



College for Certain

Aspire Public Schools

Quarterly Financial Report¹

For the three and six months ending December 31, 2015

February 26, 2016

¹ Financials unaudited.

Financial Discussion

I. Overview

- For the six months ending December 31, 2015, Earnings before Interest, Depreciation and Amortization (EBIDA) was \$13.1 million versus \$15.4 million for the six months ending December 31, 2014.
- Enrollment grew this year by close to 600 students, and we met our budgeted enrollment targets. Enrollment at December 31, 2015 was 15,199, which was 4% higher than the same period one year ago. Average daily attendance for the six months to December 31, 2015 was 96.4%.
- 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 \$13.5 million higher than a year ago due to enrollment growth and increases in teacher compensation.
- Unrestricted cash amounted to \$38.1 million, and was \$5M lower December 2014 due to the repayment of debt.
- In December 2015, we received \$9.4M from the state of California representing the full funding of the Aspire Antonio Maria Lugo Academy Prop 1D project. This allowed us to repay \$6.9M of short term financing.
- During the second quarter, College for Certain, Inc, as representative of the Obligated Group, financed \$20.5 million of Series 2015 bonds through the California School Finance Authority. The proceeds of the bonds were used to repay the \$16.3 million capital lease obligation with Lodi Unified School District. Proceeds from the bonds will also be used to finance the construction of Aspire Ben Holt II school. This project is expected to cost \$8.1 million, and approximately \$5 million from the bond proceeds will be used to finance the outlay.
- As of December 31, 2015, Aspire had paid off its \$1.5 million balance on the line of credit for short-term capital expansion needs.

II. Enrollment and Average Daily Attendance

- Enrollment at December 31, 2015 was 15,199 compared to 14,623 at December 31, 2014, a growth of close to 600 students. Roughly half of the growth came from opening a new California school, Aspire Richmond Technology Academy, and half came from growth at existing California schools.
- Attendance percentages were ahead of expectations in California. The budgeted attendance rate is 95.8% for the year. Actual attendance rates were 96.4% for the first six months of the fiscal year. (In Tennessee, state funding is calculated based on enrollment and not attendance).

III. Revenues

- Revenues for the six months ending December 31, 2015 were \$91.3 million, and were 14% 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 \$0.6 million in the first six months of the year compared to a year ago. This was a planned decrease in Teacher Incentive Fund grant expenses.

IV. Expenses

- School site expenses for the first six months were \$68.2 million. This was 23% higher than one year ago. 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 were \$3.1 million, which was \$0.8 million higher than a year ago, driven by higher payroll and benefit costs.
- Home office expenses for the six months to December 31, 2015 were \$10.3 million, down from \$10.5 million a year ago, and is in line with budget.

V. Balance Sheet

- Accounts receivable was \$26.4 million at December 31, 2015, in line with expectations and the cyclical nature of state and federal funding.
- Fixed assets (net) of \$149.5 million were \$14.4 million higher than in December 2014 due to the construction of the Aspire Antonio Maria Lugo facility and the Aspire Golden State Prep College Academy gymnasium.
- During the second quarter, the capital lease obligation with Lodi Unified School District was repaid. Financing came from the issuance of \$20.5 million of Series 2015 bonds through the California School Finance Authority.
- The \$1.5M line of credit obligation from September 2015 was repaid through state financing from Proposition 1D.
- Net assets increased by \$23 million between December 31, 2015 and December 31, 2014. As at December 31, 2015, net assets were \$101.6 million.

VI. Other Charter Updates

- All seven charter up for renewal this year have been successfully renewed, 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)
 6. Aspire Summit Charter Academy (Ceres Unified)
 7. Aspire River Oaks Charter (Lodi Unified)
- In addition, the petition for our new school in Lodi was also successfully approved:

