



# MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

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|---------------------|-------------------------------------------------------|
| Board Agenda Item # | II B                                                  |
| Date:               | June 28, 2016                                         |
| To:                 | MPS Board of Directors                                |
| From:               | Caprice Young, Ed.D., CEO & Superintendent            |
| Staff Lead:         | Oswaldo Diaz, Chief Financial Officer                 |
| RE:                 | Charter School Benchmark Metrics- CMO Allocation Fees |

## **CHARTER SCHOOL BENCHMARK METRICS**

During the June 6, 2016 Board meeting, the Board requested an operating metrics surveying competing charter school management organizations to compare Magnolia Public Schools to. As such, Oswaldo Diaz and Steven Kao analyzed the latest available Tax Form 990 filings and audited financial statements for numerous charter school management organizations operating in the State of California and created a spreadsheet displaying the findings. It should be noted that the latest available tax filings and financial statements ranged between 2012 and 2015. This memo will focus on the Tax 990 Forms since they provide more detailed expense breakouts. A table of metrics derived from the latest available audited financial statements will be included in the Appendix for support and backup. Below is a summary of the dataset's Tax Form 990 filings adjusted to exclude charitable donations, which skewed the data (explained in following sections):

|                               | Magnolia<br>Tax Year 2014 | High Tech High<br>Tax Year 2013 | ICEF<br>Tax Year 2013 | King Chavez<br>Tax Year 2013 | Aspire<br>Tax Year 2014 | Green Dot<br>Tax Year 2014 | KIPP LA<br>Tax Year 2013 | Rocketship<br>Tax Year 2013 | Dataset<br>Average |
|-------------------------------|---------------------------|---------------------------------|-----------------------|------------------------------|-------------------------|----------------------------|--------------------------|-----------------------------|--------------------|
| Districts                     | 4                         | 2                               | 1                     | 1                            | 13                      | 3                          | 1                        | 6                           | 4                  |
| Schools                       | 11                        | 12                              | 14                    | 6                            | 38                      | 16                         | 11                       | 13                          | 15                 |
| Enrollment                    | 3,790                     | 5,000                           | 4,200                 | 2,000                        | 14,600                  | 10,257                     | 2,873                    | 4,500                       | 5,903              |
| Revenue                       | 34,357,458                | 41,671,872                      | 39,500,276            | 20,032,005                   | 176,632,038             | 126,810,769                | 49,304,617               | 51,673,472                  | 67,497,813         |
| Revenue Per Student           | 9,065                     | 8,334                           | 9,405                 | 10,016                       | 12,098                  | 12,363                     | 17,161                   | 11,483                      | 11,241             |
| Revenue Per School            | 3,123,405                 | 3,472,656                       | 2,821,448             | 3,338,668                    | 4,648,212               | 7,925,673                  | 4,482,238                | 3,974,882                   | 4,223,398          |
| Charitable Grants             | -                         | -                               | 3,110,297             | -                            | 22,708,825              | 6,259,188                  | 17,963,638               | 7,581,197                   | 7,202,893          |
| Revenue (Excluding Charity)   | 34,357,458                | 41,671,872                      | 36,389,979            | 20,032,005                   | 153,923,213             | 120,551,581                | 31,340,979               | 44,092,275                  | 60,294,920         |
| Revenue Per Student           | 9,065                     | 8,334                           | 8,664                 | 10,016                       | 10,543                  | 11,753                     | 10,908                   | 9,845                       | 9,891              |
| Revenue Per School            | 3,123,405                 | 3,472,656                       | 2,599,284             | 3,338,668                    | 4,050,611               | 7,534,474                  | 2,849,180                | 3,391,713                   | 3,794,999          |
| Program Expenses              | 24,546,342                | 31,217,926                      | 30,471,152            | 13,903,936                   | 125,187,472             | 104,851,715                | 23,324,928               | 48,982,630                  | 50,310,763         |
| Per Student                   | 6,477                     | 6,244                           | 7,255                 | 6,952                        | 8,574                   | 10,222                     | 8,118                    | 10,885                      | 8,091              |
| % of Revenue (excl. Charity)  | 71%                       | 75%                             | 84%                   | 69%                          | 81%                     | 87%                        | 74%                      | 111%                        | 82%                |
