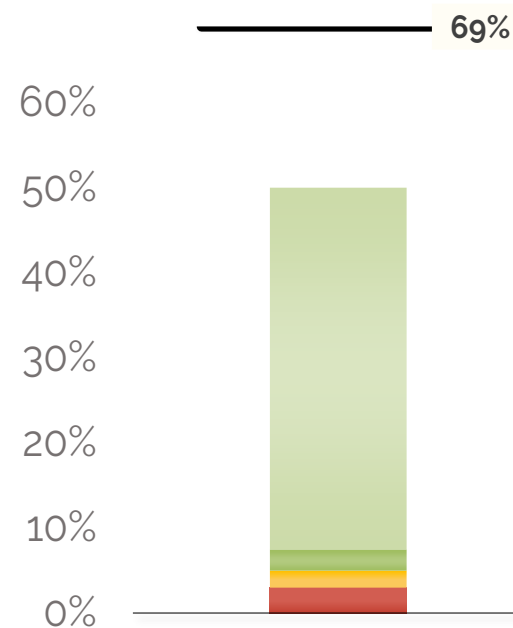


3.6% GROSS MARGIN

The forecasted net income is \$607k, which is \$4.2m above the budget. It yields a 3.6% gross margin.

Fund Balance %

Forecasted Ending Fund Balance / Total Expenses

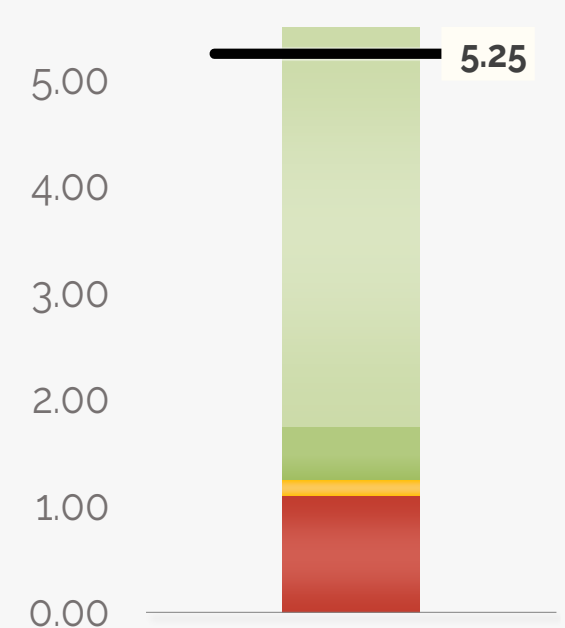


68.92% AT YEAR'S END

The school is projected to end the year with a fund balance of \$11,331,721. 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 5.25

