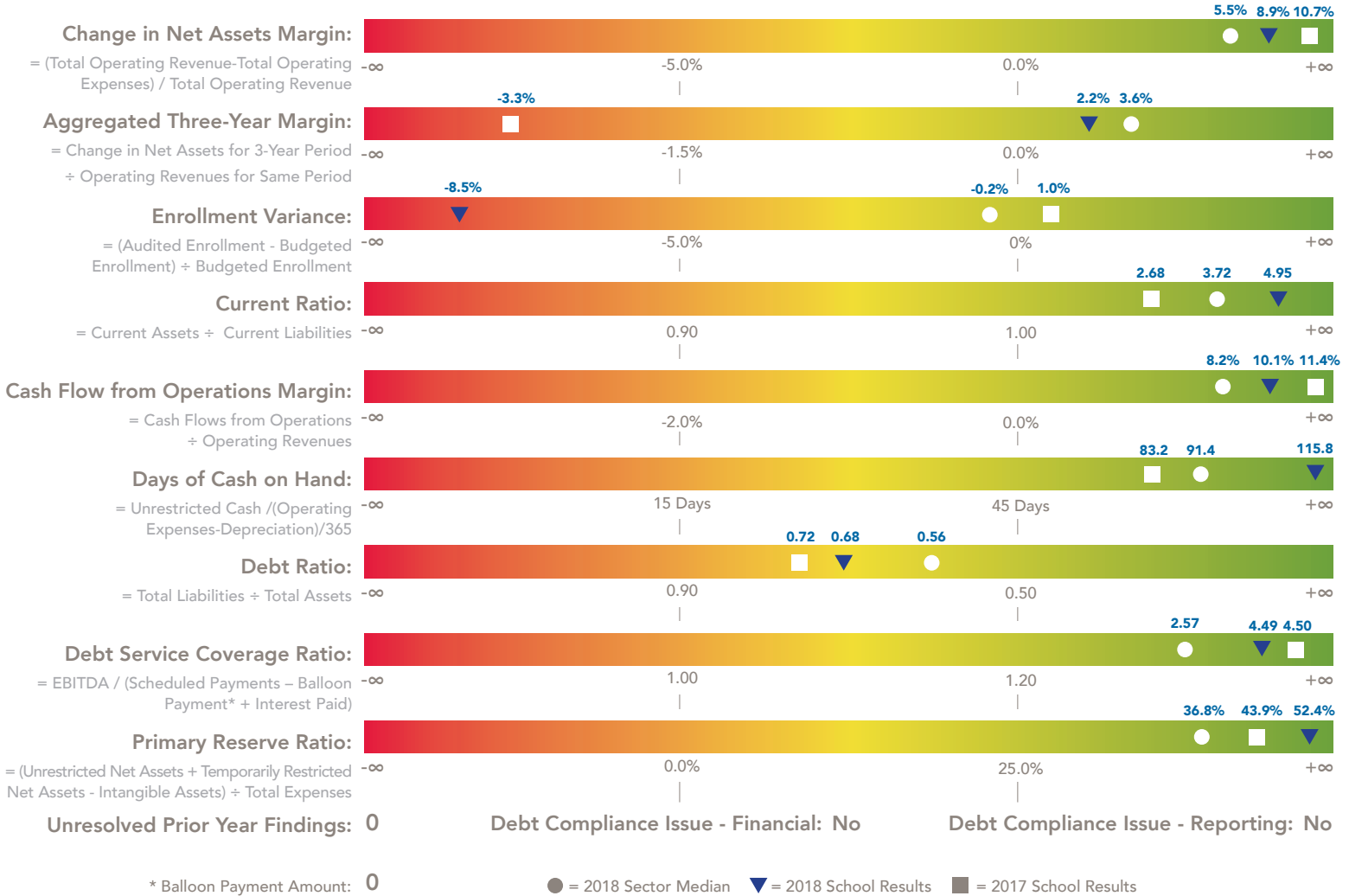


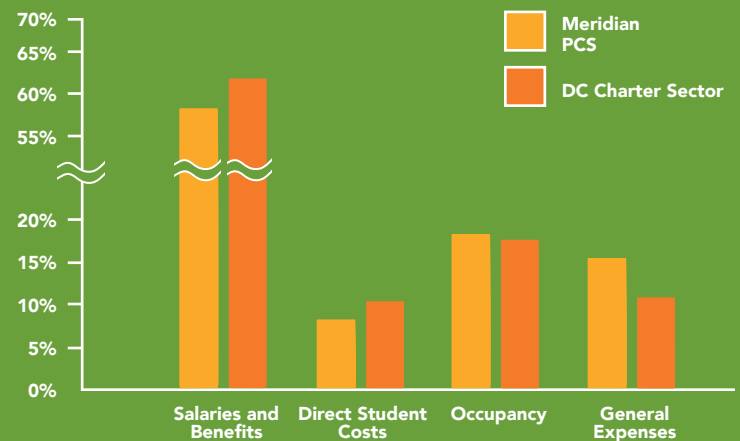
KEY FINANCIAL INDICATORS



Comments from the School

In October 2018, Meridian PCS completed a refinance of the \$12.5M new market credit transaction that resulted in the school reducing long-term debt to \$7.5M. The school's term loan with Eagle Bank locked in an interest rate of 4% for 10 years. As a result, Meridian's interest and lease costs have declined significantly in the 2018-19 school year, and the school's balance sheet is very strong.

PCS EXPENSES BY CATEGORY



MERIDIAN PCS

FY2018 Financial Analysis Report

FINANCIAL POSITION

	2018	2017
Total Assets	\$19,911,640	\$18,980,598
Current Assets	\$4,285,450	\$3,056,061
Total Liabilities	\$13,456,629	\$13,726,428
Current Liabilities	\$865,902	\$1,140,267
Net Asset Position	\$6,455,011	\$5,254,170

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$13,517,828	\$13,403,810
Expenses	\$12,316,987	\$11,972,126
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	\$1,200,841	\$1,431,684

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	\$19,470	\$17,313	\$19,243
Grants and Contributions Per Student	\$95	\$89	\$492
Total Revenues per Student	\$21,254	\$19,370	\$22,382
Expenses per Student	\$19,366	\$17,301	\$21,375

PCSB OBSERVATIONS

The school's overall financial position was strong. In FY 2018, the school's change in net assets margin was 8.9% and cash flow from operations margin was 10.3%, both indicating a strong cost management system. The school's liquidity was strong with 116 days of cash on hand and a current ratio of 4.95, both above DC PCSB's expected range and the sector median.

In July 2016, the school entered into a four-year consulting agreement with TenSquare LLC to provide performance management and strategic intervention services. The school fees for these services totaled \$870K in FY 2018.

The school maintains a 25-year lease agreement for the use of its elementary school facility which it entered into in October 2011. The school assigned all of its rights, title, and interest of the lease to a Qualified Active Low-Income Community Business, which then entered into a sublease agreement with the school for the facility. This sublease is for a 20-year period expiring in October 2031 and maintains monthly payments of roughly \$54K until September 2018, after which the sublease will be renegotiated. In addition, the school entered into a 26-month lease agreement for its middle school facility with a DC nonprofit organization in July 2015. This agreement was amended in February 2017 to extend termination to August 2019 and amended the lease to require quarterly payments of \$94K. The total rent expense for FY 2018 was \$433K.

In October 2011, the school received three loans totaling \$12.5M to finance leasehold improvements. These loans are set to expire between October 2018 and October 2041. As of June 30, 2018, the outstanding principal remained \$12.5M.