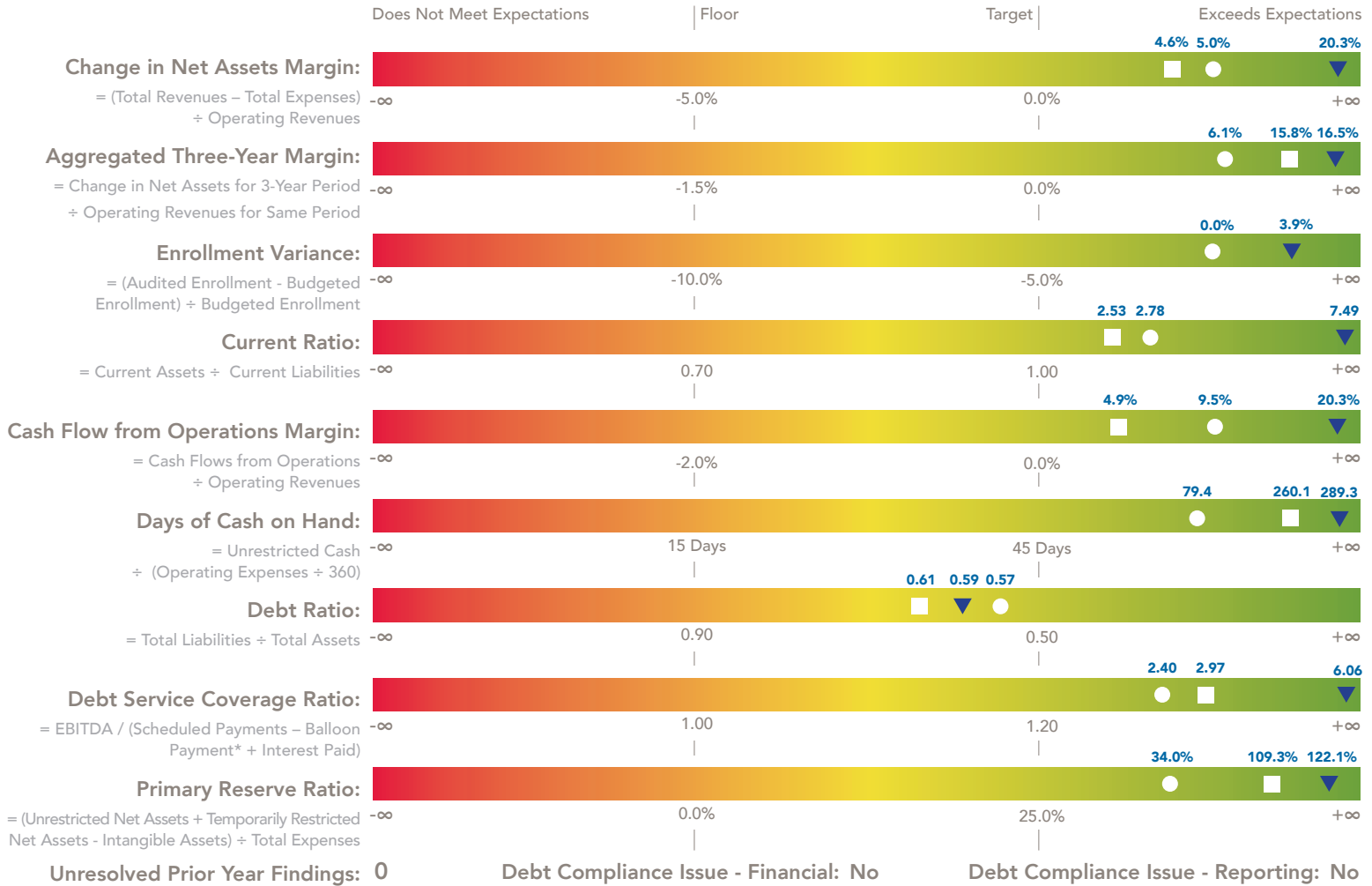


Opened:
2001 - 2002

Audited Enrollment:
5,197

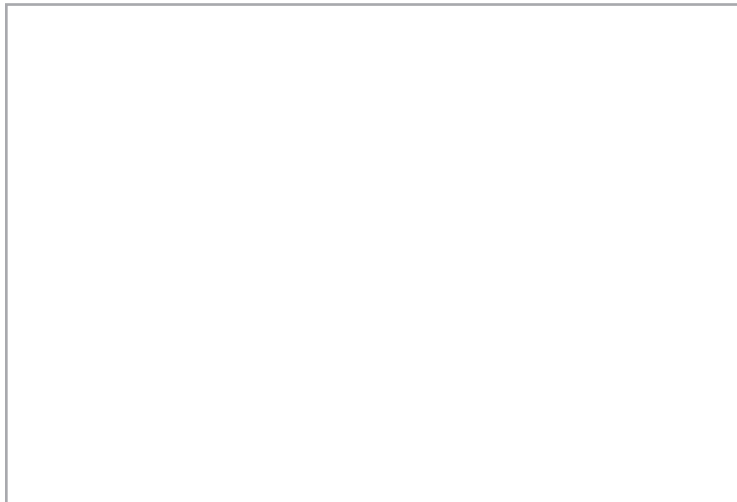
KEY FINANCIAL INDICATORS



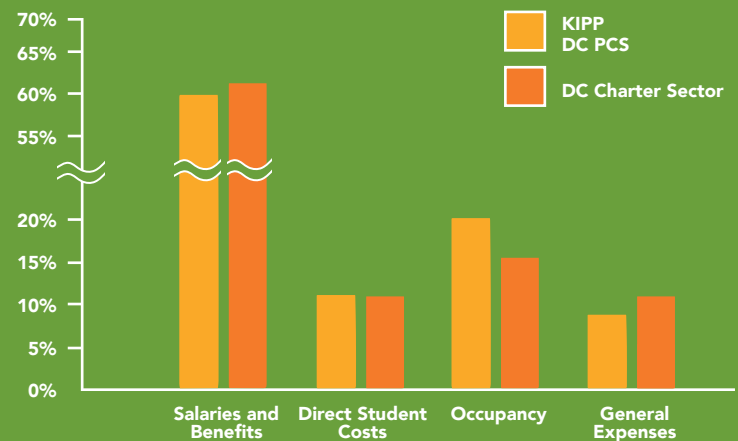
* Balloon Payment Amount: -17,646,483

● = 2016 Sector Median ▼ = 2016 School Results ■ = 2015 School Results

Comments from the School



PCS EXPENSES BY CATEGORY



KIPP DC PCS

FY2016 Financial Report Card

FINANCIAL POSITION

	2016	2015
Total Assets	\$310,673,211	\$258,846,303
Current Assets	\$89,493,121	\$70,203,005
Total Liabilities	\$184,141,676	\$157,188,049
Current Liabilities	\$11,943,018	\$27,694,730
Net Asset Position	\$126,531,535	\$101,658,254

FINANCIAL ACTIVITIES

	2016	2015
Revenues and Support	\$125,099,466	\$94,013,383
Expenses	\$100,226,185	\$89,139,268
Non-operating Revenues (Expenses)	\$2,676,267	\$(12,348,312)
Surplus (Deficit)	\$24,873,281	\$4,874,115

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	0
Going-Concern Issue	No	No

REVENUES/EXPENSES PER STUDENT

	2016	2015	2016 Sector Median
DC Funding per Student	\$17,444	\$17,952	\$17,657
Philanthropic Funding per Student	\$3,129	\$2,753	\$581
Total Revenues per Student	\$23,557	\$23,433	\$20,775
Expenses per Student	\$19,285	\$19,639	\$19,644

PCSB OBSERVATIONS

KIPP DC PCS and Affiliates comprises four entities organized to provide the School's educational facilities. The consolidated financial statements include the accounts of:

1. KIPP DC PCS, the DC nonprofit that holds the School's charter, established 2001;
2. Woodrock LLC, wholly-owned subsidiary formed in 2006 to acquire the lease for the Alabama Ave property;
3. KIPP DC-Douglass QALICB, Inc. (Douglass QALICB), formed in 2009 to qualify for New Markets Tax Credits (NMTC) financing. This financing was unwound in May 2016 and this entity was liquidated in July 2016; and
4. KIPP DC-Shaw QALICB, Inc. (Shaw QALICB), formed in 2011 to qualify for NMTC financing.

