



December 2023 Financials

PREPARED JAN'24 BY



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

- HPA closes out 2023 with a projected YE cash balance of \$7.14M, just \$32k below the original budget. This is a sizeable improvement from the prior month. A review of the full year budget revealed a double-counting of the KLS loan repayment which represented \$1,564,950 in extraordinary expenses. This has been corrected, bringing the full year budget outlook closer to the original budget.
- Revenue – we are still being heavily assisted using prior year WADA (as allowed by DESE) for our State funding calculation.
- Expenses – as of 12/31/23, expenses are forecast to come in about \$26k above budget. However, expenses are also being managed tightly, so we should be able to bring this back in line by year end.

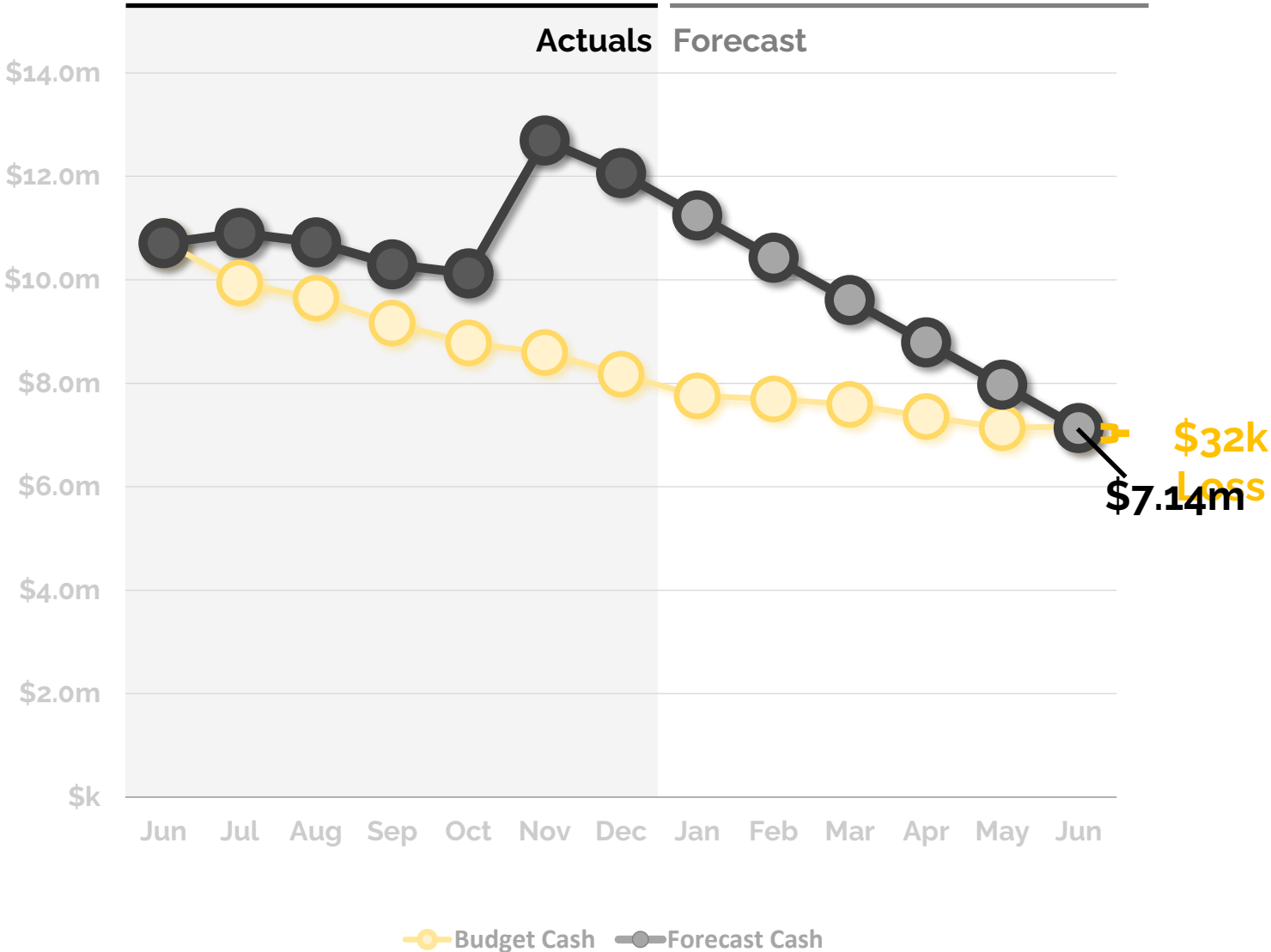
- **Note:** HPA has a few items associated with its current transition that are impacting the school's total expenses. As those issues are resolved or re-negotiated, expenses will lower.
 - KLS Loan Repayment and Phalen admin fees are both associated with the school's enrollment. The current budget reflects expenses associated with budgeted enrollment vs. our actual numbers. We will be updating the January 2024 financials to reflect adjustments to both KLS and Phalen for the full year based on actual enrollment.
 - **Potential Legal Settlement** – We set aside \$1.5M in the FY24 budget to cover a potential legal settlement. If that does not occur in FY24, those funds will be returned to the bottom line. However, we will likely include the contingency in the FY25 budget until the legal case is fully concluded.