| % of Expenses (excl. Charity) | 78%                       | 76%                             | 83%                   | 71%                          | 81%                     | 83%                        | 72%                      | 93%                         | 80%                |
| Per District                  | 6,136,586                 | 15,608,963                      | 30,471,152            | 13,903,936                   | 9,629,806               | 34,950,572                 | 23,324,928               | 8,163,772                   | 17,773,714         |
| Management Expenses           | 6,748,723                 | 9,975,710                       | 6,085,377             | 5,680,515                    | 29,764,204              | 21,268,501                 | 9,197,680                | 3,852,369                   | 11,571,635         |
| Per Student                   | 1,781                     | 1,995                           | 1,449                 | 2,840                        | 2,039                   | 2,074                      | 3,201                    | 856                         | 2,029              |
| % of Revenue (excl. Charity)  | 20%                       | 24%                             | 17%                   | 28%                          | 19%                     | 18%                        | 29%                      | 9%                          | 20%                |
| % of Expenses (excl. Charity) | 22%                       | 24%                             | 17%                   | 29%                          | 19%                     | 17%                        | 28%                      | 7%                          | 20%                |
| Per District                  | 1,687,181                 | 4,987,855                       | 6,085,377             | 5,680,515                    | 2,289,554               | 7,089,500                  | 9,197,680                | 642,062                     | 4,707,465          |
| Total Expenses                | 31,295,065                | 41,193,636                      | 36,556,529            | 19,584,451                   | 154,951,676             | 126,120,216                | 32,522,608               | 52,834,999                  | 61,882,398         |
| Per Student                   | 8,257                     | 8,239                           | 8,704                 | 9,792                        | 10,613                  | 12,296                     | 11,320                   | 11,741                      | 10,120             |
| Per District                  | 7,823,766                 | 20,596,818                      | 36,556,529            | 19,584,451                   | 11,919,360              | 42,040,072                 | 32,522,608               | 8,805,833                   | 22,481,180         |
| Operating Income              | 3,062,393                 | 478,236                         | 166,550               | 447,554                      | 1,028,463               | 5,568,635                  | 1,181,629                | 8,742,724                   | 1,587,477          |
| % margin                      | 9%                        | 1%                              | 0%                    | 2%                           | -1%                     | -5%                        | -4%                      | -20%                        | -2%                |
| EBITDAR                       | 6,387,604                 | 9,361,879                       | 3,898,870             | 2,642,543                    | 17,207,707              | 9,593,747                  | 1,858,710                | 515,591                     | 6,433,331          |
| % margin                      | 19%                       | 22%                             | 11%                   | 13%                          | 11%                     | 8%                         | 6%                       | 1%                          | 11%                |
| Per Student                   | 1,685                     | 1,872                           | 928                   | 1,321                        | 1,179                   | 935                        | 647                      | 115                         | 1,090              |
| EBITDA                        | 3,357,219                 | 2,409,063                       | 25,892                | 1,555,375                    | 3,099,960               | -2,016,768                 | -953,464                 | -8,476,196                  | -124,865           |
| % margin                      | 10%                       | 6%                              | 0%                    | 8%                           | 2%                      | -2%                        | -3%                      | -19%                        | 0%                 |
| Per Student                   | 886                       | 482                             | 6                     | 778                          | 212                     | -197                       | -332                     | -1,884                      | -21                |

## Revenue

Revenue per student ranged between \$8,334 and \$17,161 based on the Tax 990 Forms and between \$8,841 and \$13,342 based on audited financial statements. Size of the organization plays a factor as smaller organizations earn less per student compared to larger organizations. Smaller organizations such as Magnolia (\$9,065/student), High Tech High (\$8,334/student), ICEF (\$9,405/student) and King Chavez (\$10,016/student) obtain significantly less than larger organizations such as Aspire (\$12,098/student), Green Dot (\$12,363/student), KIPP LA (\$17,161/student) and Rocketship (\$11,538/student).

