

\$11,500,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY (CSFA)
SCHOOL FACILITY REVENUE BONDS
(REAL JOURNEY ACADEMIES OBLIGATED GROUP)
SERIES 2020A \$10,500,000 (TAX-EXEMPT) AND 2020B \$1,000,000 (TAXABLE)
ITEM #8 - RESOLUTION 20-22

*Not-to-Exceed Amount

STAFF SUMMARY

EXECUTIVE SUMMARY			
Applicant/Borrower:	REAL Journey Academies Foundation, Inc.	Par Amount Requested:	Not-to-Exceed *\$11,500,000
Financing Term: 40 years		Interest Rate: 4.00% - 5.00% (Estimated)	
Applicant Description: REAL Journey Academies Foundation, Inc. is a separate 501(c)(3) nonprofit public benefit corporation formed for the sole purpose of supporting REAL Journey Academies			
Type of Financing: Charter School Revenue Bonds (Tax-Exempt and Taxable)			
Project Users:	The Journey School	County Served:	Riverside County
District in Which Project is Located:	Moreno Valley Unified School District	Charter Authorizer:	Riverside County Office of Education
Project Description: Facility purchase and reimbursement of improvements.			
Project Sites: 25560 Alessandro Blvd. Moreno Valley, CA 92553			
Financing Team:		Financing Details	
Bond Counsel:	Kutak Rock LLP	Type of Issue:	Charter School Revenue Bonds
Underwriter:	Stifel, Nicolaus & Co.	Tax Status:	Tax-Exempt and Taxable
Underwriter's Counsel:	Stradling Yocca Carlson & Rauth	Maturity:	June 1, 2058
Borrower's Counsel:	Hansberger & Klein	Credit Enhancement:	No
Issuer's Counsel:	Attorney General's Office	Credit Rating:	No
Issuer:	California School Finance Authority	CSFA Fees:	See Costs of Issuance Table
Master Trustee:	Wilmington Trust	Other Fees:	See Costs of Issuance Table
CSFA Staff: Robby Biegler		Date of Staff Report: July 21, 2020	
Date of CSFA Board Meeting: July 30, 2020		Resolution Number: 20-22	
Staff Recommendation: Staff recommends the California School Finance Authority Board approve Resolution Number 20-22 authorizing the issuance of an Educational Facility Loan in an amount not to exceed \$11,500,000 to finance and refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain educational facilities located in Riverside County for The Journey School.			

BACKGROUND AND HISTORY

REAL Journey Academies, Inc. (RJA or Borrower) is a charter management organization currently operating four schools in the Inland Empire (IE)¹. Two of its four schools were originally opened by Excel Prep, a separate charter school network, which merged with RJA in 2014. New Vision Middle School (NVMS) was the first campus established by RJA, opening in 2009, and serving grades 6-8. iEmpire Academy, a TK-5 school, was opened by Excel Prep in 2010 as Excel Prep Charter. In 2018, RJA opened Entrepreneur High School (EHS), currently serving grades 9-10, with the expectation of serving grades 9-12 by the 2021-22 school year. NVMS, iEmpire Academy, and EHS are all located in San Bernardino and their charters were approved by the San Bernardino City Unified School District. Also in 2018, RJA opened The Journey School, a TK-6 campus. The Journey School (TJS) is located in Moreno Valley and its charter is approved by the Riverside County Office of Education.

TJS replaced a prior school, Excel Prep - Inland Empire (Excel Prep IE), which was originally opened by the Excel Prep CMO in the 2012-13 academic year, prior to the merger with RJA. Excel Prep IE had been an independent study school authorized by Nuview Union School District (NUSD), located in Moreno Valley, but whose borders did not encompass the physical address of the school, 25560 Alessandro Boulevard, an address located in the Moreno Valley Unified School District (MVUSD). Owing to the recent Superior Court Anderson Decision (Anderson), charter schools no longer have the county boundary exemption and more simply stated, are not allowed to have facilities that are outside of the boundaries of the authorizing district.

In 2014, Excel Prep merged with RJA. At the time, Excel Prep IE continued operating as before: an independent study school authorized by NUSD. When the terms of the prior charter ended on June 30, 2018, RJA let the charter expire, since legally RJA could not continue to operate the school as-is due to the constraints of Anderson. Instead, RJA decided to convert the school to a site-based program and petitioned MVUSD to continue to run the school in the same building, with the same students and teachers as before, renaming it TJS. MVUSD, who has never approved a charter, denied the petition, and eventually the petition was approved by the Riverside County Office of Education (RCOE) on appeal.