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

Forecast Overview

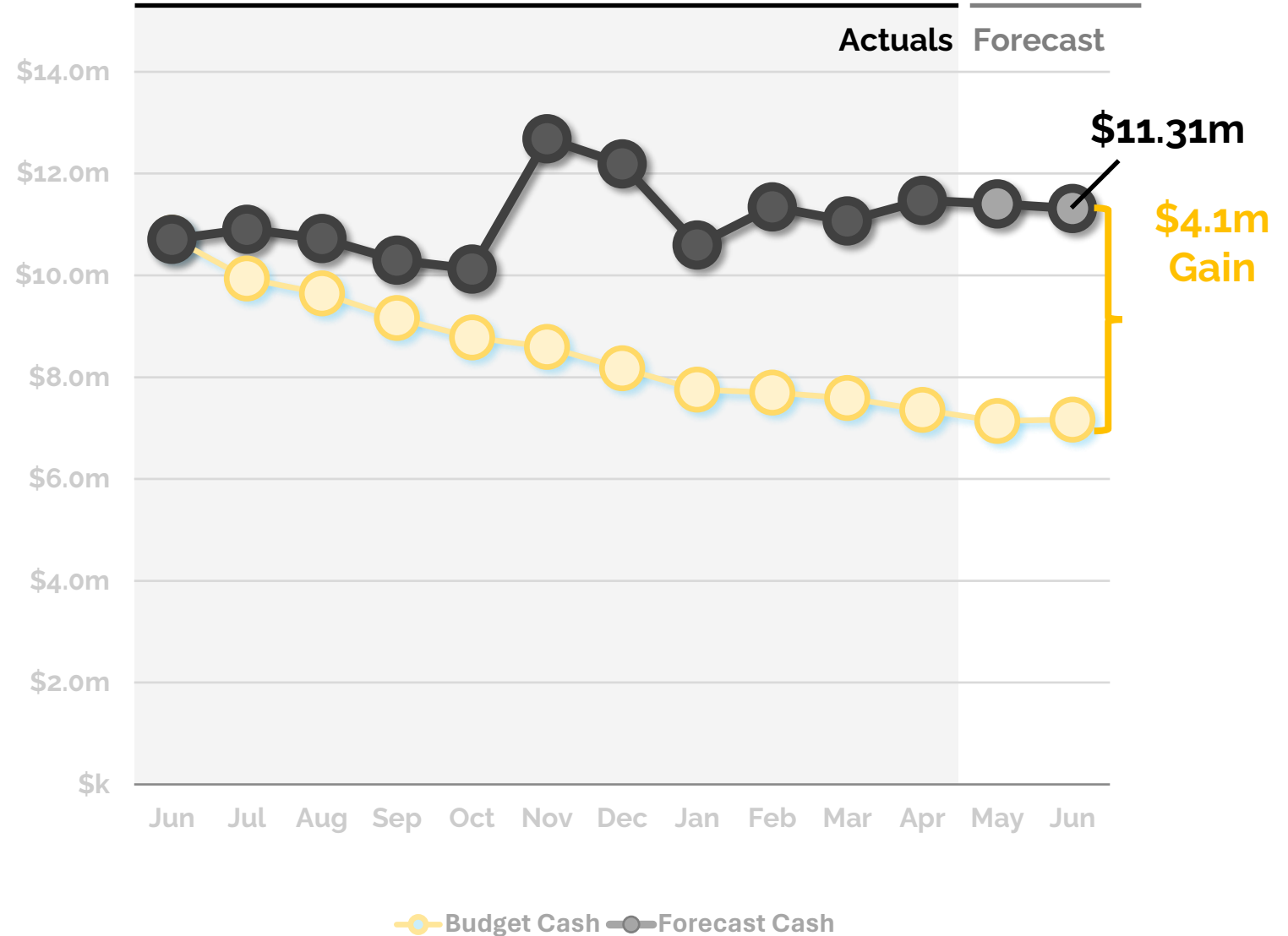
	Forecast	Budget	Variance	Variance Graphic	Comments
Revenue	\$17m	\$17.4m	-\$398k		As noted, we have brought forward ESSER III grant funds to cover the FY24 shortfall in State revenue (under enrollment & attendance), interest income not budgeted
Expenses	\$16.4m	\$21m	\$4.6m		Removal of duplicate KLS loan payment, removal of \$1.5M legal settlement contingency, lower operating expenses in a variety of categories
Net Income	\$607k	-\$3.6m	\$4.2m		
Cash Flow Adjustments	0	0	0		
Change in Cash	\$607k	-\$3.6m	\$4.2m		This is vs. the original budget.

251 Days of Cash at year's end

We forecast the school's year ending cash balance as **\$11m**, **\$4.1m** above budget.

This means that as of 6/30/24, the school can sustain its daily operations for 251 days without receiving any additional funds.

The sponsor requires the school to maintain 90 days of cash. Currently HPA is at 278% of that goal.



	Year-To-Date			Annual Forecast			
	Actual	Budget	Variance	Forecast	Budget	Variance	Remaining
Revenue							
Local Revenue	1,141,888	1,006,475	135,413	1,328,549	1,212,621	115,928	186,661
State Revenue	9,205,288	10,175,559	(970,271)	11,048,671	12,532,413	(1,483,743)	1,843,382
Federal Revenue	3,624,967	2,544,030	1,080,937	4,416,460	3,218,230	1,198,231	791,493
Private Grants and Donations	180,300	142,500	37,800	180,300	150,000	30,300	-
Earned Fees	73,997	266,104	(192,107)	73,997	332,630	(258,633)	-
Total Revenue	14,226,441	14,134,669	91,772	17,047,977	17,445,894	(397,916)	① 2,821,536
Expenses							
Salaries	5,115,688	5,267,210	151,522	6,119,393	6,320,652	201,259	1,003,705
Benefits and Taxes	1,458,676	1,536,728	78,051	1,766,112	1,844,073	77,962	307,435
Staff-Related Costs	42,939	79,063	36,123	54,125	94,875	40,750	11,185
Rent	-	27,778	27,778	-	33,334	33,334	-
Occupancy Service	1,453,729	1,058,935	(394,793)	1,680,430	1,270,722	(409,707)	226,701
Student Expense, Direct	1,328,499	1,385,640	57,141	1,577,731	1,662,767	85,037	249,232
Student Expense, Food	441,210	925,675	484,465	600,000	1,110,810	510,810	158,790
Office & Business Expense	2,191,795	3,460,743	1,268,948	2,712,646	4,152,892	1,440,247	520,851
Transportation	591,345	792,721	201,376	873,765	951,265	77,500	282,420
Total Ordinary Expenses	12,623,880	14,534,492	1,910,612	15,384,200	17,441,391	2,057,190	2,760,320
Interest	718,628	70,195	(648,433)	945,936	84,233	(861,703)	227,308
Facility Improvements	111,175	2,910,962	2,799,787	111,175	3,493,154	3,381,979	-
Total Extraordinary Expenses	829,803	2,981,156	2,151,353	1,057,111	3,577,387	2,520,276	227,308
Total Expenses	13,453,683	17,515,648	4,061,966	16,441,312	21,018,778	4,577,467	② 2,987,629
Net Income	772,759	(3,380,980)	4,153,738	606,666	(3,572,884)	4,179,550	③ (166,093)
Cash Flow Adjustments	(5,004)	-	(5,004)	0	-	0	④ 5,004
Change in Cash	767,755	(3,380,980)	4,148,734	606,666	(3,572,884)	4,179,550	⑤ (161,089)

