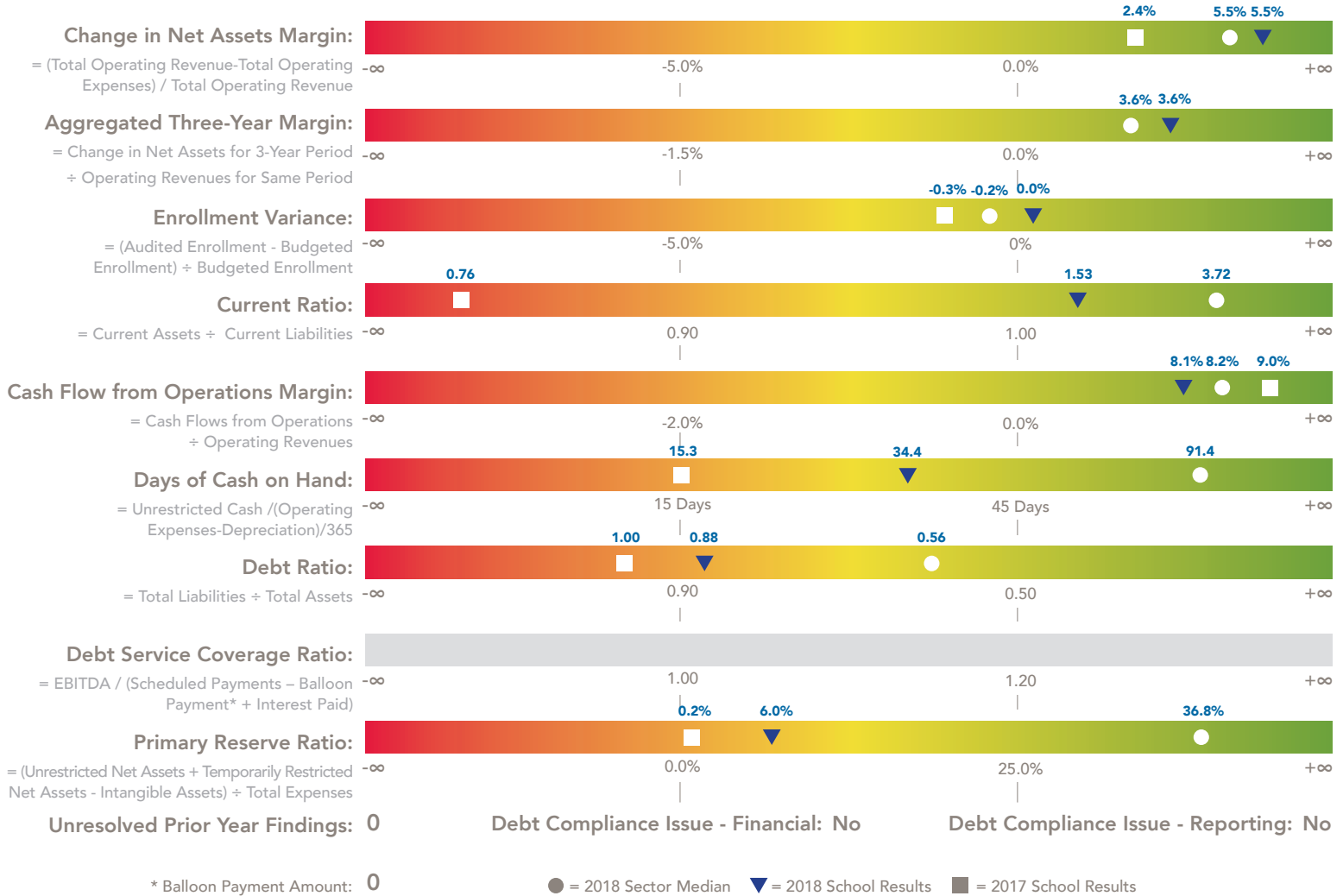


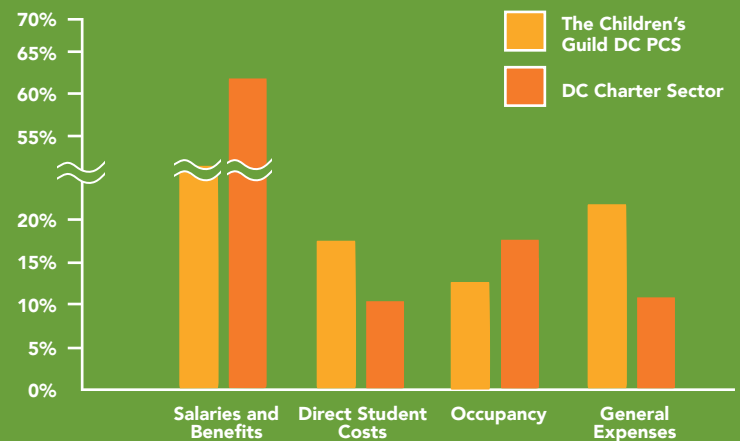
KEY FINANCIAL INDICATORS



Comments from the School

In accordance with the FASB Accounting Standard Codification, accounting for the lease held by The Children's Guild DC Campus requires that the leasehold improvements completed by the landlord per the lease agreement are included as an asset and liability on the balance sheet. The deferred rent amount will be amortized as a reduction of rent expense over the lease term. The deferred rent amount exists on the balance sheet only as a requirement of the FASB Accounting Standards, and there is no cash impact related to this balance. If this accounting treatment were excluded from the debt ratio, the debt ratio would be 0.48, which is below the 0.9 benchmark of cause for concern and the target of 0.5.

PCS EXPENSES BY CATEGORY



THE CHILDREN'S GUILD DC PCS

FY2018 Financial Analysis Report

FINANCIAL POSITION

	2018	2017
Total Assets	\$5,996,389	\$5,883,905
Current Assets	\$1,751,231	\$1,222,757
Total Liabilities	\$5,255,236	\$5,858,060
Current Liabilities	\$1,143,733	\$1,603,351
Net Asset Position	\$741,153	\$25,845

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$13,018,493	\$10,671,704
Expenses	\$12,303,185	\$10,410,948
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	\$715,308	\$260,756

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	\$31,628	\$27,366	\$19,243
Grants and Contributions Per Student	\$238	\$2,036	\$492
Total Revenues per Student	\$34,716	\$31,204	\$22,382
Expenses per Student	\$32,808	\$30,441	\$21,375

PCSB OBSERVATIONS