- **KLS Loan Re-Finance** – The KLS Loan represents significant capital improvements to HPA's facility infrastructure. The current loan from KLS is designed as an intermediary step to longer term financing. The current loan is a 5-year term with repayment of Phase I and Phase II at 7% (for each phase, 14% total) of the school's State of MO basic formula calculation. When this loan is re-financed to a longer-term vehicle (to match the life of the project), the debt costs will drop significantly.

134 Days of Cash at year's end

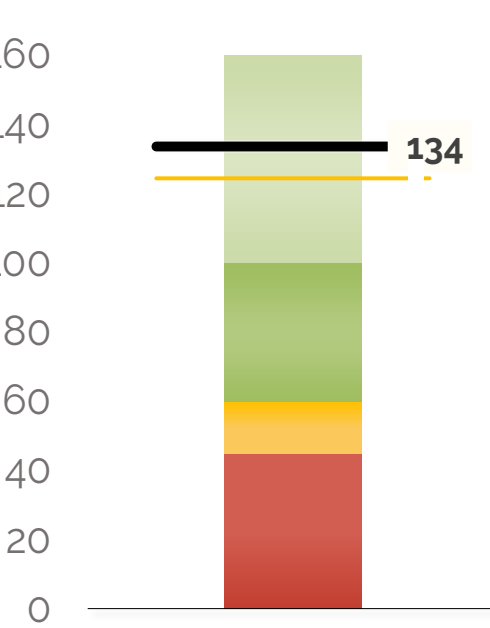
We forecast the school's year ending cash balance as **\$7.1m**, **\$32k** below budget.

A correction to extraordinary expenses for the year (KLS loan repayment) has improved the full year forecast and Days of Cash projections.



Days of Cash

Cash balance at year-end divided by average daily expenses

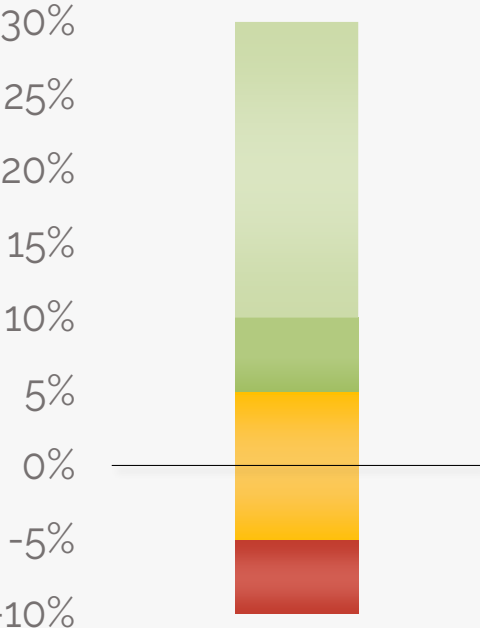


134 DAYS OF CASH AT YEAR'S END

The school will end the year with 134 days of cash. This is above the recommended 60 days

