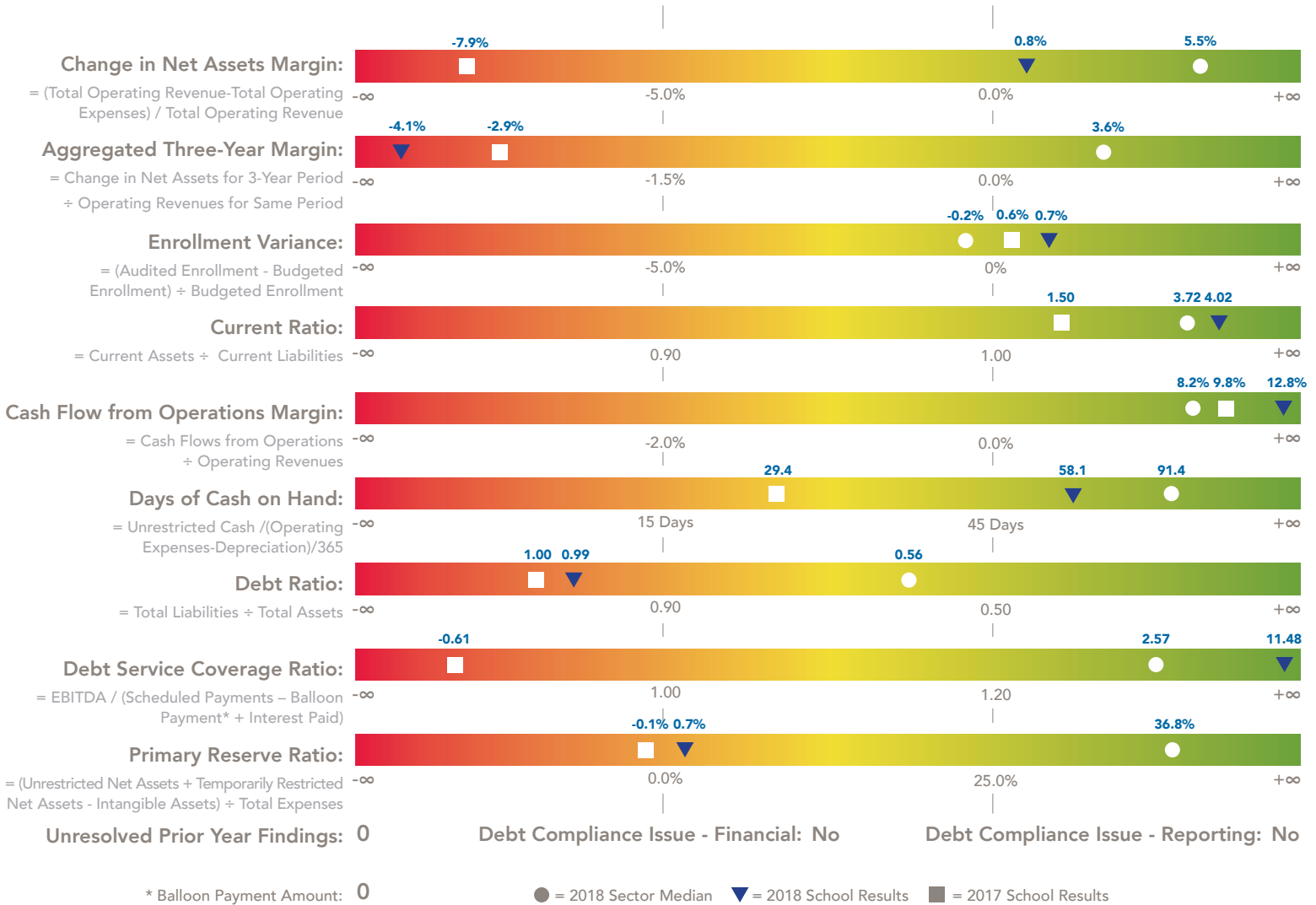


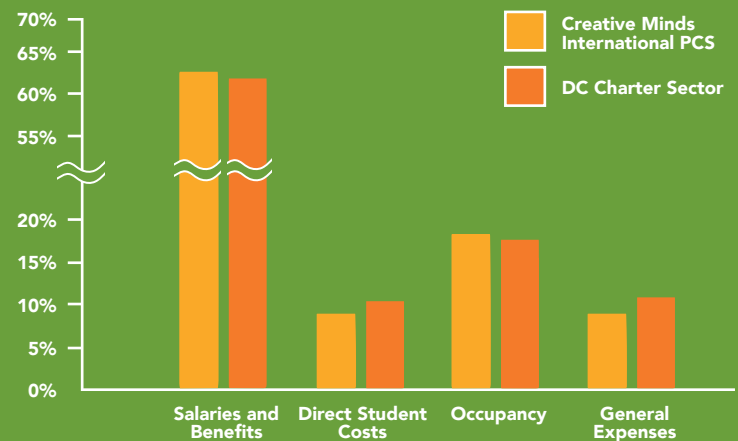
KEY FINANCIAL INDICATORS



Comments from the School

Due to CMIPCS's long-term 30-year lease arrangement with our landlord, the Armed Forces Retirement Home (AFRH), the school is allowed to utilize certain capital improvement expenditures to offset rent payments. For example the cost CMIPCS incurs to make repairs, such as a leaky roof, is treated as an offset to our rent payment and considered deferred rent. Over the past three years (FY16, FY17 and FY18) CMIPCS had \$2.6m of deferred rent. This deferred rent is a non-cash transaction and accounted for in compliance with Generally Accepted Accounting Principles (GAAP) standards. This GAAP requirement, however, results in CMIPCS showing accounting deficits over the last three years and creates the impression of CMIPCS's expenses and liabilities surpassing revenue and assets. This in turn results in a low debt ratio, which is not fully accurate as noted in the PCSB observation. The school is financially sound and is in a strong position to pay off our existing loan by FY20.

PCS EXPENSES BY CATEGORY



CREATIVE MINDS INTERNATIONAL PCS

FY2018 Financial Analysis Report

FINANCIAL POSITION

	2018	2017
Total Assets	\$4,950,645	\$4,155,800
Current Assets	\$1,719,136	\$774,728
Total Liabilities	\$4,880,032	\$4,167,757
Current Liabilities	\$427,697	\$515,436
Net Asset Position	\$70,613	-\$11,957

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$10,323,479	\$7,774,962
Expenses	\$10,240,909	\$8,387,795
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	\$82,570	-\$612,833

AUDIT FINDINGS

	2018	2017
Qualified/Modified/Adverse Opinion on the Financial Statements	No	No