While MVUSD did not approve the charter, they have a good working relationship with TJS. MVUSD additionally condensed the approval (denial) process so that RJA could get in front of RCOE faster. Typically, a public hearing is held at one meeting and then the vote is taken a month later at the subsequent meeting. MVUSD held both on the same night so that RJA would not lose a month in the approval process with RCOE.

TJS currently serves 533 students in grades TK-6. The charter for the school expires in June of 2023. In addition, RJA has received authorization from the San Bernardino County Office of Education (SBCOE) to open its fifth charter school, Entrepreneur High School – Fontana (Fontana), which is expected to begin operations in the 2021-22 school year and to be located in Fontana, California. Schools leadership is included as Appendix A.

¹ The Inland Empire is a metropolitan area and region in Southern California, inland of and adjacent to Los Angeles.

Charter terms and authorizers and current enrollments for all campuses are:

School	School Year Established	Grades Served (2019-20)	Enrollment (2019-20)	Projected Full Enrollment	Full Enrollment Projected Date	Charter Expiration	Authorizer
The Journey School	2018-19	TK-6	533	645	Fall 2022	6/30/2023	RCOE
New Vision Middle School	2009-10	6-8	416	450	Fall 2022	6/30/2024	SBCUSD
Entrepreneur High School	2018-19	9-10	358	825	Fall 2021	6/30/2022	SBCUSD
Subtotal – Obligated Group			1,307	1,920			
iEmpire Academy	2010-11	TK-5	404	440	Fall 2021	6/30/2024	SBCUSD
Fontana	2021-22	--	--	--		6/30/2024	SBCOE
Total Network			1,711	[2,360]			

RJA was co-founded by Alex Lucero and Jason Roberts, alumni of the Educational Leadership and Policy Studies Masters at Northridge, as well as former employees of the Partnership to Uplift Communities (PUC) network of schools. At PUC Mr. Lucero was the New Schools Manager and Mr. Roberts was Director of Operations. Messrs. Lucero and Roberts, identifying a need for education options in the IE, decided to use their academic background and institutional knowledge to start a new network of schools.

Of the students attending RJA schools, 84% are classified as economically disadvantaged, 60% of students live in a single parent home, with 68% of that population holding a high school diploma, and 10% of students have a parent in prison. Approximately 71% of RJA's students, during the 2018-19 school year, qualified for free and reduced priced meals; approximately 95% were minorities (non-white), and approximately 16% qualified as English language learner students.

NETWORK DEMOGRAPHICS
2018-19
REAL Journey Academies

% of Free-Reduced Price Meals	70.5%
% of Minority Students (Non-White)	94.9
% of English-Language Learners	16.3

Source: RJA.

Enrollment				Current	Projected				
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
The Journey School									
TK/K			105	108	110	120	120	120	120
1			92	85	85	90	90	90	90
2			81	85	75	80	85	90	90
3			79	79	75	80	85	90	90
4			76	64	70	75	75	85	85
5			59	64	65	70	75	85	85
6			68	48	60	70	75	85	85
Total	-	-	560	533	540	585	605	645	645
New Vision Middle School									
6	62	68	106	91	125	138	150	150	150
7	117	106	138	168	145	145	150	150	150
8	137	129	126	157	145	145	150	150	150
Total	316	303	370	416	415	428	450	450	450
Entrepreneur High School									
9			218	152	192	192	200	210	220
10				206	192	192	192	200	210
11					191	192	192	192	200
12						191	192	192	192
Total	-	-	218	358	575	767	776	794	822
Grand Total	316	303	1,148	1,307	1,530	1,780	1,831	1,889	1,917

Enrollment for TJS is strong as it started out as a fully operational school, close to fully enrolled, bypassing the recruitment needs typical of new schools. There will be incremental growth at TJS over the next five years to fully build out the school. Similarly, NVMS is mostly fully enrolled and will have modest growth over the next five years to reach its full capacity. EHS, on the other hand, just finished its second year of operation, and will be adding grades 11 and 12 over the next two years, more than doubling its total enrollment.

