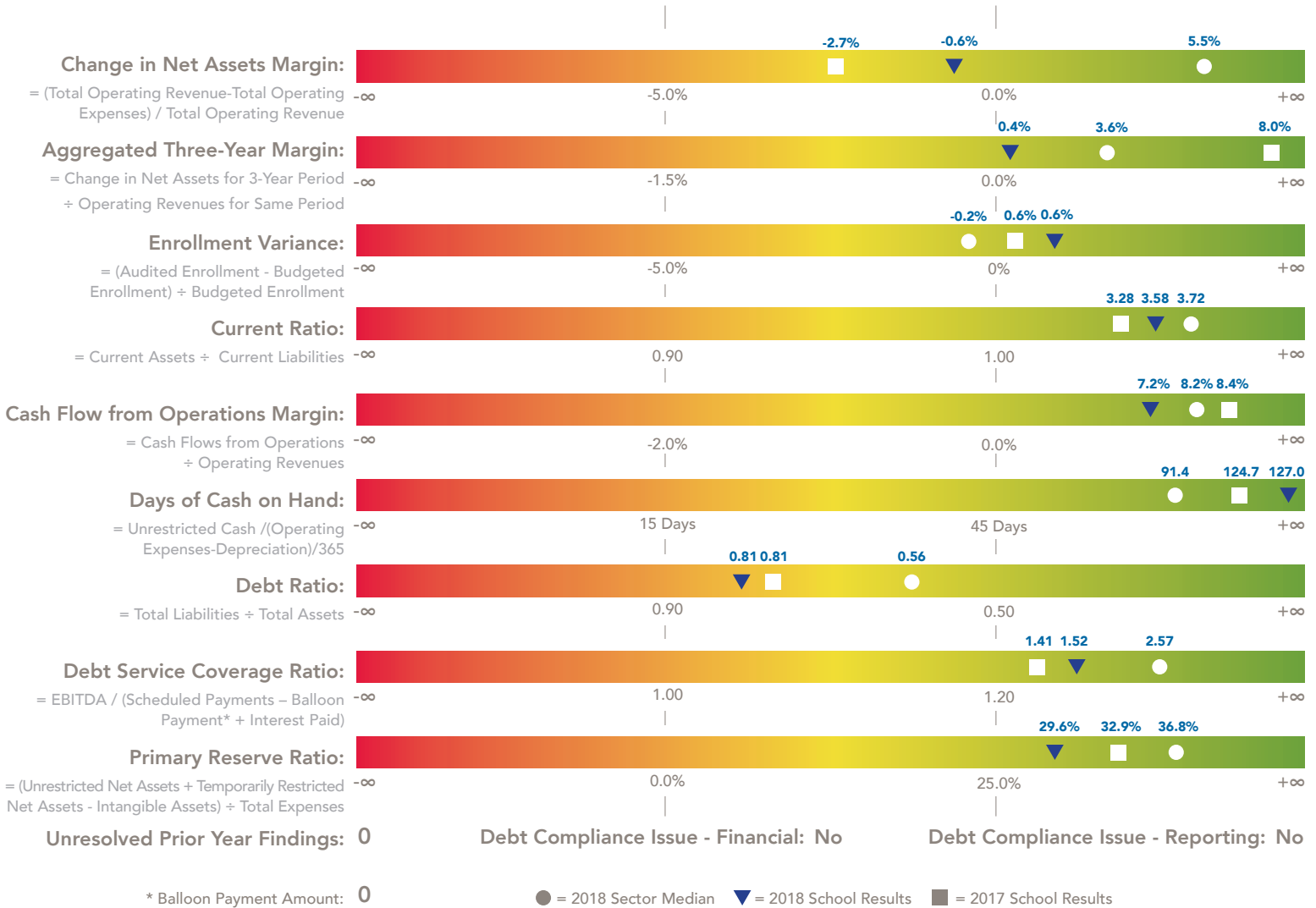
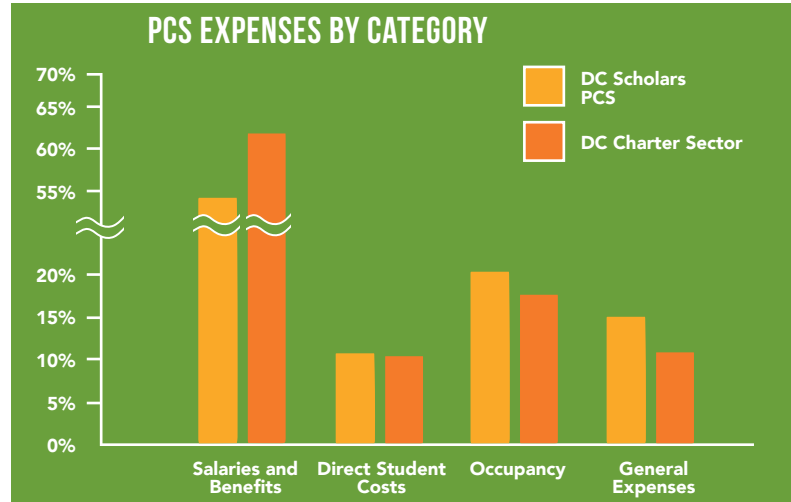


