<table>
<thead>
<tr>
<th>2015 HIGHLIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provided access to a quality charter school education to 6,800 more students</td>
</tr>
<tr>
<td>Increased lending by 10% or $17 million over 2014</td>
</tr>
<tr>
<td>Enabled 12 quality charter schools to open for the 2015-2016 school year in five states and the District of Columbia</td>
</tr>
<tr>
<td>Added 5 new back-office support services clients</td>
</tr>
<tr>
<td>Saved our charter school clients more than $1.3 million due to our lending at below market rates</td>
</tr>
<tr>
<td>Acquired and developed close to $31 million in school buildings to lease, at below market rates, to four charter schools.</td>
</tr>
<tr>
<td>Received $6 million in new funding</td>
</tr>
</tbody>
</table>
dear friends,

It’s hard to believe it’s been 20 years since charter schools officially became part of public education in our nation’s capital when the District of Columbia School Reform Act of 1995 was passed by Congress and signed into law the following April.

We congratulate the city’s Public Charter School Board and the mayor’s office for their commitment to ensuring that K-12 children in the District of Columbia have access to a quality education, affording them the opportunity to reach their full potential in life.

We are proud of our contribution to the city’s education reform efforts over the last 13 years. When Building Hope opened its doors in 2003, the city’s charter school enrollment was 14,007, or 18% of total public school enrollment, and the city’s high school dropout rate was almost 40%. Today, 45% of the District’s public school students attend charter schools, and the city’s high school dropout rate is 19%.

According to the SY 2013-14 Comprehensive Assessment System (DC CAS) report, “even as charter schools have grown in DC, school quality has remained high.” DC CAS testing data also shows that public charter school proficiency rates have increased for the eighth straight year and continue to exceed the average for the city: public charters scored 5.2% above the state proficiency level in math; 3.5% above the state proficiency level in reading; and 3.2% above the state proficiency level in science. Most importantly, perhaps, the charter sector’s proficiency growth is occurring among traditionally disadvantaged subgroups.

What began for us as an effort to equalize access to a quality K-12 education and increase high school graduation rates so that all children in our nation’s capital have a shot at the American Dream, has grown into a multi-market effort providing a full range of support to public charter schools across the country.

We know that the success that has been achieved in the District can be—and has been—replicated elsewhere. That’s why in the last eight years we have supported charter school growth in 18 states—providing facilities financing and credit guarantees, project management, real estate development and back-office business support services. But we know there is much more to do to ensure academic success and create bright futures for many more students in this country. In fact, we spent 2015 improving our operational efficiencies, hired seven new staff and tapped new sources of investment to support the impact we hope to make.

In 2016 Building Hope looks to expand DC’s successful model to other areas that are seeking to grow the number of quality charter schools. We are working closely with charter schools associations and philanthropic investors to create facility solutions in other states. We are also responding to schools that are asking for more affordable charter school real estate development solutions. We have invested heavily in our development practice area and look to offer schools the more affordable solution they are requesting.

We are fortunate to have partners, donors and investors who share our vision. We are grateful each and every day for their support, and we look forward to working with them and others to support education reform in this country generally—and quality charter school growth specifically—in the years to come.

With best wishes,

Marianne M. Keler
Board Chair
S. Joseph Bruno
President
2015–2016 SCHOOL YEAR FACILITIES FINANCING SUCCESS STORY

Joel Lovstedt’s charter school had long outgrown its leased space, a 1930s-era building in Pocatello, Idaho. Lovstedt had ambitious plans for a new facility twice as large — one that boasted a gym instead of a coal cellar. But every time Lovstedt approached a bank, he got the same response: “To them, we were basically a small business. They were willing to help us until they found out we didn’t have any equity or credit rating. It was discouraging.”

That’s when Building Hope stepped in. Partnering with the J.A. and Kathryn Albertson Family Foundation, Building Hope secured financing, including a $2.26 million direct loan, to build a new, $6.4 million facility a few miles away. In August, Connor Academy Charter School welcomed nearly 500 students, up from 276 a year earlier, with a wait list of some 200 names. The new, two-story facility has a gym, a science lab and 25 classrooms that are two-thirds larger than before.

“I could never have done this on my own,” says Principal Lovstedt. “I’m a school administrator. I can tell you how to teach and maintain discipline, but I don’t know how to get a loan for a new building.”