The school's change in net assets increased to \$715K in FY 2018 from \$261K in FY 2017, for a net asset margin of 5.5%. The school's three-year margin of 3.6% indicated that expenses were consistently well-managed, relative to revenues. The school's liquidity was adequate: The days of cash on hand, when adjusted for the school's line of credit, was 15.5. Cash flow from operations margin, however, was a strong 8.1%, and the line of credit was reduced \$260K from the prior year. In FY 2018, the school's debt ratio declined to 0.87 from 1.0 and the primary reserve ratio increased to 6.0% from 0.2%. While the changes were positive, they were below DC PCSB's standard. The school had no outstanding long-term debt but did have a deferred rent obligation of \$4.1M, or approximately 78% of the total liabilities.

In 2015, the school entered into a lease agreement to occupy approximately 60,000 square feet of space. The lease expires in 2030, with an option for three renewal periods of five years each.

School Name	FY18 Revenues	FY18 Operating Result
The Children's Guild DC PCS	\$13,018,493	\$715,308
Management Organization ("MO") / Related Party ("RP")	MO/RP Tax Status	
The Children's Guild	Non-Profit	
Highest Paid Employee / Head of MO / RP	Title	Total Compensation
Andrew Ross	Chief Executive Officer and President	\$384,226
Services Provided	FY18 Payment	% of School Revenue
Non-Profit	1,562,241	
Total	1,562,241	

DC PCSB Comments

The Children's Guild Inc. (the Guild) has several major programs, including management of charter schools. The Guild assisted in the school's initial formation and provides management and administrative services to the school. The annual fee is 12% of gross revenue, plus reimbursement of certain costs paid by the Guild on the school's behalf. In 2018, the total amount paid to the Guild was \$2.2M, which included \$1,562,241 of management fees related to FY 2018 and \$696,235 of unpaid fees from FY 2017.

Please note that the highest paid employee above was taken from the most recent 990 available at the time this report was produced.

School Comments