RJA has assumed a slightly slower enrollment growth pattern over the next five years than it had planned prior to the COVID epidemic. Given the uncertainty of what school will look like this fall, and how long this disruption will last, RJA has chosen to be conservative in its enrollment and financial planning. RJA now expects NVMS to reach full enrollment in 2022-23, TJS in 2023-24, and EHS in 2024-25.

This is the second financing for RJA. The Obligated Group issued \$28,705,000 in bonds to purchase a turn-key facility from Red Hook Capital Partners for NVMS and EHS in San Bernardino. Those bonds fully mature in 2058.

PROJECT DESCRIPTION

The proceeds of the bonds will be used to 1) finance the purchase of the Alessandro Blvd. Facility; 2) pay for certain improvement costs associated with the Alessandro Blvd. Facility; 3) fund a debt service reserve and, 4) pay costs of issuance.

Locations and Purpose of the Financing				
Site	Landlord	Location	Purpose	Amount
The Journey School	RJA Alessandro, LLC	25560 Alessandro Blvd. Moreno Valley, CA 92553	Acquisition	\$6,820,356
The Journey School	RJA Alessandro, LLC	25560 Alessandro Blvd. Moreno Valley, CA 92553	Improvements	\$2,500,000
Total Estimated Project Costs				\$9,320,356

American Education Properties (AEP) is a subsidiary of Charter School Capital that purchases school facilities and then leases those facilities to charters, which provides these schools long-term access and building control with a charter-friendly landlord. The TJS lease with AEP did not have a purchase-option built-in to the contract, however, after seven years of leasing and productive conversations between the organizations, the purchase option was extended. Charter School Capital is a primary national provider of working capital to charter schools, as well as offering facility financing and marketing and benefit assistance.

The facility is a 32,600 square, foot two-story building on a parcel that is 3.89 acres. The building is air-conditioned and includes administrative offices, classrooms, auditorium, cafeteria, exterior fenced playground areas, and a gated and secured parking lot. Enrollment capacity is approximately 650. The building was built in 1985 and renovated in 1993.

TJS will finance approximately \$2,500,000 of tenant improvements and renovations for the purchased facility. The installation of an external elevator is expected to cost \$400,000, with the remaining \$2.1 million paying for various other building renovations. Part of the improvements will also be to add two portable classrooms to the site, which will allow the school to get up to their 645 student projected enrollment. Current capacity without the portables is 590.

COVID Discussion

RJA has continued to monitor the financial data in regards to COVID-19 and the current world-wide pandemic. The Board and management have worked diligently to develop a budget that maintains strong cash balances and generates more net income to build reserves, while maintaining a successful academic program.

RJA has budgeted a 15% cut to Categorical Programs. Due to these heavy cuts, RJA has reduced the Home Office budget through the elimination of several positions and salary reductions of 5% to 10% for most remaining employees for the 2020-21 fiscal year. In addition, due to the possibility that schools may be closed in the Fall, RJA has also greatly reduced the Classified Staff as students may not be on campus in the fall and instructional aides and office staff would not be needed. Due to these cuts, taxes were reduced as well as retirement contributions providing the school additional savings. RJA had previously provided for a 403(b) match for Classified Staff that were not in STRS; however, for the 20-21 fiscal year the Organization will not be doing any matching to the 403(b).

In addition to staffing and salary cuts, RJA is going to hold operations and service expenses to the 19-20 levels to ensure adherence to the budget. The individual schools have eliminated some vendors that they would not need during distance learning. RJA has also has a line of credit that is expected to be used during the deferral period in order to avoid selling receivables.

The financial projections included in Appendix B are based on the budgets adopted by the RJA Board and reflect the latest financial information from the state. The projections rely on the Local Control Funding Formula (LCFF) Calculator that is published by the Financial Crisis & Management Assistance Team (FCMAT) each year to assist California schools in planning their revenues. The projections reflect a slightly lower enrollment ramp up than originally planned, to address the uncertainties regarding enrolling new students in the COVID pandemic. RJA has made a number of cost control actions to assure that all four of its schools remain viable in these uncertain times.

These projections were approved prior to Governor Newsom's declaration requiring most schools in California to open the 2020-21 school year with distance learning, and so RJA anticipates that there may be a certain amount of costs savings that can be realized by not having active school operations at the school sites.

Based on these conservative projections, RJA is projecting Base Rent Coverage of at least 1.30x and Days Cash on Hand of 78 days in 2020-21 growing to 138 days in 2024-25.