Larger organizations that garner higher revenue per student rates do so through grants and charitable contributions. For example, KIPP LA raised \$18MM in contributions translating to \$6,252 per student in Tax Year 2013. To accomplish this they spent \$743k in expenses to support their fundraising platform. Three companies did not show explicit fundraising expenses but still raised substantial funds: ICEF raised \$3.1MM (\$741 per student) in 2013; Aspire raised \$22MM (\$1,555 per student) in 2014 and Green Dot raised \$6.3MM (\$610 per student) in 2014.

Other than charitable grants, revenue per student is affected by the free and reduced level of the students served and the locality that the school resides in.

In conclusion, Magnolia Public School's revenues are in line with other charter school management organizations of similar size. An opportunity exists to obtain charitable grants if human resources are allocated to the fundraising function.

### **Revenues Excluding Charitable Donations**

Larger organizations that have the resources to put into the fundraising function have an unfair advantage over smaller organizations that do not have such a platform. The average revenue per student contribution obtained by fundraising is \$2,170 per student, which is 24% of the per student revenue of Magnolia in 2014. As such, fundraising revenue and expense were excluded in the chart on the first page to provide an accurate comparison of costs and operations.

Without the benefit of charitable contributions, revenue per student rates fall in a tighter range, which is between \$8,334 and \$11,753. Magnolia falls in the middle of the range at \$9,065 per student.

### **Program Expenses**

Program expenses per student ranged from \$6,244 to \$10,937 as per the latest Tax 990 Forms. The average was \$8,091 per student. As expected, the larger organizations with greater revenues and resources tend to have the higher end of the range, whereas smaller organizations have the lower end of the range. Magnolia's program expenses are \$6,477/student, 71% of revenue and 78% of expenses. This is in range of competing organizations of all sizes. Adjusted for charity revenues, the set had a percent of revenue range between 69% to 111% and a percent of total expense range between 71% and 93%.

### **Management Expenses**

Management expenses per student ranged from \$856 and \$3,201, with an average of \$2,029. Magnolia's management fees were below average at \$1,781 per student, 20% of revenue and 22% of expenses. Magnolia was able to accomplish this level of management fees with 4 districts, whereas each additional district adds a layer of complexity in the form of reporting and

compliance work. In comparison, High Tech High had management fees per student of \$1,995 with 2 districts and King Chavez had management fees of \$2,840 per student with 1 district. The dataset had a percent of revenue range between 17% and 29% and a percent of expense range between 7% and 29%.

### **Districts/Authorizers**

As previously stated, the more districts or authorizers an organization serves, the greater the amount of compliance, reporting and administrative work. Amongst 8 organizations in the data set, the average number of districts served was 4, with the outlier being 13 for Aspire on the high side. KIPP LA, King Chavez and ICEF all served only 1 district on the lower end. Total expenses/Districts had a range of \$7.8MM to \$42MM. Magnolia came in at \$7.8MM, which was the lowest rate in the dataset.

### **Earnings before interest, taxes, depreciation, amortization and restructuring or rent costs (EBITDAR)**

EBITDAR margin is a measure of the managerial prowess of an organization in a certain marketplace, before factoring in expenses related to real estate, which have a wide variance based on situation and timing of the real estate cycle. The dataset's EBITDAR margin ranged from 1% to 22%. Magnolia had an EBITDAR margin of 19%, which was the second highest in the dataset.

### **EBITDA**

Magnolia produced EBITDA of \$3.36MM (10% margin or \$886 per student) in Tax Year 2014. On a charity-adjusted basis, Magnolia's EBITDA margin was greater than all other organizations in the data set, with an EBITDA margin of 10%.

