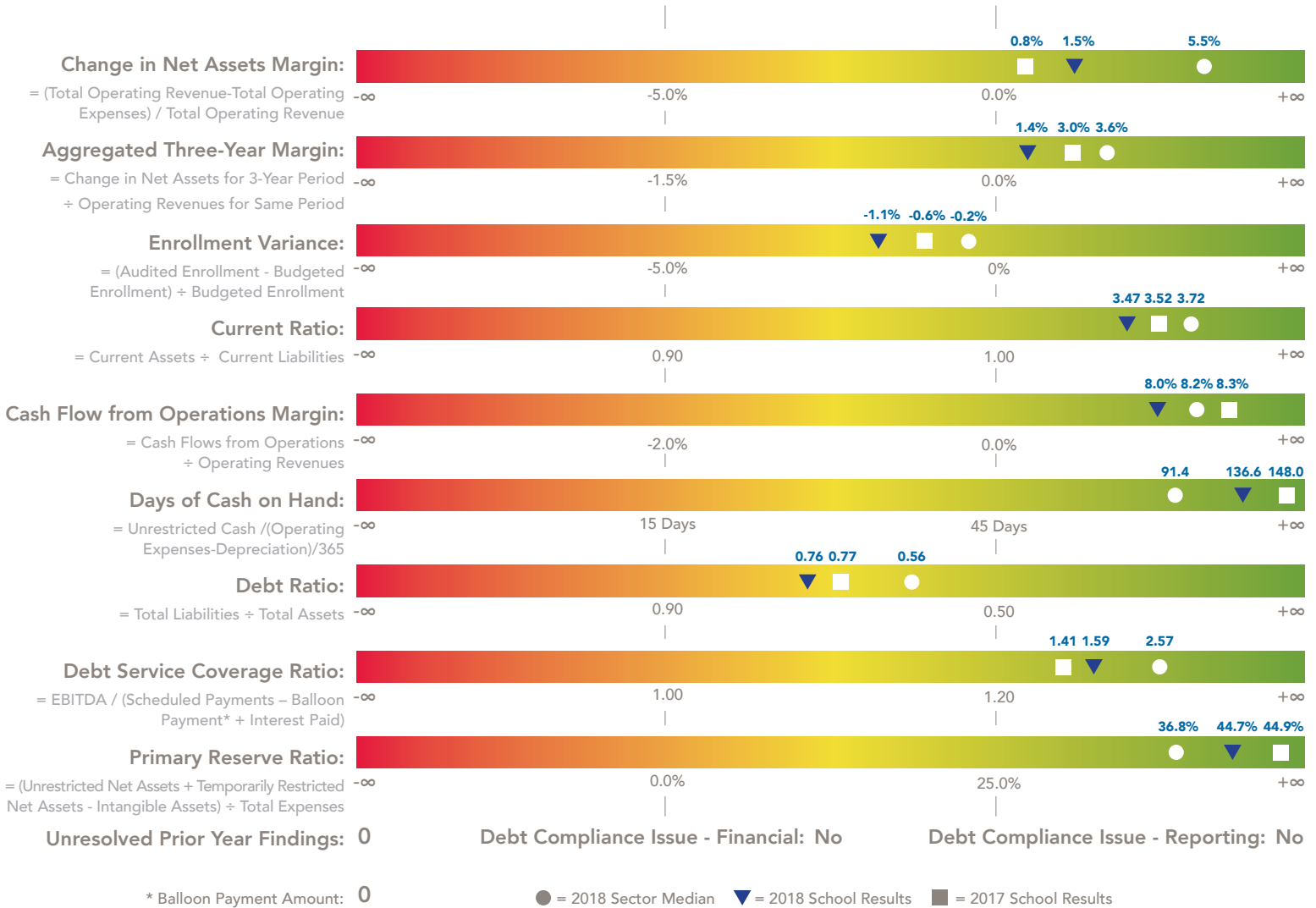


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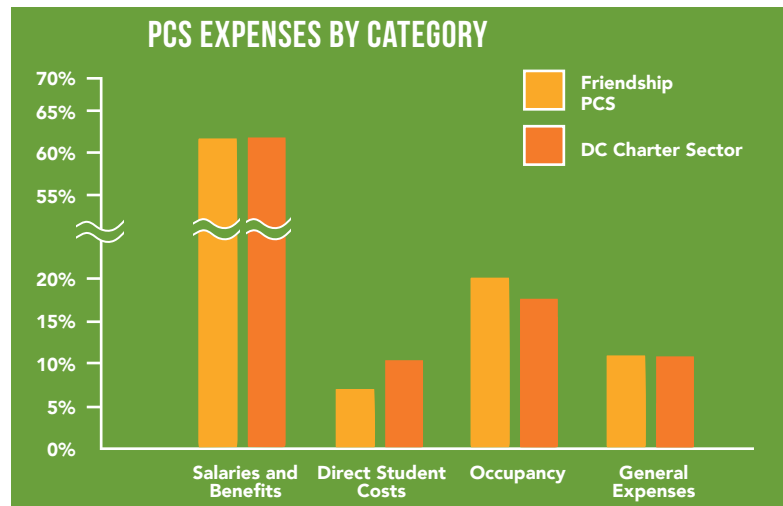
Audited Enrollment:
4,170

KEY FINANCIAL INDICATORS



Comments from the School

[Empty box for school comments]



FRIENDSHIP PCS

FY2018 Financial Analysis Report

FINANCIAL POSITION

	2018	2017
Total Assets	\$164,115,958	\$164,343,810
Current Assets	\$40,811,726	\$37,562,373
Total Liabilities	\$124,184,142	\$126,004,033
Current Liabilities	\$11,769,145	\$10,657,916
Net Asset Position	\$39,931,816	\$38,339,777

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$90,619,004	\$86,190,203
Expenses	\$89,280,457	\$85,481,115
Non-operating Revenues (Expenses)	\$253,492	-\$51,881
Surplus (Deficit)	\$1,592,039	\$657,207

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	\$19,088	\$17,735	\$19,243
Grants and Contributions Per Student	\$736	\$913	\$492
Total Revenues per Student	\$21,731	\$20,444	\$22,382
Expenses per Student	\$21,410	\$20,275	\$21,375

PCSB OBSERVATIONS

Friendship’s financial position was strong in FY 2018, as evidenced by all of its financial indicators at or above DC PCSB’s standards. While the local education agency (LEA) had a change in its net assets of \$1.6M, for a margin of 1.5%, the school’s liquidity position showed strong