KEY FINANCIAL INDICATORS



Comments from the School

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DC SCHOLARS PCS

FY2018 Financial Analysis Report

FINANCIAL POSITION

	2018	2017
Total Assets	\$17,976,473	\$18,226,980
Current Assets	\$4,246,944	\$3,686,390
Total Liabilities	\$14,510,679	\$14,694,234
Current Liabilities	\$1,186,379	\$1,124,514
Net Asset Position	\$3,465,794	\$3,532,746

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$11,627,876	\$10,461,216
Expenses	\$11,694,828	\$10,740,695
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	-\$66,952	-\$279,479

AUDIT FINDINGS

	2018	2017
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

	2018	2017	2018 Sector Median
DC Funding per Student	\$19,174	\$17,535	\$19,243
Grants and Contributions Per Student	\$503	\$261	\$492
Total Revenues per Student	\$22,578	\$20,715	\$22,382
Expenses per Student	\$22,708	\$21,269	\$21,375

PCSB OBSERVATIONS

The school's financial condition was healthy, finishing FY 2018 with a net operating deficit of (\$67K) and a change in net assets margin of (0.58%). While operating at a deficit, the school showed improvement from the prior year's change in net assets margin of (2.7%), and the aggregated three-year margin remained positive. Moreover, the school's primary reserve ratio of 29.6% exceeded DC PCSB's standard and provided a buffer for operating losses. While net losses are not indicators of strong financial performance, improvement shows a school's commitment to progress.

The school's liquidity, or ability to convert assets to cash, was not a concern. The current ratio and days of cash on hand were strong at 3.6 and 127, respectively. Both metrics improved from the prior year as a result of increased enrollment.

The school entered into a leasing agreement with the District of Columbia to provide a public charter school on the ground floor of the Shadd School. The school now occupies the entire building. The lease term was for 20 years, expiring in 2035, and allowed the school to abate its rent in an amount equal to the construction costs incurred for renovating the property. The school had a balance in leasehold improvements of roughly \$16M for the year ended June 30, 2018, allowing the school to have free rent for the remaining lease term.

School Name	FY18 Revenues	FY18 Operating Result
DC Scholars PCS	\$11,627,876	\$(66,952)
Management Organization ("MO") / Related Party ("RP")	MO/RP Tax Status	
DC Scholars Community Schools (d.b.a Community Schools)	Non-Profit	
Highest Paid Employee / Head of MO / RP	Title	Total Compensation
Sharonda Mann	Director of Operations	\$105,222
Services Provided	FY18 Payment	% of School Revenue
Management Services	\$987,472	
Total	\$987,472	

DC PCSB Comments

Effective July 1, 2016, the school entered into an Academic and Business Services Agreement with DC Scholars Community Schools (Community Schools), for Community Schools to provide management services including executive, operational, academic, and strategic services. The agreement was originally scheduled to terminate on June 30, 2021, however, on May 9, 2018, the Board passed a resolution to terminate the agreement on June 30, 2019. Management fees for 2018 totaled \$987,472.

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