He says Building Hope encouraged him to dream big, asking if the original design plans were sufficient. “They asked, ‘Is this the best layout possible to give you an outstanding school? There’s no point in sacrificing to have a mediocre building.’”

The result, he says, is “a model school, a jewel.”

Connor Academy Charter School
Chubbuck, ID

Project Description
Facilities Financing

Site Description
50,000-square-foot new building

Current/Projected Enrollment
480/560 (grades K-8)

Website
academycharter.net
There are more than 6,800 charter public schools enrolling an estimated 2.9 million students throughout the country.
Our Services

Real Estate Development

Building Hope offers a turnkey facility development program that provides public charter schools with custom-built facility solutions. Our integrated team works with schools to turn their unique ideas into a state-of-the-art learning environment. Our approach is based on communication, collaboration and transparency. In partnership with the schools, we manage the site selection, due diligence, financing, and predevelopment and development management so that school leaders can continue to focus on high-quality education outcomes. As a nonprofit, our turnkey program is offered at below-market rates with below-market purchase options that allow resources to be directed toward a better project or, ideally, back into the program.

2015–2016 School Year Real Estate Development Success Story

When Athenian Academy Charter School was looking to expand, it set its sights on a nearby parcel of land in Clearwater, Florida. The site had a former church building and lots of room to grow on its nearly five acres. But while finding the site was relatively easy, purchasing it was something else. “The acquisition of the land was the hardest part,” says Alex Veloudos, business manager of the school, which was started by his in-laws in 2000. “We had to find someone to back us up financially.”

The academy turned to Building Hope. “Once they got involved, then it was simply a matter of getting all the paperwork done,” Veloudos says. “We closed in a matter of four or five months, with most of that time taken up by rezoning issues.”

Building Hope committed $1.5 million to buy the land and $4.9 million to renovate the existing 10,000-square-foot building and build a 30,000-square-foot, two-story addition. When the work was done, the academy had four new classrooms, new restrooms and a remodeled lunchroom. The school, which specializes in Greek language and Spanish enrichment, now has 300 students, a 50% increase from 2014-2015.

The school has a five-year lease with Building Hope that runs through August 2020 and has a buyout provision. “They want to be bought out, and we want to buy them out,” Veloudos says. “That’s the plan.”

Athenian Academy Charter School
Clearwater, FL

Project Description
Real Estate Development

Site Description
Purchase, renovation, construction on 4.98-acre site

Current/Projected Enrollment
300/400–600

Website
athenianacademy.org

Joel Lovstedt, Director and Co-Founder
Washington Global Public Charter School

Alex Veloudos, Business Manager
Athenian Academy Charter School
OUR SERVICES

Project Management

Having worked hand in hand with hundreds of charter schools over the years, we are experts in every aspect of building a state-of-the-art educational facility, and as project managers we draw on that expertise to act as trusted advocates for the schools that engage us.

2015–2016 SCHOOL YEAR PROJECT MANAGEMENT SUCCESS STORY

Elizabeth Torres knew early on that she wanted Building Hope involved in making her idea for an international curriculum-based charter school a reality. “In my view, they’re the most knowledgeable entity around that handles charter school facilities,” says Torres, director and co-founder of Washington Global Public Charter School in the nation’s capital. Building Hope’s project management strategy began by helping Torres and her supporters through the facilities section of the year-long, 300-page application process, which culminated in 2014. Then the organization led the search for a suitable school site and, once found, oversaw the design and construction work to turn that site, a five-story commercial office building in Southwest Washington, into a modern, tech-savvy middle school.

“In addition, Building Hope helped secure below-market financing to get the school up and running until enrollment is able to basically pay the facility’s cost,” says Torres. Washington Global opened in August 2015 with 102 students in grades 6 and 7. It will add 8th graders and grow to 180 students for the 2016-2017 school year, with 240 students projected by 2019.

Torres says it’s hard to imagine having achieved any of this without Building Hope, which she further credits as “instrumental” in helping the school get a 25-year, renewable lease on its “fantastic location” just three blocks from the National Mall. And, with Washington Global now in phase two of its development, Building Hope “continues to be important,” she says. “It’s not like they find a school site and move on. They provide ongoing support.”

Washington Global Public Charter School
Washington, DC

Project Description
Project Management

Site Description
Commercial office space
25,000-30,000 square ft.

