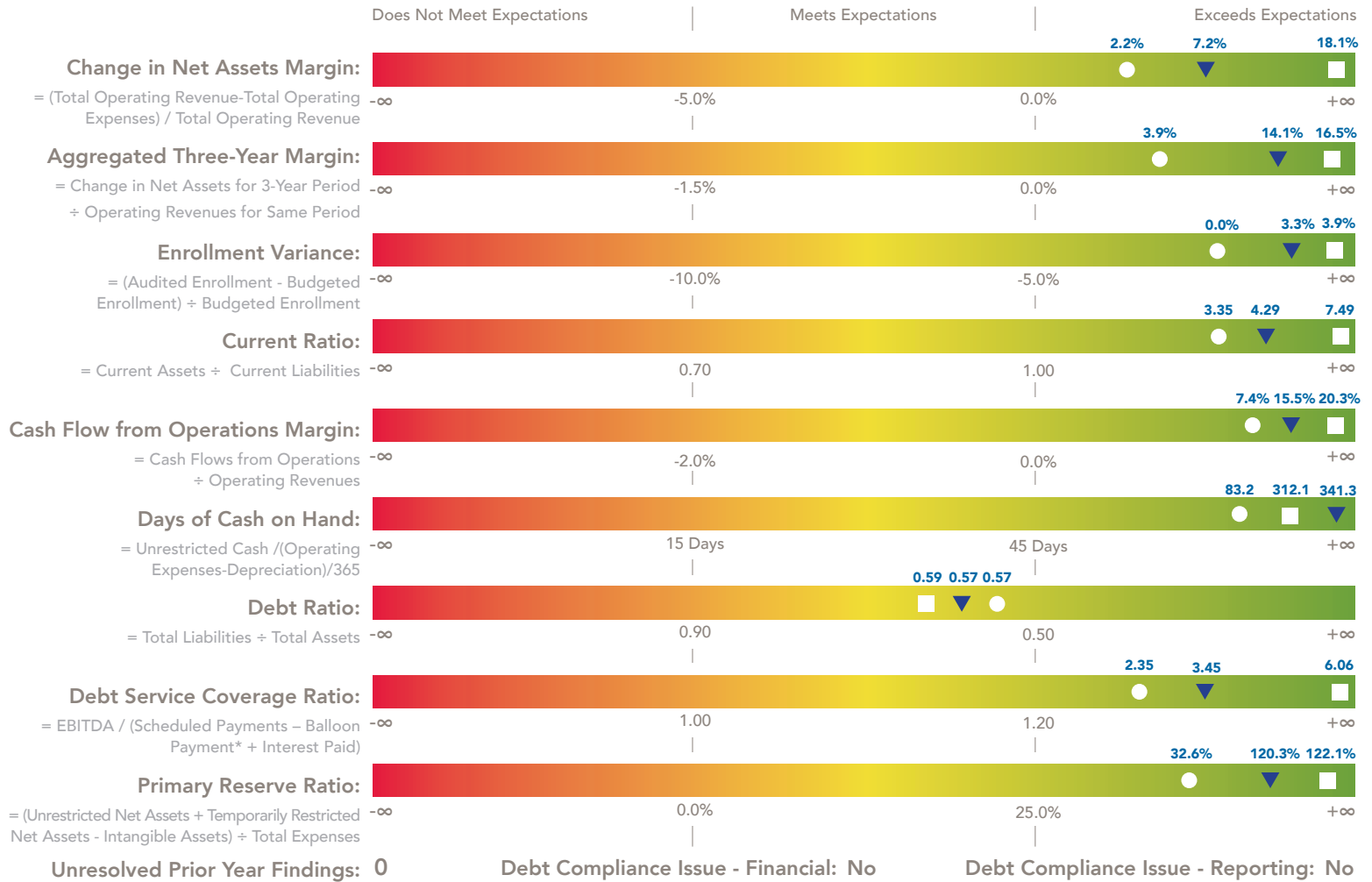


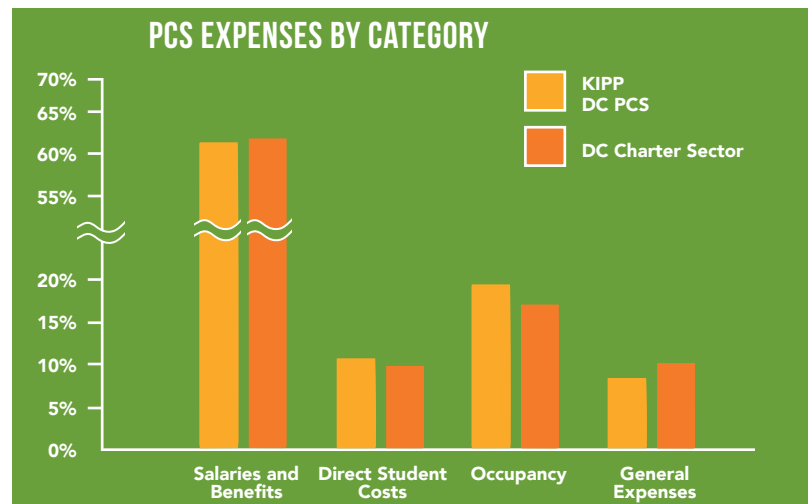
KEY FINANCIAL INDICATORS



* Balloon Payment Amount: 0 ● = 2017 Sector Median ▼ = 2017 School Results ■ = 2016 School Results

Comments from the School

The debt service coverage ratio metric included on this report is inconsistent with the standard calculation used by financial professionals and KIPP DC. The calculation used in this report includes an unrealized, non-cash gain of \$2.8 million related to an interest rate swap, and includes the change in temporarily restricted net assets loss of \$4.5 million. In all other documentation, KIPP DC excludes these items which results in a ratio of 3.69, not 3.45.



KIPP DC PCS

FY2017 Financial Analysis Report

FINANCIAL POSITION

	2017	2016
Total Assets	\$322,526,072	\$310,673,211
Current Assets	\$107,312,202	\$89,493,121
Total Liabilities	\$184,184,993	\$184,141,676
Current Liabilities	\$25,028,234	\$11,943,018
Net Asset Position	\$138,341,079	\$126,531,535

FINANCIAL ACTIVITIES

	2017	2016
Revenues and Support	\$123,965,399	\$125,099,466
Expenses	\$114,978,350	\$100,226,185
Non-operating Revenues (Expenses)	\$2,822,495	\$2,676,267
Surplus (Deficit)	\$11,809,544	\$24,873,281

AUDIT FINDINGS

	2017	2016
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

	2017	2016	2017 Sector Median
DC Funding per Student	\$18,096	\$17,444	\$18,019
Grants and Contributions Per Student	\$767	\$3,129	\$298
Total Revenues per Student	\$21,436	\$23,557	\$20,790
Expenses per Student	\$19,882	\$19,285	\$20,387

PCSB OBSERVATIONS

The school had many financial metrics that were above the meets-expectations range in 2017. Its financial performance indicators were strong for the year, including a change in net assets margin of 7.2% and an aggregated three-year margin of 14.1%, both indicating that the school has kept expenses in line with revenues over the past three years.

The school's liquidity metrics were also above the meets-expectations range for 2017, including the current ratio of 4.29, indicating that the school has sufficient financial resources available to meet short-term obligations. In addition, the school produced a cash flow from operations margin of 15.5%. The school has 342 days of cash on hand, indicating that it has ample cash on hand to meet operating expenses in the event of unexpected costs or delays in cash receipts.

The school's debt ratio is above expectation, and its debt service coverage ratio, which measures the ability of the school to service its debt, was a strong 3.45. The school's primary reserves are well above expectations.

KIPP DC operates 16 schools in total, including early childhood schools, elementary schools, middle schools and a high school. For the year ended June 30, 2017, total property and equipment amounted to \$206M, of which \$129.6M are leasehold improvements. The school has several lease obligations for various campuses mostly ranging in the 30- to 35-year term range and one 10-year operating lease for KIPP DC's headquarters space. Total rent expense for the year ended June 30, 2017, was \$1.6M.