



Aspire Public Schools

Quarterly Financial Report¹

For the three months ending September 30, 2015

November 15, 2015

¹ Financials unaudited.

Financial Discussion

I. Overview

- For the three months ending September 30, 2015, Earnings before Interest, Depreciation and Amortization (EBIDA) was \$7.2 million versus \$6.8 million for the three months ending September 30, 2014.
- Enrollment grew this year by approximately 500 students, and we met our budgeted enrollment targets. Enrollment at September 30, 2015 was 15,104, which was 3% higher than the same period one year ago.
- Our state per pupil revenues increased by just over \$1,000 per student compared to the prior year due to the continued roll-out of California's Local Control Funding Formula. This year's surplus is being used on direct school programs, and salary and benefit increases across the organization.
- Expenses are on track with budget. Overall expenses were \$5.8 million higher than a year ago due to enrollment growth and increases in teacher compensation.
- Aspire ended the quarter with \$40.4 million in cash, compared to \$39.6 million at June 30, 2015.
- During the first quarter, Aspire's net debt decreased by \$3.8 million and ended the quarter with \$112.5 million in debt. Over the next year, through September 30, 2016, the organization is scheduled to make \$6.0 million in principal payments and \$6.0 million in interest payments. Aspire has sufficient funds to meet these obligations.
- Aspire renewed its annual line of credit with Umpqua Bank for up to \$10 million. This line of credit increases the organization's flexibility in managing its cash resources. As of September 30, 2015, Aspire had drawn \$1.5 million on the line of credit for short-term capital expansion needs.

II. Enrollment and Average Daily Attendance

- Enrollment at September 30, 2015 was 15,104 compared to 14,598 at September 30, 2014, a growth of approximately 500 students. Roughly half of the growth came from opening a new school in California, Aspire Richmond Technology Academy, and half came from enrollment growth at existing California schools.
- Attendance percentages were ahead of expectations in California. Budget ADA is 95.8% for the year. Actual ADA was 97.0% for the first quarter. (In Tennessee, state funding is calculated based on enrollment and not attendance).

III. Revenues

- Revenues for the three months ending September 30, 2015 were \$44.6 million, which was 18% higher than the comparable amount one year ago. The primary drivers of the increase were higher Local Control Funding Formula funding rates in California, increases in enrollment, and one-time state funds for California schools.
- Federal program revenues decreased by \$0.3 million in the first quarter as compared to a year ago. This was a planned decrease in Teacher Incentive Fund grant expenses.

IV. Expenses

- Quarterly expenses at the schools were \$32.5 million. This was 23% higher than one year ago and on-budget. The growth in school expense was driven by increased teacher compensation, increased enrollment (new staff, furniture, supplies, technology), and cost of living adjustments for existing staff.
- Regional office expenses on a quarterly basis were \$1.6 million, which was \$0.2 million higher than a year ago. The overall increase was made up of a decrease of \$0.3 million in federal grant funded professional development expenses and an increase in regional coaching support of \$0.6 million.
- Home office expenses on a quarterly basis were \$5.1 million, which was \$0.6 million lower than a year ago because of the planned reduction in Teacher Incentive Fund grant expenses.

V. Balance Sheet

- Accounts receivable was \$27.8 million at September 30, 2015. The balance was as per Aspire's internal expectations, knowing the cyclical nature of state and federal funding.
- The organization had \$17.8 million in current liabilities at September 30, 2015 versus \$20.3 million at June 30, 2015. The decrease was from a reduction in accounts payable of \$2.4 million related to payments for facility construction projects and the reduction of \$1.3 million of accrued interest that was paid on July 1, 2015.

VI. Other Charter Updates

- Five charter renewals have been completed this year thus far including:
 1. Aspire Tate Academy (Los Angeles Unified)
 2. Aspire Inskeep Academy (Los Angeles Unified)
 3. Aspire Slauson Academy (Los Angeles Unified)
 4. Aspire Alexander Twilight College Preparatory Academy (San Juan Unified)
 5. Aspire Alexander Twilight Secondary Academy (San Juan Unified)
- Three charter petitions are still pending approval:
 1. New school (Lodi Unified; decision hearing scheduled for November 17, 2015)
 2. Aspire Summit Charter Academy (Ceres Unified; decision hearing scheduled for January 7, 2016)
 3. Aspire River Oaks Charter (Lodi Unified; decision hearing schedule for February 2, 2016)
- Aspire received a charter approval from Shelby County Office of Education in Tennessee. Shelby County could be an additional charter authorizer for Aspire in Tennessee, in addition to the Achievement School District.