Gross Margin

Revenue less expenses, divided by revenue

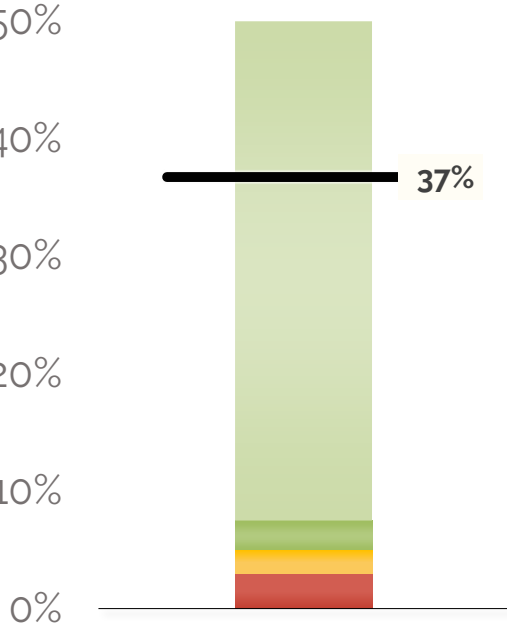


-22.4% GROSS MARGIN

The forecasted net income is - \$3.6m, which is \$2k above the budget. It yields a -22.4% gross margin.

Fund Balance %

Forecasted Ending Fund Balance / Total Expenses

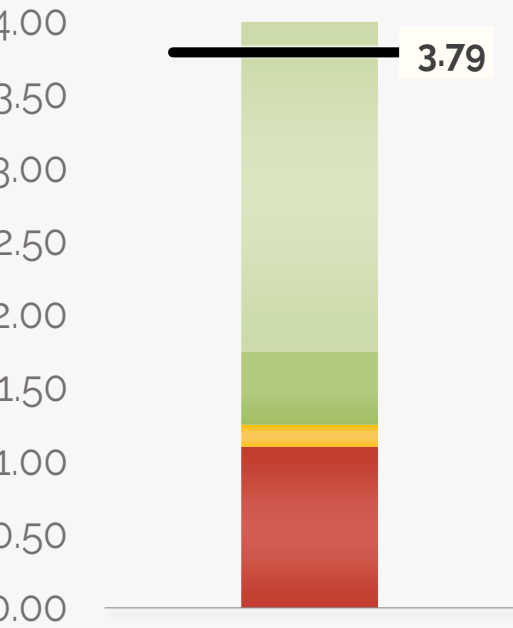


36.73% AT YEAR'S END

The school is projected to end the year with a fund balance of \$7,154,661. Last year's fund balance was \$10,725,056.

DSCR

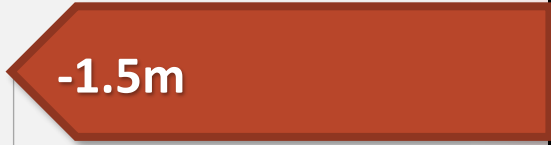
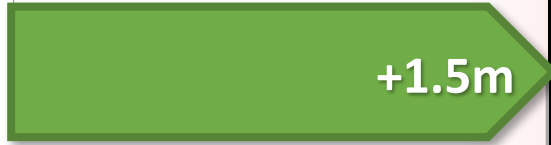



Amount of cash flow available to meet annual interest and principal payments on debt



DSCR IS 3.79

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

Forecast Overview

	Forecast	Budget	Variance	Variance Graphic	Comments
Revenue	\$15.9m	\$17.4m	-\$1.5m		This is due to lower than budgeted enrollment and attendance. It is also being offset, somewhat, by use of prior year WADA.
Expenses	\$19.5m	\$21m	\$1.5m		This is the correction made for KLS loan repayment which had been erroneously doubled in the original budget.
Net Income	-\$3.6m	-\$3.6m	\$2k		Note: This includes a \$1.5M set aside for a potential legal settlement. If not used, our Net Income will be -\$2.1M.
Cash Flow Adjustments	-0	0	-0		
Change in Cash	-\$3.6m	-\$3.6m	\$2k		

