



SELECT TRANSACTION HIGHLIGHTS

- Stable regional population; long term respected reputation; strong likelihood of continuing tuition revenue for 2022/2023 academic school year
- Operating expenses are closely monitored and stay within annual budgets
- Minimal CapEx
- Favorable cash balances

COMPANY DESCRIPTION

Founded in 1986, our Client is a Christian school offering classical education from a Biblical perspective to the families in a southeastern state. Over the past 10 years, enrollment has ranged between 320 to 414 and declined slightly due to COVID to 320. The physical capacity of a kindergarten classroom is 18 students, and the capacity for grammar and upper school classrooms is 21 students. A low student-to-teacher ratio is the cornerstone of our Client's schooling approach, one that has made the school attractive to many families seeking the best education for their children. 90% of students return each year and substantially all graduate.

Our Client is a member of its home state's association of private and parochial schools, the independent school association, and is fully accredited by the state's accrediting commission by achieving the highest level - "Accredited With Quality" for all grades K3 through 12th.

FINANCIAL SUMMARY

Total revenue, which includes tuition, contributions, and fundraising income, increased from \$2.8MM in FY18 to \$3.3MM in FY21. Net Tuition has been the largest source of revenue, representing between 67% to 69% of total income; non-tuition revenue sources, including donations, contributions, and other income, contribute between 31% to 33% to the total. Annual fundraising events typically occur between October and December, however other donations continue throughout the year at varying levels. Historic cash flow and available liquidity has been adequate to service the mortgage indebtedness. Our Client's budget allocates \$225,500 for principal and interest for debt servicing and consistently holds supportive levels of cash balances that are available to service the proposed debt. Cash balances averaged over \$400,000 during the past 3 years.

The School's property, purchased in 1991, is 29.93 acres which include a larger 27-acre parcel and seven smaller parcels that range in size from 0.30 to 0.53 acres. The immediate surrounding areas are primarily residential (Zoning R-1A, Single Family Residential) and were developed in the 1980s. Improvements include buildings ranging from 64,385 to 70,113 SF. The property can be considered a "special purpose" as it is primarily designed for educational usage. An appraisal was conducted in August 2020, which valued the property at \$5.4MM. The current estimated value of the property per the county's tax assessor is \$6.25MM. The average of these values is \$5.8MM.

OPPORTUNITY SUMMARY

Our Client is seeking up to ~\$4MM to refinance its existing mortgages (\$5.4MM outstanding) with a new lender.

The mortgages matured in November 2021, being extended until May 2022. With all obligations have been as-agreed, our Client is in good standing with its lender. The current lender purchased a pool of mortgages at a discount and is willing to accept less than face value of the mortgage to facilitate the refinancing. **The 70%-75% LTV yields \$4.2MM-\$4.5MM in proceeds for a new loan at closing.**