1. Ben Holt II (Lodi Unified)

- Aspire received a charter approval from the 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>December 31, 2015</u>	<u>December 31, 2014</u>	<u>September 31, 2015</u>	<u>September 31, 2014</u>
Assets					
Current	Cash & Equivalents	\$ 38,137,275	\$ 43,052,743	\$ 40,351,862	\$ 42,435,709
	Restricted Cash	9,510,610	3,285,457	1,598,640	1,642,687
	Accounts Receivable	26,386,015	23,201,645	27,711,480	24,486,964
	Pledges Receivable	4,604,058	3,812,789	6,604,058	3,628,289
	Prepaid Expenses	632,205	676,614	427,627	450,894
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	Total Current Assets	79,270,162	74,029,249	76,693,668	72,644,543
Non-Current	Restricted Cash	7,677,119	7,675,967	7,676,880	7,675,598
	Pledges Receivable	968,735	830,512	2,179,654	830,512
	Property & Equipment (net)	149,508,176	135,082,672	149,037,857	135,964,803
	Other Assets (net)	3,771,671	4,353,918	4,053,378	4,412,203
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	Total Non-Current Assets	161,925,701	147,943,069	162,947,769	148,883,116
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	Total Assets	\$ 241,195,863	\$ 221,972,318	\$ 239,641,437	\$ 221,527,659
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Liabilities & Net Assets					
Current	Accounts Payable	3,400,439	3,665,650	6,320,183	5,191,735
	Accrued Expenses	6,999,664	6,618,675	7,331,465	6,766,393
	Deferred Revenue	-	500,000	-	600,000
	Capital Leases	-	645,000	661,250	640,000
	Debt	1,585,000	1,447,920	1,999,298	2,023,814
	Lines of Credit	-	-	1,500,000	-
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	Total Current Liabilities	11,985,103	12,877,245	17,812,197	15,221,942
Non-Current	Deferred Rent Due	773,709	724,155	761,896	709,843
	Capital Leases	-	15,662,500	15,165,000	15,826,250
	Debt	126,856,597	114,135,921	110,533,982	115,690,089
	Inter-Organization	-	-	-	-
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	Total Liabilities	139,615,409	143,399,821	144,273,074	147,448,124
Net Assets	Beginning Net Assets	92,603,314	72,628,265	92,603,314	72,628,265
	Change in Net Assets	8,977,140	5,944,232	2,765,048	1,451,269
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	Ending Net Assets	101,580,454	78,572,497	95,368,362	74,079,534
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	Total Liabilities & Net Assets	\$ 241,195,863	\$ 221,972,318	\$ 239,641,437	\$ 221,527,659
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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>Six Months Ended</u> <u>December 31, 2015</u>	<u>Six Months Ended</u> <u>December 31, 2014</u>	<u>Three Months Ended</u> <u>December 31, 2015</u>	<u>Three Months Ended</u> <u>December 31, 2014</u>
Active Schools	38	38	38	38
Enrollment	15,199	14,623	15,287	14,663
Average Daily Attendance %	96.4%	96.4%	95.9%	95.8%
ADA	14,654	14,099	14,658	14,050
 Revenues				
State ADA-Based	\$ 65,728,329	\$ 55,740,041	\$ 32,855,667	\$ 27,988,907
<i>Per ADA (Annualized)</i>	<i>8,971</i>	<i>7,907</i>	<i>8,966</i>	<i>7,968</i>
Other State	8,026,817	4,353,489	4,314,381	2,029,948
Total State Revenues	73,755,146	60,093,530	37,170,049	30,018,855
Federal Programs	8,434,986	7,785,556	4,759,875	3,839,658
Special Education	4,572,240	4,220,224	2,325,684	2,136,889
Food Programs	2,335,479	2,240,870	1,282,119	1,313,708
Local	1,178,763	673,082	644,100	400,365
Donations & Grants	1,026,007	4,722,087	570,035	4,186,332
Other Income	17,976	78,652	6,646	64,058
Total Revenues	91,320,596	79,814,001	46,758,508	41,959,865
 Expenses				
<i>Schools</i>				
Payroll & Benefits	51,420,512	41,762,118	27,353,797	22,154,297
Operating	16,821,233	13,615,790	8,354,478	6,905,236
Total School Expenses	68,241,745	55,377,908	35,708,275	29,059,533
 <i>Regional Office</i>				
Payroll & Benefits	2,557,287	1,610,120	1,263,328	794,403
Operating	493,180	644,569	202,662	108,489
Total Regional Office Expenses	3,050,467	2,254,690	1,465,991	902,892
 <i>Home Office</i>				
Payroll & Benefits	7,446,198	7,133,880	3,681,213	3,414,340
Operating	2,890,157	3,399,886	1,547,533	1,423,086
Total Home Office Expenses	10,336,355	10,533,766	5,228,745	4,837,426
Total Expenses	81,628,567	68,166,364	42,403,010	34,799,851
CY Expenses with PY Revenues	(3,423,613)	(3,737,051)	(1,571,530)	(1,378,141)
Total Expenses for EBIDA	78,204,954	64,429,314	40,831,481	33,421,710
Earnings Before Interest & Depreciation	13,115,642	15,384,688	5,927,027	8,538,155
 Other (Income) Expense				
Depreciation & Amortization	2,966,674	2,682,209	1,607,924	1,334,416
Interest	3,210,871	3,371,195	1,570,289	1,682,635
Other (Income) Expense	47,030	-	(836)	0
CY Expenses with PY Revenues	3,423,613	3,737,051	1,571,530	1,378,141
Net Other	9,648,188	9,790,455	4,748,907	4,395,192
Net Funds Provided (Used)	3,467,455	5,594,232	1,178,121	4,142,963
Special Multi-Year Revenues	5,509,685	350,000	5,033,970	350,000
Total Funds Provided	\$ 8,977,140	\$ 5,944,232	\$ 6,212,091	\$ 4,492,963

