

DC SCHOLARS PCS
FY2015 Financial Report Card

FINANCIAL SNAPSHOT	FINANCIAL DASHBOARD				Indicator of Concern
	<u>FY2015</u>	<u>FY2014</u>	<u>FY15 Sector Median</u>		
<u>PROFILE</u>	<u>FINANCIAL PERFORMANCE</u>				
<i>First Year of Operation:</i> 2012-13	<u>FY2015</u>	<u>FY2014</u>			
DC Funding Allocation	\$6,718,405	\$4,573,362	Operating Surplus (Deficit)	\$2,042,886	\$740,246
Federal Awards	\$661,934	\$944,985	Enrollment Variance	0.3%	(new measure)
Unrestricted Cash, end of year	\$2,375,465	\$1,087,832	Earnings before Depreciation	\$2,228,445	\$1,011,180
			Aggregated 3-Year Total Margin	17.0%	0.0%
					\$634,546
					< 0
					< (5.0%)
					< 0
					< (1.5%)
<u>GAAP FINANCIALS</u>	<u>LIQUIDITY</u>				
<i>Financial Position</i>	<u>FY2015</u>	<u>FY2014</u>			
Total Assets	\$3,724,045	\$1,880,864	Current Ratio	6.7	2.6
Current Assets	\$2,599,553	\$1,518,445	Days of Cash on Hand	137	79
Total Liabilities	\$385,656	\$585,361	Cash Flow from Operations	\$2,235,265	\$1,202,550
Current Liabilities	\$385,656	\$585,361	Three-Year Cumulative Cash Flow	\$2,048,326	\$0
Net Asset Position	\$3,338,389	\$1,295,503			\$1,153,709
					< 0
					< 0
<i>Financial Activities</i>			<u>DEBT BURDEN</u>		
Support and Revenues	\$8,292,278	\$5,711,249	Debt Ratio	0.10	0.31
Expenses	\$6,249,392	\$4,971,003	Modified Debt Service Ratio	3.9%	6.6%
Non-operating Revenue (Expense)	\$0	\$0			0.52
Surplus (Deficit)	\$2,042,886	\$740,246			> 0.92
					> 15.0%
			<u>SUSTAINABILITY</u>		
			Net Asset Position	\$3,338,389	\$1,295,503
			Primary Reserve Ratio	0.53	0.26
					\$2,721,041
					< 0
					< 0.00
SCHOOL'S COMMENTS	<u>TRENDING MEASURES</u>				
	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>	<u>FY15 Sector Median</u>	
Audited Enrollment	391	299	183	373	
Total Revenues per Student	\$21,208	\$19,101	\$20,506	\$21,309	
DC Funding per Student	\$17,183	\$15,296	\$15,039	\$17,860	
Expenses per Student	\$15,983	\$16,625	\$19,250	\$19,634	
Program Expenses per Student	\$13,103	\$14,210	\$16,704	\$15,583	
G&A Expense Ratio	18%	15%	13%	14%	
Personnel Expense Ratio	44%	47%	50%	58%	
Occupancy Expense Ratio	7%	13%	15%	15%	

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FINANCIAL AUDIT		OBSERVATIONS
<p>AUDITOR FY2015: CliftonLarsonAllen LLP FY2014: CliftonLarsonAllen LLP</p>	<p>OPINION DATE 11/23/2015 10/24/2014</p>	<p>OBSERVATIONS ON THE FY2015 FINANCIAL STATEMENTS</p> <p>RELATED PARTY TRANSACTIONS: Scholar Academies, a non-profit organization based in Philadelphia PA, provides management services and has common management with the School.</p> <ul style="list-style-type: none"> • \$668,748 to Scholar Academies for management fee (10% of per pupil revenue). <p>The School also considers Young Scholars Charter School, Young Scholars Frederick Douglass Charter School, Young Scholars Kenderton Charter School, and Paul Robeson Charter School for the Humanities related parties due to common management.</p> <ul style="list-style-type: none"> • \$9,202 due from Young Scholars Charter School. <p>SUBSEQUENT EVENTS: • August 31, 2015 - The School entered into an LLC agreement with the Charter School Incubator initiative, resulting in the formation of 5601 East Capitol, LLC. The School will be considered a member of the LLC and have a 99% interest in it, based on an initial capital contribution of approximately \$1.8 million. Prior to year-end, the school expended approximately \$760,000 on building renovations associated with the Shadd property (located at 5601 East Capitol St). During 2015 these costs were classified as leasehold improvements, and were subsequently reclassified as part of the School's \$1.8 million investment in 5601 East Capitol, LLC. The other 1% interest will be held by the Charter School Incubator Initiative, the managing member, based on an initial capital contribution targeted at approximately \$18,000. The School plans to consolidate the activities of the LLC with the School.</p> <ul style="list-style-type: none"> • September 3, 2015 - 5601 East Capitol, LLC committed \$17.5 million to the renovation of 5601 East Capitol Street, Lot 820 ("the Shadd property"). <p>FACILITIES: \$326,542 rent expense under May 2012 License to Occupy agreement with DC for space at the Shadd School; expires June 2015.</p>
<p>SUMMARY OF FY2015 AUDIT RESULTS</p>		
Opinion on the Financial Statements (GAAP)	Unmodified	
Material Weaknesses in Internal Control over Financial Reporting (GAS)	No	
Noncompliance Material to the Financial Statements (GAS)	None	
Opinion on Major Federal Award Programs (A133)	Unmodified	
Material Weaknesses in Internal Control over Compliance with Major Federal Programs (A133)	No	
Findings and Questioned Costs	1	
Unresolved Prior Year Audit Findings	0	
Going-Concern Issue	No	
Debt-Compliance Issue	No	
<p>FY2015 Audit Findings: A-133, Significant deficiency related to the School Breakfast and National School Lunch Program. Discrepancies were noted in the number of days reported on the Reimbursement Claim forms as compared to the daily point of service logs. For September and March, respectively, there were 58 and 91 fewer reimbursable meals reported on the point of service daily logs than what was reported on the reimbursement claim form. Auditors recommended management implement internal controls surrounding the point of service daily logs to ensure the number of meals reported on the reimbursement claim forms is accurate and properly reflects the meals that were consumed. The School's compliance manager has agreed.</p>		

DC SCHOLARS PCS
FY2015 Management Organization / Related Party Information

School Name	FY15 Revenues	FY15 Operating Result
DC Scholars PCS	\$8,292,278	\$2,042,886
Management Organization ("MO") / Related Party ("RP")	MO/RP Tax Status	Most Recent Public Financials
Scholar Academies	Non-Profit	2013 Form 990
Highest Paid Employee / Head of MO / RP	Title	Total Compensation
Lars Beck	CEO	\$220,004
Services Provided	FY15 Payment	% of School Revenue
Management fee	\$668,748	8.1%
Due from Young Scholars Charter School (another school managed by Scholar Academies)	(\$9,202)	(0.1%)
Total	\$659,546	8.0%
DC PCSB Comments		
Scholar Academies provides management services to DC Scholars PCS, as well as other charter schools in the mid-Atlantic region. It also manages Stanton Elementary, a DC Public Schools campus that shares its facility with DC Scholars PCS.		
School Comments		