FINANCING

The bonds will be issued in two series: (1) Series 2020A (tax-exempt) will be approximately \$10,500,000 and (2) Series 2020B (taxable) will be approximately \$1,000,000 (Bonds). The tax-exempt series will be issued to finance items eligible for use of tax-exempt bond proceeds. The taxable series will be used to finance the costs of issuance in excess of 2% of the tax-exempt series. The tax-exempt series is expected to consist of three term bonds maturing on June 1, 2030, June 1, 2040, and June 1, 2058. The taxable series is expected to be issued as one term bond, maturing on June 1, 2022.

The facilities financed with proceeds of the Bonds will be leased to a nonprofit public benefit corporation, pursuant to certain leases by and between the lessee and the landlord. The Facilities will be used by the lessee to operate The Journey School.

Security and Source of Payment

The Bonds will be payable out of payments under the Indenture, consisting primarily of Loan Repayments under the Loan Agreement. The obligations of the Borrower under the Loan Agreement are payable from and secured by the gross school revenues of the borrower.

As additional security and in connection with the issuance of the Bonds, the lessee will provide instructions to the State Controller's Office to make an apportionment to the Trustee with respect to TJS in the amounts, and on the dates provided, in a written notice sufficient in the aggregate to repay the Bonds and pay necessary and incidental costs. Funds received by the Trustee pursuant to such Intercept will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including if necessary, the payment of debt service on the Bonds. Under the laws of the State of California, no party, including the lessee, the Borrower or any of their respective creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the SCO pursuant to the Intercept.

Preliminary Sources and Uses and Preliminary Costs of Issuance

Below are the preliminary estimated sources and uses, and detailed information about the expected costs of issuance for board consideration. Please note these figures are subject to change between

the time the board packets are distributed and the time the board meets, and are further subject to final pricing. Members will be provided updated figures should significant changes occur before the board meeting date.

Sources and Uses

Sources:	Series 2020A (Tax- Exempt)	Series 2020B (Taxable)	Total
Bond Proceeds:			
Par Amount	\$9,620,000	\$605,000	\$10,225,000
Total:	\$9,620,000	\$605,000	\$10,225,000
Uses:	Series 2020A (Tax- Exempt)	Series 2020B (Taxable)	Total
Project Fund Deposits:			
Buyout Price	\$6,820,355	\$0.00	\$6,820,355
Tenant Improvements/ Renovation	\$1,676,178	\$0.00	\$1,676,178
	8,496,533	\$0	\$8,496,533
Other Fund Deposits:			
Capitalized Interest Fund	\$358,078	\$22,519	\$380,597
Debt Service Reserve Fund	\$573,907	\$36,093	\$610,000
	\$931,985	\$58,612	\$990,597
Delivery Date Expenses:			
Cost of Issuance	\$128,405	\$372,341	\$500,746
Underwriter's Discount	\$58,995	\$171,068	\$230,063
	\$187,400	\$543,409	\$730,809
Other Uses of Funds:			
Additional Proceeds	\$4,082	\$2,979	\$7,061
Total:	\$9,620,000	\$605,000	\$10,225,000

Total Costs of Issuance*

Expense	Amount
Underwriter's Discount	\$230,063
Bond Counsel	\$150,000
Borrower's Counsel	\$150,000
Underwriter's & Disclosure Counsel	\$85,000
CSFA Issuance Fee	\$15,112
CSFA 1st Admin Fee	\$1,534
CSFA Application	\$1,500
CSFA Issuer Fee - PFD Fee	\$6,000
Issuer's Counsel (AG)	\$8,000
Bond Trustee & Trustee's Counsel	\$10,000
Title Insurance	\$50,000
Appraisal	\$7,000
Professional Photographer	\$1,600
Printer & Roadshow (AVIA)	\$5,000
Contingency	\$10,000
Total	\$730,809

*Estimates based on a not-to-exceed Par Amount of \$11,500,000

SALES RESTRICTIONS

The following sales restrictions will apply to the financing given the expected non-rating. The Authority's sales restrictions can be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