performance. As of June 30, 2018, days of cash on hand was 137 and the current ratio was 3.47. Friendship PCS was moderately leveraged, with total liabilities of \$124M for a debt ratio of 0.76, and the school’s debt service coverage ratio was 1.59. The school’s audited financials confirmed its compliance with all debt covenants. Further, the school maintains a BBB stable rating by S&P.

The school leases Friendship Online Academy from the District of Columbia; the rent expense under this lease was \$27.7K in FY 2018.

In FY 2019, DC PCSB voted to approve the school’s asset acquisition of Ideal Academy PCS. The LEA also began conversations with City Arts & Prep after the Board’s vote to revoke City Arts’ charter at its 15-year renewal.

School Name	FY18 Revenues	FY18 Operating Result
Friendship PCS	\$90,619,004	\$1,592,039
Management Organization ("MO") / Related Party ("RP")	MO/RP Tax Status	
K-12, Inc.	For Profit	
Highest Paid Employee / Head of MO / RP	Title	Total Compensation
Unknown	Unknown	Unknown
Services Provided	FY18 Payment	% of School Revenue
Online Educational Programming	\$1,800,163	
Total	\$1,800,163	
DC PCSB Comments		
K12 provides Friendship with online programming, including curriculum and technical support. The school will pay K12 \$8,500 per student per year.		
School Comments		