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

Aspire Public Schools
Unaudited Consolidated Statement of Changes In Cash

	<u>Six Months Ended</u> <u>December 31, 2015</u>	<u>Six Months Ended</u> <u>December 31, 2014</u>	<u>Three Months Ended</u> <u>December 31, 2015</u>	<u>Three Months Ended</u> <u>December 31, 2014</u>
Operating Activities				
Total Funds Provided	\$ 8,977,140	\$ 5,944,232	\$ 6,212,091	\$ 4,492,963
Depreciation & Amortization	2,966,674	2,682,209	1,607,924	1,334,416
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Provided By Operating Activities	11,943,814	8,626,441	7,820,015	5,827,379
Current Balance Sheet Accounts				
Restricted Cash	(5,702,488)	409,835	(7,911,969)	(1,642,771)
Accounts Receivable	(2,089,252)	1,279,465	1,325,465	1,285,319
Pledges Receivable	4,924,290	2,201,498	2,000,000	(184,500)
Prepaid Expenses	24,236	(419,561)	(204,578)	(225,720)
Accounts Payable	(5,362,502)	(2,915,958)	(2,919,744)	(1,526,085)
Accrued Expenses	(1,595,522)	(1,422,061)	(331,801)	(147,718)
Deferred Revenue	-	500,000	-	(100,000)
Capital Leases	(655,000)	10,000	(661,250)	5,000
Debt	(714,298)	(622,976)	(414,298)	(575,894)
Lines of Credit	-	-	(1,500,000)	-
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Net Current Changes	(11,170,534)	(979,759)	(10,618,175)	(3,112,369)
Non-Current Balance Sheet Accounts				
Restricted Cash	3,936,374	5,579,815	(239)	(369)
Pledges Receivable	1,210,919	-	1,210,919	-
Property & Equipment (net)	(2,224,307)	1,407,988	(470,318)	882,131
Other Assets (net)	349,371	116,569	281,707	58,285
Depreciation & Amortization	(2,966,674)	(2,682,209)	(1,607,924)	(1,334,416)
Deferred Rent Due	23,627	28,624	11,813	14,312
Capital Leases	(15,335,000)	(327,500)	(15,165,000)	(163,750)
Debt	12,811,576	(2,609,585)	16,322,615	(1,554,168)
Inter-organization	-	(0)	-	-
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Net Non-Current Changes	(2,194,114)	1,513,702	583,573	(2,097,975)
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Net Change In Cash	(1,420,835)	9,160,384	(2,214,587)	617,035
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Beginning Cash	39,558,110	33,892,359	40,351,862	42,435,709
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Ending Cash	\$ 38,137,275	\$ 43,052,743	\$ 38,137,275	\$ 43,052,743
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Note: Certain items have been reclassified to conform with current period presentation.