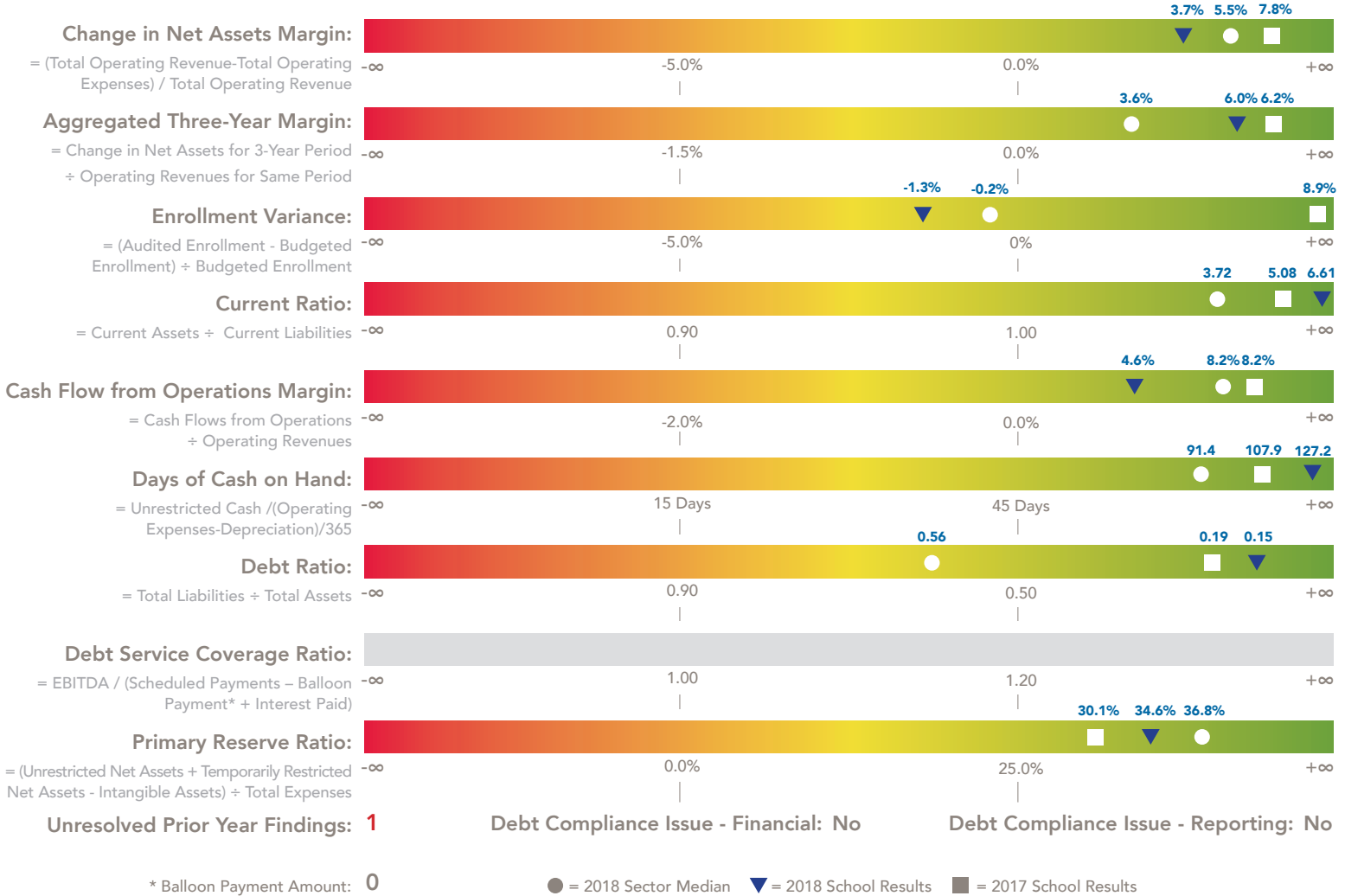


Opened:
2005 - 2006

Audited Enrollment:
755

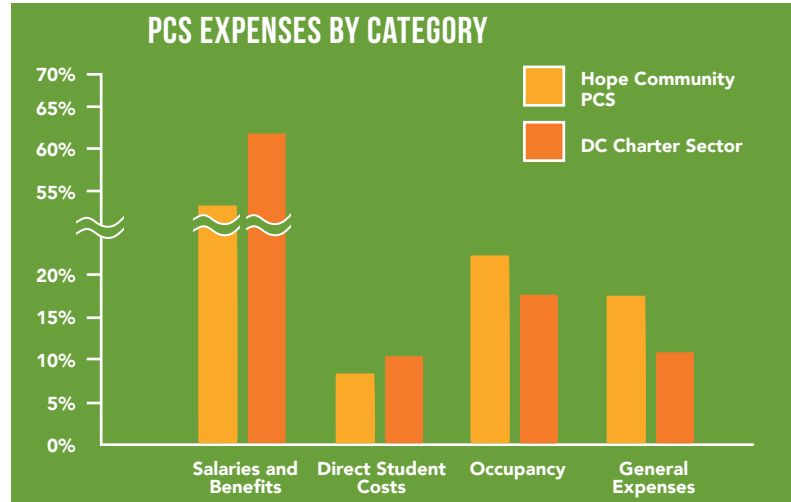
Operates with a
Management Organization:
Imagine Schools Non-Profit, Inc

KEY FINANCIAL INDICATORS



Comments from the School

[Empty box for school comments]



HOPE COMMUNITY PCS

FY2018 Financial Analysis Report

FINANCIAL POSITION

	2018	2017
Total Assets	\$6,419,277	\$5,999,245
Current Assets	\$6,323,761	\$5,783,931
Total Liabilities	\$957,016	\$1,137,782
Current Liabilities	\$957,016	\$1,137,782
Net Asset Position	\$5,462,261	\$4,861,463

FINANCIAL ACTIVITIES

	2018	2017
Revenues and Support	\$16,396,047	\$17,522,747
Expenses	\$15,795,249	\$16,147,966
Non-operating Revenues (Expenses)	\$0	\$0
Surplus (Deficit)	\$600,798	\$1,374,781

AUDIT FINDINGS

	2018	2017
Qualified/Modified/Adverse Opinion on the Financial Statements	No	No
Material Weakness in Internal Control over Financial Reporting (GAS)	No	Yes
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

	2018	2017	2018 Sector Median
DC Funding per Student	\$19,762	\$18,569	\$19,243
Grants and Contributions Per Student	\$0	\$0	\$492
Total Revenues per Student	\$21,717	\$19,867	\$22,382
Expenses per Student	\$20,921	\$18,308	\$21,375

PCSB OBSERVATIONS

The school's financial condition was healthy overall, ending FY 2018 with an operating surplus of \$600K or 3.6% margin. The school's cash balance at year-end was \$5.5M, or 127 days of cash on hand. The school did not have any outstanding long-term obligations, and as such, the financial leverage was low, with a debt ratio of 0.15. The debt ratio essentially measures the percentage of total assets being financed by debt; DC PCSB determined that a ratio of 0.5 to 0.9 is sufficient.

The school has two leases with Schoolhouse Finance, a wholly owned subsidiary of Imagine Schools, Hope Community PCS' Management Organization: the Tolson Campus, which commenced in December 2016 and is set to expire in August 2020, and an operating lease for the Lamond Campus, which began in August 2007. Both leases maintain an escalation clause requiring increased payments equal to the consumer price index increase for the immediately preceding calendar year. For the year ended June 30, 2018, the total rent expense was \$3.0M.