Factoring in charity revenues, Magnolia's EBITDA margin was equal to the average of the dataset, which was also of 10%. This was achieved despite Magnolia's challenges of lower revenue per student rate driven by a lack of charitable contribution revenues and a lower student per school levels that deprives Magnolia of economies of scale.

## CMO Fees

Obtaining CMO fee data was challenging, as only some organizations provided such information on their audited financial statements or Tax 990 Forms. Data was available only for Magnolia, King Chavez, Green Dot and Rocketship. Magnolia's CMO fees were \$4.8MM in the FYE 6/30/2015 period, representing: \$1,270/student, \$437,482/school, 14% of revenue and 15% of expenses.

|                     | Magnolia<br>FYE 6/30/2015 | King Chavez<br>6/30/12 | Green Dot<br>6/30/15 | Rocketship<br>FYE 6/30/2015 | Dataset<br>Average |
|---------------------|---------------------------|------------------------|----------------------|-----------------------------|--------------------|
| Districts           | 4                         | 1                      | 3                    | 6                           | 4                  |
| Schools             | 11                        | 6                      | 19                   | 13                          | 16                 |
| Enrollment          | 3,790                     | 2,000                  | 10,257               | 4,831                       | 6,210              |
| Students Per School | 345                       | 333                    | 540                  | 372                         | 371                |
| Management Fees     | 4,812,297                 | 2,050,067              | 15,573,817           | 7,736,987                   | 7,543,292          |
| % of revenue        | 14%                       | 12%                    | 11%                  | 11%                         | 12%                |
| % of expense        | 15%                       | 12%                    | 12%                  | 11%                         | 13%                |
| per Enrollment      | 1,270                     | 1,025                  | 1,518                | 1,602                       | 1,354              |
| per School          | 437,482                   | 341,678                | 819,675              | 595,153                     | 548,497            |

Magnolia's CMO fees appear to be in line. In more detail, Magnolia's CMO fees are low on a per student and per school basis, but on the higher side when viewed as a percentage of revenue or expense. Two possible explanations for this are:

- 1) Magnolia's revenue per student figure is low compared to the set due to a lack of charitable contribution revenue -- Rocketship obtains \$1,087/student and Green Dot obtains \$1,159/student in charitable contributions.
- 2) Magnolia's enrollment per school is low at 345 students per school on average -- Rocketship has 439 students per school on average and Green Dot has 540 students per school on average.

## Management Salary

Per the latest tax 990 forms, below is a summary chart of management compensation:

|                     | Schools   | Districts | Students     | Employees  | CEO            | CFO/CBO        | COO            | CAO            | Facilities     | HR Director    |
|---------------------|-----------|-----------|--------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|
| High Tech High      | 12        | 2         | 5,000        | 644        | 400,735        | 202,752        | 194,944        | 173,641        | 147,462        | 128,310        |
| ICEF                | 14        | 1         | 4,200        | 517        | 215,088        | 162,745        |                | 136,159        | 119,065        | 107,031        |
| King Chavez         | 6         | 1         | 2,000        | 298        | 234,045        | 122,729        |                | 167,114        | 132,593        | 120,952        |
| Aspire              | 38        | 13        | 14,600       | 2,407      | 321,092        | 235,316        | 173,191        | 245,686        | 188,902        | 259,470        |
| Green Dot           | 16        | 3         | 10,257       | 1,235      | 246,922        | 208,394        | 168,490        | 193,599        | 178,079        | 157,865        |
| KIPP LA             | 11        | 1         | 2,873        | 403        | 225,908        | 157,670        | 145,855        | 155,558        | 151,861        | 131,139        |
| Rocketship          | 13        | 6         | 4,500        | 833        | 183,929        | 283,379        | 212,181        | 223,616        | 203,155        | 162,355        |
| <b>Dataset Avg.</b> | <b>16</b> | <b>4</b>  | <b>6,204</b> | <b>905</b> | <b>261,103</b> | <b>196,141</b> | <b>178,932</b> | <b>185,053</b> | <b>160,160</b> | <b>152,446</b> |