Current/Projected Enrollment
102/240 (grades 6-8)

Website
washingtonglobal.org
OUR SERVICES

Incubator Space

One way Building Hope eases the facilities challenge on charter school leaders is to provide incubator space. Incubator space is favorable to charter schools from an economic perspective, as rents are based on actual enrollment levels rather than fair market value. Thus, schools can focus on building enrollment and academic programs while channeling the funds they save on lower rent payments into education programs.

2015–2016 SCHOOL YEAR INCUBATOR SPACE SUCCESS STORY

At least four other charter schools previously occupied the commercial property that the new District of Columbia International School (DCI) was looking to lease back in 2014. That’s a lot of wear and tear on any building, but especially one that’s several decades old. The drywall needed patching, the floors and pipes needed repairs, the vents had to be cleaned and everything needed a fresh coat of paint.

“The site was not ready for our students,” Mary Shaffner, DCI’s executive director, says of the 200 6th and 7th graders who had enrolled. But the biggest challenge was timing. Because schools operate on the same calendar, a departing tenant can’t leave before the end of the school year, and the incoming school has to be up and ready for the start of the next one.

“We wouldn’t have gotten in on time without Building Hope,” Shaffner says. “They signed the lease for us because we didn’t have any history. They take the risk for you. And they didn’t wait for the landlord to make any repairs. They took care of it. And they continue to support us.”

DCI plans to expand its language-immersion program in the 2017-2018 school year by moving into a larger facility on the old Walter Reed Army Medical Center grounds a few miles up 16th Street. A major renovation/expansion project is planned — again, with Building Hope taking the lead. Shaffner expects to have 1,450 students, in grades 6 through 12, by 2023.
OUR SERVICES

Back-Office Business Support

Charter schools are a business whose primary mission is to educate children. And like all businesses, they are responsible for the back office operations, including accounting, personnel and information technology. Some schools, especially start-ups, lack the staff and the resources to perform these functions. Building Hope provides quality back-office business services to charter schools at below-market rates. By contracting with Building Hope to support their operations, charter schools can direct more time and financial resources toward educating students.

CLIENT TESTIMONIAL

With five campuses — soon to be six — in two Florida public school districts, Franklin Academy Charter School recognizes the importance of consolidating its office support services. “This is a crucial task. And while quite a few individual schools do it on their own, we’ve found it to be cost-effective to outsource with Building Hope,” says Tom Rogers, a Franklin representative.

Building Hope manages the academy’s day-to-day bookkeeping, accounts payable and receivable, payroll processing, human resources, and budgeting and forecasting. Its comprehensive array of services include handling compliance with school district reporting requirements (e.g., annual audits). And, working with the Florida Department of Education, it conducts annual training in financial management and budget compliance, not just for Franklin but for every charter school in the state.

“Building Hope is the gold standard in Florida for financial compliance and charter school support services,” Rogers says. “Their competence is recognized throughout the state.” Specifically, Building Hope offers the experience of certified public accountants, banking professionals and charter school leaders. Having these resources at hand “allows us to focus on our primary mission: education,” Rogers adds.

“Could we have done this ourselves? Yes, but we’d be crazy to undertake it, given the expertise and services that Building Hope provides.”
### PROJECT FINANCING (FY 2015)