	Year-To-Date			Annual Forecast			
	Actual	Budget	Variance	Forecast	Budget	Variance	Remaining
Revenue							
Local Revenue	705,023	606,310	98,713	1,234,545	1,212,621	21,924	529,522
State Revenue	7,255,577	5,691,667	1,563,909	10,928,407	12,532,413	(1,604,006)	3,672,831
Federal Revenue	719,157	1,438,627	(719,470)	3,255,019	3,218,230	36,789	2,535,862
Private Grants and Donations	27,703	75,000	(47,297)	150,000	150,000	0	122,297
Earned Fees	66,407	133,052	(66,645)	341,653	332,630	9,023	275,246
Total Revenue	8,773,866	7,944,656	829,210	15,909,623	17,445,894	(1,536,270)	① 7,135,757
Expenses							
Salaries	3,140,530	3,160,326	19,796	6,216,505	6,320,652	104,147	3,075,975
Benefits and Taxes	821,501	922,037	100,535	1,673,857	1,844,073	170,216	852,355
Staff-Related Costs	23,528	47,438	23,910	96,875	94,875	(2,000)	73,347
Rent	-	16,667	16,667	33,334	33,334	(0)	33,334
Occupancy Service	883,049	635,361	(247,688)	1,272,396	1,270,722	(1,674)	389,347
Student Expense, Direct	563,962	831,384	267,422	1,714,437	1,662,767	(51,669)	1,150,475
Student Expense, Food	186,196	555,405	369,209	1,110,810	1,110,810	0	924,614
Office & Business Expense	1,240,964	2,076,446	835,482	4,184,721	4,152,892	(31,829)	2,943,756
Transportation	239,833	475,632	235,799	982,404	951,265	(31,139)	742,571
Total Ordinary Expenses	7,099,563	8,720,695	1,621,132	17,285,338	17,441,391	156,053	10,185,775
Interest	262,252	42,117	(220,135)	266,477	84,233	(182,243)	4,225
Facility Improvements	56,121	1,746,577	1,690,456	1,928,204	3,493,154	1,564,950	1,872,083
Total Extraordinary Expenses	318,373	1,788,694	1,470,321	2,194,681	3,577,387	1,382,707	1,876,308
Total Expenses	7,417,936	10,509,389	3,091,453	19,480,018	21,018,778	1,538,760	② 12,062,083
Net Income	1,355,930	(2,564,733)	3,920,664	(3,570,395)	(3,572,884)	2,489	③ (4,926,325)
Cash Flow Adjustments	(876)	-	(876)	(0)	-	(0)	④ 876
Change in Cash	1,355,054	(2,564,733)	3,919,787	(3,570,395)	(3,572,884)	2,489	⑤ (4,925,449)

① REVENUE: \$1.5M BEHIND

Due to lower than budgeted enrollment and attendance. Offset by use of prior year WADA.

② EXPENSES: \$1.5M AHEAD

Adjustment to extraordinary expenses for KLS loan repayment to resolve double-counting of Phase I and II resulted in \$1.5M improvement for the full year forecast.