## **Conclusion**

This memo should be used as a supplemental benchmark guideline for CMOs operating in California. It should be taken into account that this study was based on the latest publicly available data, which is not the most up to date. Based on the findings included in the document, MPS CMO fees are in line with the fees charged by other comparable CMO organizations. Per the study conducted by VLS the range of CMO fees are between 10 to 20 percent of total expenditures. It is worth noting that the larger CMO's had a lower fee to income ratio due to the fundraising amounts collected. The larger CMO organizations have a strongly developed fundraising platform that supports the annual campaign.

## **Lead Staff**

Oswaldo Diaz, Chief Financial Officer

## Appendix 1: Audited Financial Statement Data

|                                   | Magnolia<br>FYE 6/30/2015 | ICEF<br>FYE 6/30/2013 | King Chavez<br>6/30/12 | Aspire<br>6/30/15 | Green Dot<br>6/30/15 | KIPP LA<br>6/30/15 | Rocketship<br>FYE 6/30/2015 | Dataset<br>Average{ |
|-----------------------------------|---------------------------|-----------------------|------------------------|-------------------|----------------------|--------------------|-----------------------------|---------------------|
| <b>Operations:</b>                |                           |                       |                        |                   |                      |                    |                             |                     |
| Districts                         | 4                         | 1                     | 1                      | 13                | 3                    | 1                  | 6                           | 4                   |
| Schools                           | 11                        | 14                    | 6                      | 35                | 19                   | 13                 | 13                          | 16                  |
| Enrollment                        | 3,790                     | 4,200                 | 2,000                  | 14,600            | 10,257               | 3,790              | 4,831                       | 6,210               |
| Grades                            | K-12                      | K-12                  | K-12                   | K-12              | 6 to 12              | K-8                | K-6                         |                     |
| Students Per School               | 345                       | 300                   | 333                    | 417               | 540                  | 292                | 372                         | 371                 |
| <b>Income Statement</b>           |                           |                       |                        |                   |                      |                    |                             |                     |
| Revenue                           | 34,357,458                | 43,204,074            | 17,682,876             | 169,749,011       | 136,850,868          | 57,512,449         | 67,909,435                  | 75,323,739          |
| Program Expenses                  | 24,626,342                | 33,018,947            | 13,030,789             | 126,842,622       | 122,280,345          | 39,769,976         | 46,219,562                  | 57,969,798          |
| Management Expenses               | 6,668,723                 | 1,769,948             | 4,601,614              | 27,561,037        | 9,021,411            | 5,840,037          | 21,889,307                  | 11,050,297          |
| Total Expenses                    | 31,295,065                | 34,788,895            | 17,632,403             | 154,403,659       | 131,301,756          | 45,610,013         | 68,108,869                  | 69,020,094          |
| Income                            | 3,062,393                 | 8,415,179             | 50,473                 | 19,975,077        | 5,549,112            | 11,902,436         | -199,434                    | 6,965,034           |
| <b>Fund Raising:</b>              |                           |                       |                        |                   |                      |                    |                             |                     |
| Contributions & Grants            | -                         | -                     | -                      | 3,274,440         | 11,245,167           | 12,874,583         | 5,251,662                   | 4,663,693           |
| Donated Services & Property       | -                         | -                     | -                      | 72,478            | 645,144              | -                  | -                           | 119,604             |
| Other                             | -                         | -                     | -                      | -                 | -                    | -                  | -                           | -                   |
| Total Contributed Revenue         | -                         | -                     | -                      | 3,346,918         | 11,890,311           | 12,874,583         | 5,251,662                   | 4,766,211           |
| % of Revenue                      | 0%                        | 0%                    | 0%                     | 2%                | 9%                   | 22%                | 8%                          | 6%                  |
| per Enrollment                    | \$0                       | \$0                   | \$0                    | \$229             | \$1,159              | \$3,397            | \$1,087                     | \$839               |
