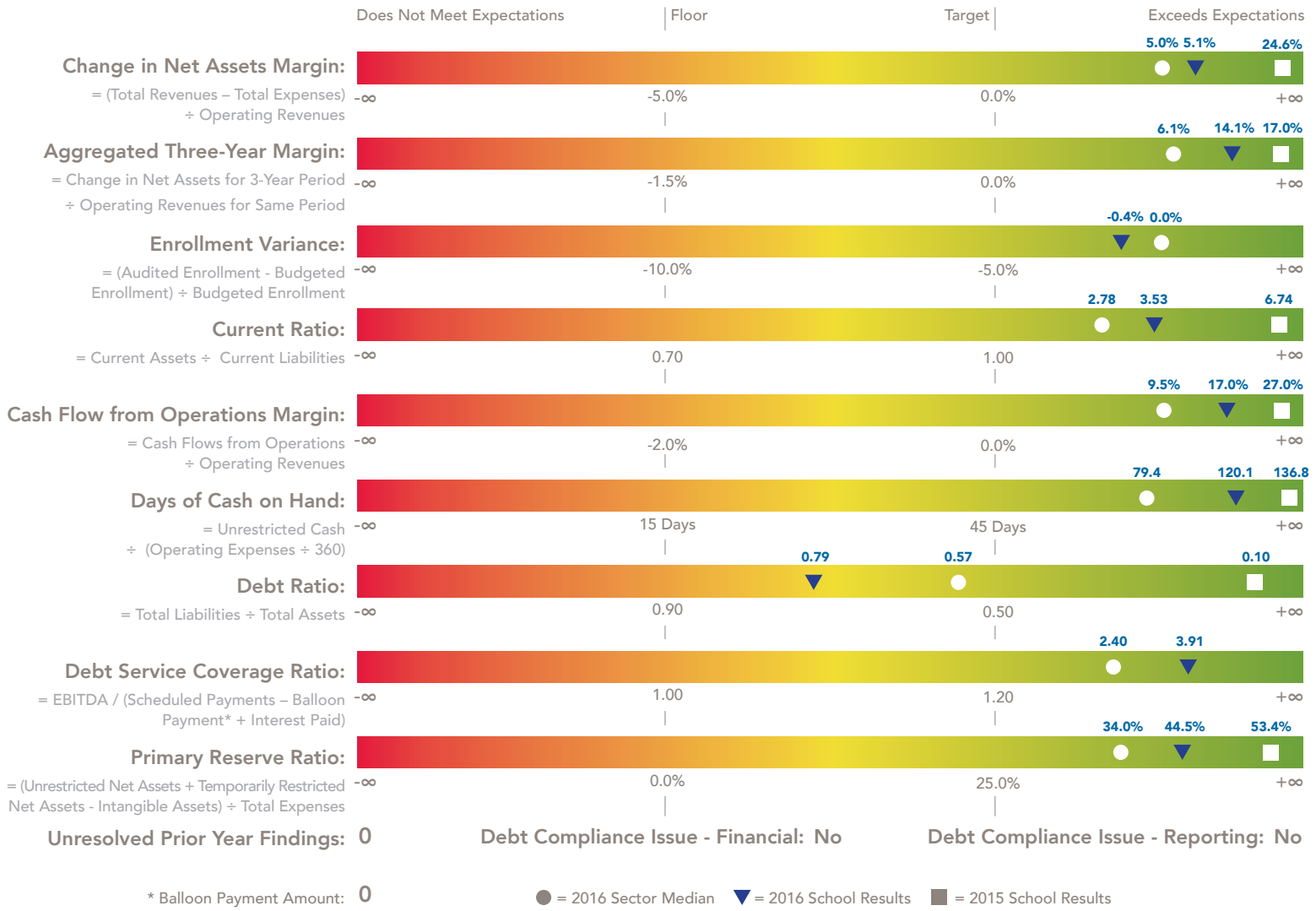


Opened:
2012 - 2013

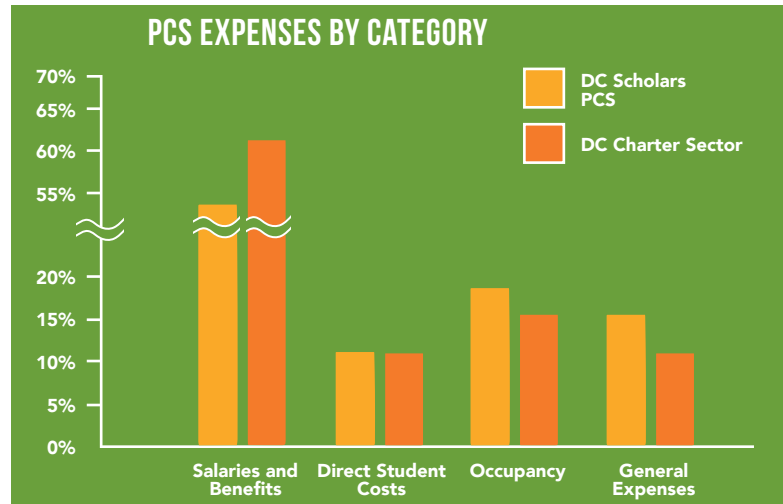
Audited Enrollment:
446

KEY FINANCIAL INDICATORS



Comments from the School

[Empty box for school comments]