③ NET INCOME: \$2K ahead**④ CASH ADJ:\$0K BEHIND****⑤ NET CHANGE IN CASH: \$2K AHEAD**

Income Statement	Actual						Forecast						TOTAL
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Revenue													
Local Revenue	214,626	41,800	113,114	112,607	129,133	93,742	88,254	88,254	88,254	88,254	88,254	88,254	1,234,545
State Revenue	923,510	892,452	907,991	914,386	3,543,253	73,984	612,138	612,138	612,138	612,138	612,138	612,138	10,928,407
Federal Revenue	16,099	16,858	28,145	0	302,165	355,890	422,644	422,644	422,644	422,644	422,644	422,644	3,255,019
Private Grants and Donations	1,000	0	0	26,603	100	0	20,383	20,383	20,383	20,383	20,383	20,383	150,000
Earned Fees	1,950	0	3,467	7,061	53,929	0	45,874	45,874	45,874	45,874	45,874	45,874	341,653
Total Revenue	1,157,185	951,111	1,052,717	1,060,656	4,028,581	523,616	1,189,293	1,189,293	1,189,293	1,189,293	1,189,293	1,189,293	15,909,623
Expenses													
Salaries	389,577	487,543	698,533	506,162	537,667	521,047	509,729	509,729	509,729	509,729	509,729	527,329	6,216,505
Benefits and Taxes	114,968	140,507	141,796	140,119	144,908	139,203	141,765	141,765	141,765	141,765	141,765	143,528	1,673,857
Staff-Related Costs	4,718	6,500	216	932	8,162	3,000	12,225	12,225	12,225	12,225	12,225	12,225	96,875
Rent	0	0	0	0	0	0	5,556	5,556	5,556	5,556	5,556	5,556	33,334
Occupancy Service	139,943	151,650	102,901	173,939	127,252	187,365	64,891	64,891	64,891	64,891	64,891	64,891	1,272,396
Student Expense, Direct	84,740	107,256	109,531	122,714	80,969	58,753	191,746	191,746	191,746	191,746	191,746	191,746	1,714,437
Student Expense, Food	863	0	0	29,194	76,512	79,627	154,102	154,102	154,102	154,102	154,102	154,102	1,110,810
Office & Business Expense	210,905	237,824	384,892	237,190	102,064	68,089	490,626	490,626	490,626	490,626	490,626	490,626	4,184,721
Transportation	4,265	1,500	12,928	31,376	109,814	79,950	123,762	123,762	123,762	123,762	123,762	123,762	982,404
Total Ordinary Expenses	949,978	1,132,780	1,450,798	1,241,625	1,187,348	1,137,034	1,694,402	1,694,402	1,694,402	1,694,402	1,694,402	1,713,765	17,285,338
Operating Income	207,206	-181,669	-398,081	-180,969	2,841,233	-613,418	-505,109	-505,109	-505,109	-505,109	-505,109	-524,472	-1,375,714
Extraordinary Expenses													
Interest	7,019	7,019	7,019	7,019	231,859	2,315	704	704	704	704	704	704	266,477
Facility Improvements	0	560	1,350	6,663	29,200	18,348	312,014	312,014	312,014	312,014	312,014	312,014	1,928,204
Total Extraordinary Expenses	7,019	7,579	8,369	13,682	261,059	20,663	312,718	312,718	312,718	312,718	312,718	312,718	2,194,681
Total Expenses	956,998	1,140,359	1,459,167	1,255,308	1,448,407	1,157,697	2,007,120	2,007,120	2,007,120	2,007,120	2,007,120	2,026,483	19,480,018
Net Income	200,187	-189,248	-406,450	-194,651	2,580,174	-634,081	-817,827	-817,827	-817,827	-817,827	-817,827	-837,190	-3,570,395
Cash Flow Adjustments	-1,788	9,359	-19,437	19,077	-11,186	3,099	146	146	146	146	146	146	0
Change in Cash	198,399	-179,889	-425,887	-175,575	2,568,988	-630,982	-817,681	-817,681	-817,681	-817,681	-817,681	-837,044	-3,570,395
Ending Cash	10,905,607	10,725,718	10,299,831	10,124,256	12,693,244	12,062,262	11,244,581	10,426,900	9,609,219	8,791,538	7,973,857	7,136,813	

	Previous Year End	Current	Year End
Assets			
Current Assets			
Cash	10,707,208	12,062,262	7,136,813
Total Current Assets	10,707,208	12,062,262	7,136,813
Total Assets	10,707,208	12,062,262	7,136,813
Liabilities and Equity			
Liabilities			
Current Liabilities			
Other Current Liabilities	-17,847	-18,724	-17,847
Total Current Liabilities	-17,847	-18,724	-17,847
Total Long-Term Liabilities	0	0	
Total Liabilities	-17,847	-18,724	-17,847
Equity			
Unrestricted Net Assets	10,725,056	10,725,056	10,725,056
Net Income	0	1,355,930	-3,570,395
Total Equity	10,725,056	12,080,986	7,154,661
Total Liabilities and Equity	10,707,208	12,062,262	7,136,813



QUESTIONS?

Please contact your EdOps Finance Team:

Jamie Berry

jamie@ed-ops.com

816-444-1530

© EdOps 2017-2024