1. Bonds will be in minimum denominations of **\$100,000**;
2. Bonds will be privately placed or publicly offered initially to Qualified Institutional Buyers (QIBs) and Accredited Investors (AIs).
3. Initial Bond purchasers will be required to execute an Investor Letter;
4. Subsequent transfers of Bonds will be limited to QIBs and AIs;
5. Sales restrictions will be conspicuously noted on bond and described in detail in offering materials, if any, as well as in the bond documents;
6. One or more of the following will be required depending on the transaction, as requested by the financing team and approved by the Authority:
 - a. Traveling Investor Letter; or
 - b. Higher minimum denominations of \$250,000; or
 - c. Physical Delivery; or
 - d. Limited initial sale to QIBs, with subsequent transfers limited to QIBs as well; or
 - e. Other investor protection measures
7. Bond payments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code

OTHER PROJECT DATA

Tax Equity and Fiscal Responsibility Act (TEFRA): The TEFRA Notice was published on the CSFA Webpage on July 23, 2020. The TEFRA hearing will take place on Thursday, July 30, 2020. Staff does not anticipate any comments but will provide an update to the Board if any are received.

Due Diligence Undertaken to Date: No information was disclosed to question the financial viability or legal integrity of the Borrower. Standard opinions of counsel (i.e., that the borrowing entity and/or its sole member has been duly organized, is in good standing, is a disregarded subsidiary of a 501(c)(3) organization, has the full authority to enter into all documents which are valid and binding, etc.) will be delivered at closing.

Additionally, in enacting chapter 1718.35 of the CSFA Act, it is the intent of the Legislature to provide financing only for projects demonstrated by the participating party to be financially feasible. In demonstrating financial feasibility, the participating party may take into account all of its funds, and may base future projections upon historical experience or reasonable expectations, or a combination thereof. Nothing in this section shall be construed to imply that any project is required to produce revenue in order to be financed under this chapter.

Borrower Financial Data: The Borrower is a California nonprofit public benefit corporation formed as a support organization for charter schools formed and controlled by. The sole managing member of the Borrower has received a determination letter from the Internal Revenue Service recognizing it as an entity described in Section 501(c)(3) of the Code.

The limited liability company of which the Borrower is the sole member is a single purpose entity with no assets other than the applicable Facility and its rights under the Lease, which will be assigned to the Trustee. The limited liability company was formed for the purpose of holding the Facility and are not expected to have any other assets or revenue available to it to make payments due under the Loan Agreement. Attached at Exhibit B is a schedule of RJA's five-year budget and its 2020-21 Financial Position.

STAFF RECOMMENDATION

Staff recommends the California School Finance Authority's (CSFA) Board approve Resolution Number 20-22 authorizing the issuance of Charter School Revenue Bonds in an amount not to exceed \$11,500,000 to finance and refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain educational facilities located in Riverside County, California for REAL Journey Academies.

1. **Applicant / Borrower:** REAL Journey Academies Foundation, Inc.
2. **Project:** Purchase and Renovations
3. **Amount of Financing:** Not to exceed \$11,500,000
4. **Maturity:** June 1, 2060
5. **Repayment/Security:** Lease Payments and Deed of Trust on Real Property
6. **Interest Rate:** Estimated to be between 4.00% - 5.00%
7. **Fees:** \$730,809 is the total Costs of Issuance
8. **Not an Unconditional Commitment:** The CSFA resolution shall not be construed as unconditional commitment to finance the Project, but rather CSFA's approval pursuant to the resolution conditioned upon entry by CSFA and the Borrower into a loan agreement, in form and substance satisfactory to CSFA and its counsel.
9. **Limited Time:** The Board's approval expires 12 months from the date of its adoption. Thus, CSFA and the Borrower must enter into the loan agreement no later than 12 months from such date. Once the approval has expired, the item must return to the Board for new approval.
10. **Loan Agreement Covenants:** N/A

**APPENDIX A:
SCHOOL GOVERNANCE**

Officers

Alex Lucero	CEO and Co-Founder
Randel Josserand	Chief Academic Officer
Dr. Christopher Tickell	Superintendent of Instruction
Jaqueline Woods-Jefferson	Assistant Superintendent of Instruction
Ray Culberson	Chief Business Officer

Board of Directors

Diana Z. Rodriguez	President	San Bernardino Valley College, President
Javier Hernandez	Vice President	University of California, Riverside, Retired
Jack D. Rubensaal	Secretary	West Los Angeles College, Professor
Van Trischelle Baysden	Treasurer	Director of Rail Operations, Omnitrans