DC SCHOLARS PCS

FY2016 Financial Report Card

FINANCIAL POSITION

	2016	2015
Total Assets	\$18,351,257	\$3,724,045
Current Assets	\$3,139,619	\$2,599,553
Total Liabilities	\$14,539,032	\$385,656
Current Liabilities	\$889,054	\$385,656
Net Asset Position	\$3,812,225	\$3,338,389

FINANCIAL ACTIVITIES

	2016	2015
Revenues and Support	\$9,016,180	\$8,292,278
Expenses	\$8,560,621	\$6,249,392
Non-operating Revenues (Expenses)	\$-	\$-
Surplus (Deficit)	\$455,559	\$2,042,886

AUDIT FINDINGS

	2016	2015
Qualified/Modified/Adverse Opinion on the Financial Statements	No	No
Material Weakness in Internal Control over Financial Reporting (GAS)	No	No
Non-compliance Material to the Financial Statements (GAS)	No	No
Modified Opinion on Major Federal Award Programs (Uniform Guidance)	No	No
Material Weaknesses in the Internal Control over Compliance with Major Federal Programs (Uniform Guidance)	No	No
Findings and Questioned Costs	0	1
Going-Concern Issue	No	No

REVENUES/EXPENSES PER STUDENT

	2016	2015	2016 Sector Median
DC Funding per Student	\$16,883	\$17,271	\$17,657
Philanthropic Funding per Student	\$194	\$2,261	\$581
Total Revenues per Student	\$20,216	\$21,317	\$20,775
Expenses per Student	\$19,194	\$16,065	\$19,644

PCSB OBSERVATIONS

Financial Statements include the consolidated results of DC Scholars PCS and the 5601 East Capitol LLC. The LLC was formed in August 2015 to finance the renovations of the school facility. The School is a member of the LLC and has a 99% interest in it, based on a capital contribution of \$1.8M; the other 1% is held by the Charter School Incubator Initiative (CSII), the managing member.

DEBT:

\$1.6M from September 2015 loan with the DC Office of Public Charter School Financing and Support (OPCSFS); interest rate 4.5%; matures 2020.

\$12.3M balance on \$14.4M construction loan for Shadd property improvement from Bank of America (BOA) in September 2015; interest rate LIBOR Daily Floating +3.75% (4.21% at year-end). America's Charter School Finance Corp (an affiliate of Building Hope) and OPCSFS issued credit enhancement of \$500,000 to the BOA loan. The School also has a \$1.2M promissory note with Building Hope that had not been used as of year-end.

In September 2015, the LLC committed \$17.5 million to the renovation of 5601 East Capitol Street ("the Shadd property").

FACILITIES:

In 2015, the LLC entered into a lease agreement with DC for the ground floor of the Shadd School. The agreement was for twenty years expiring in 2035. The annual base rent for the first year was \$685,000, and shall increase by two percent annually. During the term of the agreement, the LLC shall be entitled to rent abatement against the annual base rent in an amount equal to renovation costs incurred for the Shadd property. The LLC could not reasonably estimate its future minimum payments under the terms of the lease due to renovations not yet determined as complete. For the year ended June 30, 2016, the LLC did not incur any lease expense due to the rent abatement.

In February 2016, the LLC entered into a usage agreement with the University of the District of Columbia (UDC) to use a portion of the space in the Shadd School until September 2016, with options for three one-year renewals. The 2016 usage fee was \$172,587.

School Name	FY16 Revenues	FY16 Operating Result
DC Scholars PCS	\$9,016,180	\$455,559
Management Organization ("MO") / Related Party ("RP")	MO/RP Tax Status	Most Recent Public Financials
Scholar Academies	Non-Profit	http://www.guidestar.org/FinDocuments/2015/371/582/2015-371582250-0cbad594-9.pdf
Highest Paid Employee / Head of MO / RP	Title	Total Compensation
Lars Beck	CEO	\$211,338
Services Provided	FY16 Payment	% of School Revenue
Academic and Business Services	\$752,962	8.4%
Total	\$752,962	8.4%

DC PCSB Comments

Scholar Academies (a non-profit organization) provided management services and had common management with the School. Management services were also provided to other charter schools and to Stanton Elementary School, a DC public school.

The School paid a management fee calculated based on 10% of the School's per pupil charter payments, State and Federal funding.

\$752,962 in expenses were incurred for management services in 2016.

Based on Scholar Academies' plans to dissolve, the service agreement was amended to reduce the scope of services and reducing the term of the agreement to October 31, 2016.

Subsequent to the fiscal year-end, DC Scholars PCS transferred its charter management responsibilities to a newly formed entity, DC Scholars Community Schools. DC Scholars and DC Scholars Community Schools entered into an Academic and Business Services Agreement dated October 1, 2016. The agreement provides DC Scholars management services, including executive, operational, academic, and strategic services. This agreement commenced in July 2016 and is scheduled to terminate in June 2021.

Please note that the highest paid employee above was taken from the most recent 990 available at the time this report was produced.

School Comments