Material Weakness in Internal Control over Financial Reporting (GAS)	No	No
Non-compliance Material to the Financial Statements (GAS)	No	No
Modified Opinion on Major Federal Award Programs (Uniform Guidance)	No	No
Material Weaknesses in the Internal Control over Compliance with Major Federal Programs (Uniform Guidance)	No	No
Findings and Questioned Costs	0	0
Going-Concern Issue	No	No

REVENUES/EXPENSES PER STUDENT

	2018	2017	2018 Sector Median
DC Funding per Student	\$20,993	\$19,332	\$19,243
Grants and Contributions Per Student	\$610	\$1,363	\$492
Total Revenues per Student	\$23,409	\$22,800	\$22,382
Expenses per Student	\$23,222	\$24,598	\$21,375

PCSB OBSERVATIONS

Although several of the school's key financial indicators were below DC PCSB's standards, they did not present a concern because they were largely the result of the school's lease agreement. As evidenced by the school's 12.8% cash flow from operations margin, as well as the current ratio and days of cash on hand, the school's liquidity was strong, indicating that it had sufficient resources to meet its upcoming obligations.

On February 9, 2015, the school entered into a 10-year agreement with the Armed Forces Retirement Home to lease space in the Sherman Building at 3700 North Capitol Street, NW. This lease was amended in 2016 for additional space to meet the school's growing requirements. The monthly lease payments are based on the square footage area occupied by the school and decreased by the approved leasehold improvement incentives for repair, maintenance, renovation, remodel, or upgrade of the building. As of June 30, 2018, approved in-kind leasehold improvements totaled \$2.6M, and rent expense was \$1.1M.