APPENDIX B: FINANCIAL PROJECTIONS AND ENROLLMENT

RJA - Obligated Group	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Enrollment						
Grades Served	TK-12	TK-12	TK-12	TK-12	TK-12	TK-12
Enrollment	1,323	1,530	1,780	1,831	1,889	1,917
ADA %	95%	95%	95%	95%	95%	95%
Average Daily Attendance ("ADA")	1,255.6	1,453.5	1,691.0	1,739.5	1,794.6	1,821.2
Revenue						
State Aid - Revenue Limit	\$ 13,313,885	\$ 14,126,380	\$ 16,011,363	\$ 16,355,793	\$ 16,658,025	\$ 16,947,866
Other State Revenue	1,301,427	1,197,375	1,370,109	1,419,905	1,485,479	1,505,415
Federal Revenue	1,914,897	1,531,880	1,289,560	1,331,508	1,427,520	1,416,706
SB740 Income	1,285,758	1,378,551	1,691,000	1,739,450	1,757,186	1,756,587
Other Local Revenue	63,225	-	-	-	-	-
Total Income	\$ 17,879,192	\$ 18,234,186	\$ 20,362,032	\$ 20,846,656	\$ 21,328,210	\$ 21,626,574
Expenses						
Certificated Salaries	\$ 4,403,610	\$ 5,782,624	\$ 6,514,106	\$ 6,709,521	\$ 6,910,795	\$ 7,118,109
Classified Salaries	2,240,090	2,236,191	2,180,813	2,246,229	2,313,620	2,383,030
Employee Benefits	1,668,715	2,050,790	2,451,890	2,580,749	2,783,529	2,762,761
Books & Supplies	2,504,082	1,831,249	1,922,900	2,170,074	2,235,177	2,302,236
Services & Other Operating	3,167,649	2,830,876	3,247,664	3,790,617	3,904,328	4,021,466
Facility Rent	587,670	95,895	-	-	-	-
Other Outgo	27,768	-	-	-	-	-
2019 Bond Net Debt Service	491,501	1,742,172	1,737,135	1,739,498	1,736,415	1,735,867
2020 Bond Net Debt Service	-	-	606,250	606,500	606,500	606,250
Total Expenses	\$ 15,091,085	\$ 16,569,798	\$ 18,660,758	\$ 19,843,188	\$ 20,490,364	\$ 20,929,719
Net Income	\$ 2,788,107	\$ 1,664,388	\$ 1,701,274	\$ 1,003,468	\$ 837,846	\$ 696,856
Add Back: Facility Rent	587,670	95,895	-	-	-	-
Add Back: 2019 Bonds Net Debt Service	491,501	1,742,172	1,737,135	1,739,498	1,736,415	1,735,867
Add Back: 2020 Bonds Net Debt Service	-	-	606,250	606,500	606,500	606,250
Net Operating School Revenue	\$ 3,867,278	\$ 3,502,456	\$ 4,044,659	\$ 3,349,466	\$ 3,180,761	\$ 3,038,972
Base Rent	1,079,171	1,838,068	2,343,385	2,345,998	2,342,915	2,342,117
Base Rent Coverage Ratio	3.58x	1.91x	1.73x	1.43x	1.36x	1.30x
2019-20						
Beginning Cash Balance	-	\$ 2,002,539	\$ 3,666,927	\$ 5,368,201	\$ 6,371,668	\$ 7,209,515
Plus: Net Income	2,788,107	1,664,388	1,701,274	1,003,468	837,846	696,856
Ending Cash Balance	\$ 2,002,539	\$ 3,666,927	\$ 5,368,201	\$ 6,371,668	\$ 7,209,515	\$ 7,906,370
Total Expenses	\$ 15,091,085	\$ 16,569,798	\$ 18,660,758	\$ 19,843,188	\$ 20,490,364	\$ 20,929,719
Less: (Base Rent)	(1,079,171)	(1,838,068)	(2,343,385)	(2,345,998)	(2,342,915)	(2,342,117)
Add: Maximum Annual Base Rent	2,345,998	2,345,998	2,345,998	2,345,998	2,345,998	2,345,998
Operating Expenses for Average Daily Expenses	\$ 16,357,912	\$ 17,077,728	\$ 18,663,371	\$ 19,843,188	\$ 20,493,447	\$ 20,933,600
Average Daily Expenses for Obligated Group Schools	\$ 44,816	\$ 46,788	\$ 51,133	\$ 54,365	\$ 56,146	\$ 57,352
Consolidated Days Cash on Hand	45 days	78 days	105 days	117 days	128 days	138 days

Source: RJA, ICON.