① REVENUE: \$398K BEHIND

Lower than budgeted State revenue due to under enrollment & lower attendance, mostly offset by ESSER III grant funds brought forward, plus interest income not budgeted

② EXPENSES: \$4.6M AHEAD

Removed KLS duplicate loan payment, removed \$1.5M legal settlement contingency, lower than budgeted expenses in many categories

③ NET INCOME: \$4.2M ahead

④ CASH ADJ:\$0K AHEAD

⑤ NET CHANGE IN CASH: \$4.2M AHEAD vs. Original Budget

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	93,330	93,330	1,328,549
State Revenue	923,510	892,452	907,991	914,386	3,543,253	73,984	75,810	75,076	794,213	1,004,613	921,691	921,691	11,048,671
Federal Revenue	16,099	16,858	28,145	0	302,165	355,890	66,117	1,775,073	299,511	765,109	395,747	395,747	4,416,460
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	1,410,768	1,410,768	17,047,977
Expenses													
Salaries	389,577	487,543	698,533	506,162	537,667	521,047	496,054	487,965	493,591	497,548	493,053	510,653	6,119,393
Benefits and Taxes	114,968	140,507	141,796	140,119	144,908	139,203	171,806	157,684	153,924	153,761	152,836	154,599	1,766,112
Staff-Related Costs	4,718	6,500	216	932	8,215	3,270	3,229	5,604	6,006	4,250	5,593	5,593	54,125
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	113,351	113,351	1,680,430
Student Expense, Direct	84,040	107,256	109,531	122,714	89,985	59,579	181,446	75,222	131,324	367,402	124,616	124,616	1,577,731
Student Expense, Food	863	0	0	29,194	76,512	79,627	66,030	84,788	56,553	47,644	79,395	79,395	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	260,425	260,425	2,712,646
Transportation	4,265	1,500	12,928	31,376	109,814	79,950	192,841	86,300	15,278	57,092	141,210	141,210	873,765
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	1,447,281	1,370,479	1,389,842	15,384,200
Operating Income	236,406	-181,669	-398,081	-180,969	2,831,552	-469,525	-1,384,346	769,363	-42,241	422,071	40,289	20,926	1,663,777
Extraordinary Expenses													
Interest	7,019	7,019	7,019	7,019	231,859	6,698	227,154	0	224,839	0	113,654	113,654	945,936
Facility Improvements	29,200	560	1,350	6,663	29,200	18,348	140	1,050	0	24,664	0	0	111,175
Total Extraordinary Expenses	36,219	7,579	8,369	13,682	261,059	25,046	227,294	1,050	224,839	24,664	113,654	113,654	1,057,111
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	1,471,945	1,484,133	1,503,496	16,441,312
Net Income	200,187	-189,248	-406,450	-194,651	2,570,493	-494,571	-1,611,640	768,313	-267,080	397,406	-73,365	-92,728	606,666
Cash Flow Adjustments	-1,788	9,359	-19,437	19,077	-11,186	3,099	16,424	-21,221	-7,669	8,337	2,502	2,502	0
Change in Cash	198,399	-179,889	-425,887	-175,575	2,559,307	-491,472	-1,595,216	747,093	-274,749	405,744	-70,863	-90,226	606,666
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	11,474,963	11,404,100	11,313,874	

	<i>Previous Year End</i>	<i>Current</i>	<i>Year End</i>
Assets			
Current Assets			
Cash	10,707,208	11,474,963	11,313,874
Total Current Assets	10,707,208	11,474,963	11,313,874
Total Assets	10,707,208	11,474,963	11,313,874
Liabilities and Equity			
Liabilities			
Current Liabilities			
Other Current Liabilities	-17,847	-22,851	-17,847
Total Current Liabilities	-17,847	-22,851	-17,847
Total Long-Term Liabilities	0	0	
Total Liabilities	-17,847	-22,851	-17,847
Equity			
Unrestricted Net Assets	10,725,056	10,725,056	10,725,056
Net Income	0	772,759	606,666
Total Equity	10,725,056	11,497,814	11,331,721
Total Liabilities and Equity	10,707,208	11,474,963	11,313,874

** 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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