| Fundraising Expenses              | -                         | -                     | -                      | -                 | -                    | 884,324            | -                           | 884,324             |
| Revenue excl. Fundraising Cont.   | 34,357,458                | 43,204,074            | 17,682,876             | 166,402,093       | 124,960,557          | 44,637,866         | 62,657,773                  | 70,557,528          |
| <b>Profitability</b>              |                           |                       |                        |                   |                      |                    |                             |                     |
| Income                            | 3,062,393                 | 8,415,179             | 50,473                 | 19,975,077        | 5,549,112            | 11,902,436         | -199,434                    | 6,965,034           |
| % margin                          | 8.9%                      | 19.5%                 | 0.3%                   | 11.8%             | 4.1%                 | 20.7%              | -0.3%                       | 9.3%                |
| Rent                              | 2,669,178                 | 3,223,473             | 1,085,382              | 3,480,818         | 9,129,508            | 4,373,382          | 2,542,603                   | 3,786,335           |
| Interest                          | 8,485                     | 738,328               | -                      | 6,797,938         | 4,140,315            | 849,294            | 5,105,988                   | 2,940,058           |
| Depreciation & Amort.             | 286,341                   | 524,578               | 43,110                 | 5,583,539         | 4,072,279            | 1,034,981          | 2,080,534                   | 1,946,480           |
| EBITDAR                           | 6,026,397                 | 12,901,558            | 1,178,965              | 35,837,372        | 22,891,214           | 18,160,093         | 9,529,691                   | 15,217,899          |
| % margin                          | 18%                       | 30%                   | 7%                     | 21%               | 17%                  | 32%                | 14%                         | 20%                 |
| EBITDA                            | 3,357,219                 | 9,678,085             | 93,583                 | 32,356,554        | 13,761,706           | 13,786,711         | 1,881,100                   | 10,702,137          |
| % margin                          | 10%                       | 22%                   | 1%                     | 19%               | 10%                  | 24%                | 3%                          | 13%                 |
| <b>Operational Metrics</b>        |                           |                       |                        |                   |                      |                    |                             |                     |
| Revenue per Enrollment            | \$9,065                   | \$10,287              | \$8,841                | \$11,627          | \$13,342             | \$15,173           | \$14,057                    | \$11,770            |
| Expenses/Enrollment               | \$8,257                   | \$8,283               | \$8,816                | \$10,576          | \$12,801             | \$12,033           | \$14,098                    | \$10,695            |
| Return Spread                     | \$808                     | \$2,004               | \$25                   | \$1,051           | \$541                | \$3,140            | -\$41                       | \$1,075             |
| EBITDA/Enrollment                 | \$886                     | \$2,304               | \$47                   | \$2,216           | \$1,342              | \$3,637            | \$389                       | \$1,546             |
| Program Expenses/Enrollment       | \$6,498                   | \$7,862               | \$6,515                | \$8,688           | \$11,922             | \$10,492           | \$9,567                     | \$8,792             |
| % Program Expenses/Revenue        | 72%                       | 76%                   | 74%                    | 75%               | 89%                  | 69%                | 68%                         | 75%                 |
| % Program Expenses/Expenses       | 79%                       | 95%                   | 74%                    | 82%               | 93%                  | 87%                | 68%                         | 83%                 |
| Management Expenses/Enrollment    | \$1,760                   | \$421                 | \$2,301                | \$1,888           | \$880                | \$1,541            | \$4,531                     | \$1,903             |
| % Management Expenses/Revenue     | 19%                       | 4%                    | 26%                    | 16%               | 7%                   | 10%                | 32%                         | 16%                 |
| % Management Expenses/Expenses    | 21%                       | 5%                    | 26%                    | 18%               | 7%                   | 13%                | 32%                         | 17%                 |
| Management Fees                   | 4,812,297                 | -                     | 2,050,067              | -                 | 15,573,817           | -                  | 7,736,987                   | 7,543,292           |
| % of revenue                      | 14%                       | 0%                    | 12%                    | 0%                | 11%                  | 0%                 | 11%                         | 12%                 |