Aspire Public Schools
Unaudited Consolidated Balance Sheet

		<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets					
Current	Cash & Equivalents	\$ 40,351,862	\$ 42,435,709	\$ 39,558,110	\$ 33,892,359
	Restricted Cash	1,598,640	1,642,687	3,808,122	3,695,292
	Accounts Receivable	27,759,720	24,486,964	24,296,763	24,481,110
	Pledges Receivable	6,604,058	3,628,289	9,528,348	6,014,287
	Prepaid Expenses	427,627	450,894	656,441	257,053
		-----	-----	-----	-----
	Total Current Assets	76,741,908	72,644,543	77,847,785	68,340,100
Non-Current	Restricted Cash	7,676,880	7,675,598	11,613,493	13,255,781
	Pledges Receivable	2,179,654	830,512	2,179,654	830,512
	Property & Equipment (net)	149,037,857	135,964,803	147,283,869	136,490,660
	Other Assets (net)	4,053,378	4,412,203	4,121,042	4,470,487
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	Total Non-Current Assets	162,947,769	148,883,116	165,198,058	155,047,441
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	Total Assets	\$ 239,689,677	\$ 221,527,659	\$ 243,045,843	\$ 223,387,542
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Liabilities & Net Assets					
Current	Accounts Payable	6,319,866	5,191,735	8,762,941	6,581,608
	Accrued Expenses	7,331,465	6,766,393	8,595,186	8,040,736
	Deferred Revenue	-	600,000	-	-
	Capital Leases	661,250	640,000	655,000	635,000
	Debt	1,999,298	2,023,814	2,299,298	2,070,896
	Lines of Credit	1,500,000	-	-	-
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	Total Current Liabilities	17,811,879	15,221,942	20,312,425	17,328,240
Non-Current	Deferred Rent Due	761,896	709,843	750,083	695,531
	Capital Leases	15,165,000	15,826,250	15,335,000	15,990,000
	Debt	110,533,982	115,690,089	114,045,021	116,745,506
	Inter-Organization	-	-	-	0
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	Total Liabilities	144,272,757	147,448,124	150,442,529	150,759,278
Net Assets	Beginning Net Assets	92,603,314	72,628,265	72,628,265	54,427,024
	Change in Net Assets	2,813,605	1,451,269	19,975,049	18,201,241
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	Ending Net Assets	95,416,920	74,079,534	92,603,314	72,628,265
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	Total Liabilities & Net Assets	\$ 239,689,677	\$ 221,527,659	\$ 243,045,843	\$ 223,387,542
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Note: Certain items have been reclassified to conform with current period presentation.

Aspire Public Schools
Unaudited Consolidated Statement of Activities

	<u>Three Months Ended</u> <u>September 30, 2015</u>	<u>Three Months Ended</u> <u>September 30, 2014</u>	<u>Twelve Months Ended</u> <u>June 30, 2015</u>	<u>Twelve Months Ended</u> <u>June 30, 2014</u>
Active Schools	38	38	38	37
Enrollment	15,104	14,598	14,669	13,556
Average Daily Attendance %	97.0%	97.3%	95.7%	96.1%
ADA	14,653	14,197	14,033	13,032
Revenues				
State ADA-Based	\$ 32,872,662	\$ 27,751,134	\$ 111,777,169	\$ 92,216,900
<i>Per ADA (Annualized)</i>	8,974	7,819	7,966	7,076
Other State	3,712,436	2,323,540	10,085,094	8,741,808
Total State Revenues	----- 36,585,098	----- 30,074,675	----- 121,862,264	----- 100,958,708
Federal Programs	3,675,111	3,945,898	16,292,371	14,545,327
Special Education	2,246,556	2,083,335	8,985,890	8,424,736
Food Programs	1,053,360	927,162	4,946,695	3,701,068
Local	534,663	272,717	1,409,845	1,186,603
Donations & Grants	455,972	535,755	7,898,116	4,767,172
Other Income	11,329	14,594	(107,427)	(151,436)
Total Revenues	----- 44,562,088	----- 37,854,136	----- 161,287,755	----- 133,432,178
Expenses				
<i>Schools</i>				
Payroll & Benefits	24,066,716	19,607,821	86,706,043	76,050,865
Operating	8,418,197	6,710,555	30,102,211	24,556,468
Total School Expenses	----- 32,484,913	----- 26,318,375	----- 116,808,255	----- 100,607,333
<i>Regional Office</i>				
Payroll & Benefits	1,293,959	815,717	3,425,830	2,339,342
Operating	290,517	536,080	1,072,146	570,223
Total Regional Office Expenses	----- 1,584,476	----- 1,351,798	----- 4,497,977	----- 2,909,564
<i>Home Office</i>				
Payroll & Benefits	3,764,985	3,719,540	14,617,015	12,819,773
Operating	1,342,625	1,976,800	6,284,292	4,701,105
Total Home Office Expenses	----- 5,107,610	----- 5,696,340	----- 20,901,307	----- 17,520,878
Total Expenses	----- 39,176,999	----- 33,366,513	----- 142,207,538	----- 121,037,774
CY Expenses with PY Revenues	(1,852,083)	(2,358,910)	(7,780,354)	(6,952,608)
Total Expenses for EBIDA	----- 37,324,916	----- 31,007,603	----- 134,427,184	----- 114,085,167
Earnings Before Interest & Depreciation	7,237,172	6,846,533	26,860,571	19,347,011
Other (Income) Expense				
Depreciation & Amortization	1,358,750	1,347,793	5,351,025	4,889,486
Interest	1,640,582	1,688,561	6,737,034	6,770,979
Other (Income) Expense	47,866	0	108,115	106
CY Expenses with PY Revenues	1,852,083	2,358,910	7,780,354	6,952,608
Net Other	----- 4,899,281	----- 5,395,264	----- 19,976,527	----- 18,613,178
Net Funds Provided (Used)	----- 2,337,891	----- 1,451,269	----- 6,884,044	----- 733,833
Special Multi-Year Revenues	475,715	-	13,091,006	17,467,408
Total Funds Provided	----- \$ 2,813,605	----- \$ 1,451,269	----- \$ 19,975,049	----- \$ 18,201,241