DEBT: \$63.1M balance from 2013A DC Revenue Bond/bank refinancing; matures 2048. Proceeds were used to pay off 2008 DC and certain other existing debt, and finance the acquisition and development of Mt. Olivet Rd campus.

\$17.7M balance for Shaw QALICB. Interest of 1% per annum; matures October 2041.

\$5.8M balance from 2011 City First NMTC financing (b); interest of 1.00% per annum; matures October 2041.

\$27.4M balance on Series 2014 DC Revenue Bonds for financing for Hamilton facility located at 1401 Brentwood Parkway NE; maximum loan amount \$38M, variable interest rate of 70% L-BOR+1.15%, maturity 2046.

\$18M balance for note payable to Compass Bank at one-month LIBOR+1.30%; maturity 2026.

\$14.2M balance on DC Revenue Bonds at variable interest rate of KIPP DC PCS Financial Audit Review Report

65.01% LIBOR+1.14%; maturity 2046.

\$7.5M balance on Community Urban Revitalization Enterprises V, LLC Loan for financing for Hamilton; interest 1.344%, maturity 2049.

\$6.4M balance on Civic Builders Sub-CDE V, LLC Loan for financing for Hamilton; interest of 1%, maturity 2049.

\$1.9M balance on PNC CDE 55, LP Loan for financing for Hamilton; interest of 1.344%, maturity 2049.

\$1.6M balance on PNC CDE 43, LP Loan for financing for Hamilton; interest of 1%, maturity 2049.

In conjunction with the Series 2014 bonds, the School entered into an interest rate swap agreement with PNC Bank which effectively converts \$34M of notes payable to a fixed rate of 2.068%, effective until 2026. The year-end value of the swap liability is \$3.5M.

In conjunction with the Series 2015 bonds, the School entered into an interest rate swap agreement with Compass Mortgage Corporation on August 1, 2015, which effectively converts \$15M of variable rate Series 2015 bonds to a fixed rate of 1.822%. The agreement is effective until 2026. The year-end value of the swap liability is \$1.3M.

RELATED PARTY: KIPP DC Supporting Corp. (KIPP DC SC) was formed in September 2014 as a non-profit, specifically for providing funds for acquiring, holding, and managing assets for use by KIPP DC PCS where doing so may result in lower costs or greater efficiencies. KIPP DC PCS has an overlap of only one board member. As such, KIPP DC PCS and KIPP DC SC are considered related parties, but are not consolidated for financial reporting purposes.

KIPP made a voluntary contribution to KIPP DC SC of \$12.3M in

2015. No voluntary general contributions were made by KIPP DC SC in 2016.

In September 2006, KIPP DC purchased 100% of the interest in Woodrock LLC which holds the lease for the property and improvements at 421 Alabama Ave SE. This lease is Woodrock's only activity; KIPP DC PCS is the sole member.

FACILITIES: The School operates in six facilities: Benning (owned); College Prep (leased from DC, formerly Hamilton); Douglass (leased from DC); Shaw (leased from DC; formerly Montgomery); Smilow (owned, formerly Richardson); and Webb (leased from DC).

The School has a construction contract of approximately \$50.5M (of which approximately \$4.5M is remaining) for the Hamilton Campus.

Construction-in-process of \$18.8M. Leasehold improvements of \$114.2M.

OTHER: The School recognized a gain of \$6.2M on the unwind of the 2009 NMTC financing.

The School holds \$1.9M in restricted cash and \$20.2M in restricted investments. These balances are for debt service reserves, unspent proceeds of notes payable, and contributions restricted for specific purposes. An additional \$51.6M in unrestricted investments is held for additional debt covenants.

The School has a \$17.7M note receivable from an October 2011 loan to Chase NMTC KIPP DC Investment Fund, LLC, used to qualify for the NMTC transaction related to the Shaw Campus; interest only until 2019, matures October 2041.

NON-OPERATING EXPENSE: \$3.5M unrealized loss on interest rate swaps