<table>
<thead>
<tr>
<th></th>
<th>DIRECT LOANS</th>
<th>CREDIT ENHANCEMENTS</th>
<th>SQUARE FOOTAGE</th>
<th>PROJECT COSTS</th>
<th>NUMBER OF STUDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/2004/2005</td>
<td>14,247,000</td>
<td>20,715,000</td>
<td>871,000</td>
<td>109,317,400</td>
<td>7,570</td>
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<tr>
<td>2006</td>
<td>5,700,000</td>
<td>2,890,000</td>
<td>276,600</td>
<td>64,436,700</td>
<td>2,840</td>
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<tr>
<td>2007</td>
<td>7,500,000</td>
<td>400,000</td>
<td>234,400</td>
<td>74,923,500</td>
<td>3,140</td>
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<tr>
<td>2008</td>
<td>14,605,000</td>
<td>2,565,000</td>
<td>668,000</td>
<td>126,342,600</td>
<td>7,210</td>
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<tr>
<td>2009</td>
<td>19,660,000</td>
<td>3,056,000</td>
<td>889,400</td>
<td>179,976,500</td>
<td>7,310</td>
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<tr>
<td>2010</td>
<td>14,986,000</td>
<td>1,885,000</td>
<td>712,000</td>
<td>108,714,400</td>
<td>7,160</td>
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<tr>
<td>2011</td>
<td>16,280,000</td>
<td>1,250,000</td>
<td>575,300</td>
<td>68,827,800</td>
<td>7,760</td>
</tr>
<tr>
<td>2012</td>
<td>13,950,000</td>
<td>3,150,000</td>
<td>664,800</td>
<td>87,987,700</td>
<td>11,110</td>
</tr>
<tr>
<td>2013</td>
<td>16,498,000</td>
<td>1,386,000</td>
<td>231,400</td>
<td>39,200,000</td>
<td>3,760</td>
</tr>
<tr>
<td>2014</td>
<td>16,166,000</td>
<td>1,900,000</td>
<td>550,400</td>
<td>116,532,000</td>
<td>5,060</td>
</tr>
<tr>
<td>2015</td>
<td>10,354,000</td>
<td>6,600,000</td>
<td>560,800</td>
<td>108,571,800</td>
<td>4,590</td>
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<tr>
<td>Total Projects Completed</td>
<td>149,946,000</td>
<td>45,797,000</td>
<td>6,234,100</td>
<td>1,084,830,400</td>
<td>67,510</td>
</tr>
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### REAL ESTATE DEVELOPMENT (FY 2015)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>FACILITIES</th>
<th>INVESTMENT</th>
<th>FACILITY</th>
<th>STUDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1</td>
<td>7,100,000</td>
<td>40,000</td>
<td>600</td>
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<tr>
<td>2015</td>
<td>4</td>
<td>31,114,000</td>
<td>175,700</td>
<td>2,190</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>38,214,000</td>
<td>215,700</td>
<td>2,790</td>
</tr>
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</table>
### SUMMARY FINANCIAL INFORMATION (FY 2015)

<table>
<thead>
<tr>
<th>REVENUES</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Grants and Donations</td>
<td>$1,730,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$3,899,000</td>
</tr>
<tr>
<td>Professional Services Fees</td>
<td>$3,028,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants Made to Schools (including subsidized interest)</td>
<td>$1,713,000</td>
</tr>
<tr>
<td>Programs and Administrative Expenses</td>
<td>$3,613,000</td>
</tr>
<tr>
<td>Professional Services Expenses</td>
<td>$2,530,000</td>
</tr>
</tbody>
</table>

| Assets                          | $65,500,000 |
| Liabilities                     | $18,100,000 |
| Fund Balance                    | $47,400,000 |
Our Funders and Partners

We appreciate the generous support of our partners and funders that are helping us realize our vision of communities where underserved children have access to a quality K-12 education and an equal opportunity to achieve success in life.
BOARD OF DIRECTORS

Building Hope is governed by a small and cohesive Board of Directors whose members share a commitment to providing quality K-12 educational opportunities for students nationwide.

Marianne M. Keler, Chair
Partner
Keler & Kershaw PLLC

J. Fernando Barrueta, Director and Audit Committee Chair
Managing Director
Colliers International

Albert A. D’Alessandro, Director and Credit Committee Chair
Founder
Financial Solutions, LLC

Joseph M. Muffler, Director
Vice President of Real Estate and Asset Protection
Navient

William P. Quinby, Director
Executive Vice President and Co-Regional Manager
Savills Studley

Sheila Ryan-Macie, Director
Senior Vice President and Chief of Staff
Navient

Patricia Lawicki, Director
Chief Information Officer
Navient

Priya Jayachandran, Director
Deputy Assistant Secretary for Multifamily Housing
U.S. Department of Housing and Urban Development (HUD)

SENIOR TEAM

Building Hope is led day to day by our president, S. Joseph Bruno, and a team of dedicated staff with decades of experience in finance, accounting, loan portfolio management, banking, real estate development, charter school operations, nonprofit management, legal, education and communications.

S. Joseph Bruno
President

Paul R. Leleck
Chief Financial Officer

Michael D’Alessandro
General Counsel

Richard Moreno
Vice President, Southern Region

Thomas E. Porter
Vice President, Mid-Atlantic Region

Dru Damico
Vice President, Western Region and Real Estate Development

Eva Schweitzer
Director, Lending and Portfolio Management

Mark Medema
Director, Strategic Initiatives

Susan Corsini
Director, Operations and Communications
Building Hope: A Charter School Facilities Fund established in 2003, is a nonprofit organization that supports high quality charter school growth by providing facilities financing, charter school facility development, incubator space, and back-office business services to charter schools nationwide.