| % of expense                      | 15%                       | 0%                    | 12%                    | 0%                | 12%                  | 0%                 | 11%                         | 13%                 |
| per Enrollment                    | 1,270                     | -                     | 1,025                  | -                 | 1,518                | -                  | 1,602                       | 1,354               |
| per School                        | 437,482                   | -                     | 341,678                | -                 | 819,675              | -                  | 595,153                     | 548,497             |
| <b>Return</b>                     |                           |                       |                        |                   |                      |                    |                             |                     |
| Return on Assets                  | 12%                       | 32%                   | 1%                     | 8%                | 3%                   | 15%                | 0%                          | 10%                 |
| Return on Capital                 | 14%                       | 36%                   | 1%                     | 9%                | 4%                   | 17%                | 0%                          | 12%                 |
| Return on Equity                  | 24%                       | 116%                  | 3%                     | 22%               | 16%                  | 32%                | -2%                         | 30%                 |
| <b>Working Capital Efficiency</b> |                           |                       |                        |                   |                      |                    |                             |                     |
| Adjusted Working Capital          | 2,184,087                 | 7,651,040             | 3,632,195              | 17,881,510        | 5,666,718            | 900,653            | 7,319,197                   | 6,462,200           |
| AWC/Revenue                       | 0.06                      | 0.18                  | 0.21                   | 0.11              | 0.04                 | 0.02               | 0.11                        | 0.10                |
| AWC Days                          | 23                        | 65                    | 75                     | 38                | 15                   | 6                  | 39                          | 37                  |
| AR Days                           | 44                        | 86                    | 105                    | 52                | 52                   | 40                 | 31                          | 59                  |
| AP Days                           | 30                        | 30                    | 35                     | 41                | 34                   | 56                 | 27                          | 36                  |
| Cash Conversion Cycle             | 14                        | 55                    | 69                     | 11                | 18                   | (16)               | 5                           | 22                  |
| <b>Capital Structure</b>          |                           |                       |                        |                   |                      |                    |                             |                     |
| Debt/EBITDA                       | 2.53                      | 1.66                  | 39.09                  | 4.09              | 7.03                 | 2.47               | 40.35                       | 13.89               |
| Debt/Equity                       | 0.65                      | 2.21                  | 2.23                   | 1.43              | 2.86                 | 0.91               | 7.19                        | 2.50                |
| EBITDA/Interest                   | 395.67                    | 13.11                 | -                      | 4.76              | 3.32                 | 16.23              | 0.37                        | 61.92               |
| <b>S&amp;P Key Metrics</b>        |                           |                       |                        |                   |                      |                    |                             |                     |
| Days Cash on Hand                 | 120                       | 92                    | 26                     | 105               | 76                   | 224                | 89                          | 105                 |
| Lease-Adjusted MADS Coverage      | 2.06x                     | 0.94x                 | 0.25x                  | 2.71x             | 0.67x                | 3.05x              | 0.66x                       | 1.48x               |
| Debt/Total Capital                | 40%                       | 69%                   | 69%                    | 59%               | 74%                  | 48%                | 88%                         | 64%                 |
| Debt/Student                      | 2,245                     | 3,834                 | 1,829                  | 9,064             | 9,430                | 8,993              | 15,712                      | 7,301               |
| Credit Rating                     | BB/Stable                 | BB/Stable             | BB+/Stable             | N/A               | N/A                  | BB+/Stable         | N/A                         |                     |

The chart on the previous page summarizes figures of our dataset (excluding High Tech High which did not have financial statements available) derived from the latest available audited financial statements. This chart is added as an appendix to supplement the body of this memo.