During the school's FY 2017 audit, auditors concluded that the school had both a material weakness over financial reporting and significant deficiencies in internal control over compliance. The significant deficiency was a repeat finding from FY 2016. The school brought in new leadership and partnered with an external accounting firm to ensure that reconciliations for accounts were done on time and correctly. Further, the school strengthened its closing process with monthly reconciliations to remediate the material weakness. No weaknesses in internal controls were identified in the FY 2018 audit.

School Name	FY18 Revenues	FY18 Operating Result
Hope Community PCS	\$16,396,047	\$600,798
Management Organization ("MO") / Related Party ("RP")	MO/RP Tax Status	
Imagine Schools Non-Profit, Inc	Non-Profit	
Highest Paid Employee / Head of MO / RP	Title	Total Compensation
Barry Sharp	CFO	\$390,000
Services Provided	FY18 Payment	% of School Revenue
Administrative expenses	\$60,000	
Total	\$60,000	

DC PCSB Comments

Imagine Schools Inc. (Imagine), the school's management company, provides ongoing operational and financial support under an operating contract. To the extent the school does not have sufficient funds to pay operating expenses, Imagine will advance funds on a reimbursement basis. Payments to Imagine include:

\$1.9M management fee (12% of total revenue provided by state and local governments), plus \$60,000 in administrative expenses (\$2,500 monthly administrative fee per campus). Additionally, the school incurred certain costs on behalf of Imagine for certain payroll and other payroll-related benefit costs. These costs are reimbursed to the school from Imagine. As of June 30, 2018, and June 30, 2017, \$57,561 and \$198,94, respectively, was due from Imagine.

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

Imagine School, Inc 2018 Form 990 has not been completed as of April 10, 2019, we are including the most recent one, FY 2017.