Note: Certain items have been reclassified to conform with current period presentation.

Aspire Public Schools
Unaudited Consolidated Statement of Changes In Cash

	<u>Three Months Ended</u> <u>September 30, 2015</u>	<u>Three Months Ended</u> <u>September 30, 2014</u>	<u>Twelve Months Ended</u> <u>June 30, 2015</u>	<u>Twelve Months Ended</u> <u>June 30, 2014</u>
Operating Activities				
Total Funds Provided	\$ 2,813,605	\$ 1,451,269	\$ 19,975,049	\$ 18,201,241
Depreciation & Amortization	1,358,750	1,347,793	5,351,025	4,889,486
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Provided By Operating Activities	4,172,355	2,799,062	25,326,074	23,090,727
Current Balance Sheet Accounts				
Restricted Cash	2,209,481	2,052,605	(112,830)	(892,874)
Accounts Receivable	(3,462,957)	(5,854)	184,346	7,725,826
Pledges Receivable	2,924,290	2,385,998	(3,514,061)	(1,018,511)
Prepaid Expenses	228,814	(193,841)	(399,388)	368,773
Accounts Payable	(2,443,075)	(1,389,873)	2,181,333	(1,627,197)
Accrued Expenses	(1,263,720)	(1,274,343)	554,449	310,225
Deferred Revenue	-	600,000	-	-
Capital Leases	6,250	5,000	20,000	25,000
Debt	(300,000)	(47,082)	228,402	(2,115,345)
Lines of Credit	1,500,000	-	-	-
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Net Current Changes	(600,916)	2,132,610	(857,749)	2,775,898
Non-Current Balance Sheet Accounts				
Restricted Cash	3,936,613	5,580,184	1,642,288	(5,579,752)
Pledges Receivable	-	-	(1,349,141)	1,780,963
Property & Equipment (net)	(1,753,989)	525,857	(10,793,208)	(5,621,765)
Other Assets (net)	67,664	58,285	349,445	665,937
Depreciation & Amortization	(1,358,750)	(1,347,793)	(5,351,025)	(4,889,486)
Deferred Rent Due	11,813	14,312	54,552	66,893
Capital Leases	(170,000)	(163,750)	(655,000)	(635,000)
Debt	(3,511,039)	(1,055,417)	(2,700,485)	637,246
Inter-organization	-	(0)	(0)	(0)
	-----	-----	-----	-----
Net Non-Current Changes	(2,777,687)	3,611,677	(18,802,575)	(13,574,964)
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Net Change In Cash	793,752	8,543,349	5,665,750	12,291,661
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Beginning Cash	39,558,110	33,892,359	33,892,359	21,600,698
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Ending Cash	\$ 40,351,862	\$ 42,435,709	\$ 39,558,110	\$ 33,892,359
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Note: Certain items have been reclassified to conform with current period presentation.