Uplift Education

Financial Statements

Year Ended June 30, 2017

uplifteducation

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Certificate of Board

Uplift Education
(Federal Employer Identification Number: 75-2659683)

Uplift Education	Dallas	057-803
Name of Charter School	County	Co.-Dist. No.

We, the undersigned, certify that the attached Financial and Compliance Reports of the above named charter school were reviewed and (✓) approved (__) disapproved for the year ended June 30, 2017, at a meeting of the governing body of said charter schools on the _____ day of December, 2017.

12/5/17 Melissa McNeil 12-

Signature of Uplift Education
Secretary of the Corporation

Signature of Uplift Education
Board Chair

Independent Auditor's Report

To the Board of Governors of
Uplift Education

Report on the Financial Statements

We have audited the accompanying financial statements of Uplift Education (the School), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uplift Education as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Board of Governors of
Uplift Education

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole, as listed in the table of contents. The Texas Education Agency (TEA) Required Supplementary Information is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Uniform Guidance is presented for purposes of additional analysis and is also not a required part of the financial statements. The TEA Required Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the TEA Required Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by _Government Auditing Standards_

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Weaver and Tidwell L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 5, 2017

uplifteducation

Financial Statements

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Uplift Education

Statements of Financial Position

As of June 30, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 35,245,221	$ 30,140,162
Restricted cash and cash equivalents	65,272,335	45,993,006
Investments	555,659	534,809
Due from governments	22,375,085	20,272,487
Current portion of contributions receivable, net	1,614,286	833,333
Other current assets	1,352,938	345,971
Total current assets	126,415,524	98,119,768
Land lease rights	424,054	443,111
Non-current portion of contributions receivable, net	1,311,378	1,372,422
Capital assets, net	260,228,659	227,280,121
TOTAL ASSETS	$ 388,379,615	$ 327,215,422
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 8,460,879	$ 7,815,523
Accrued expenses	6,362,532	7,030,998
Funds held for student and parent groups	1,650,556	1,854,925
Current portion of long-term debt, net	5,631,995	3,133,250
Total current liabilities	22,105,962	19,834,696
Deferred rent	1,526,557	1,318,329
Non-current portion of long-term debt, net	328,538,654	264,888,000
TOTAL LIABILITIES	352,171,173	286,041,025
NET ASSETS		
Unrestricted	13,237,404	21,922,288
Temporarily restricted	22,971,038	19,252,109
TOTAL NET ASSETS	36,208,442	41,174,397
TOTAL LIABILITIES AND NET ASSETS	$ 388,379,615	$ 327,215,422

The Notes to Financial Statements are
an integral part of these statements.

Uplift Education

Statements of Activities

For the Years Ended June 30, 2017 and 2016

	Unrestricted	Temporarily Restricted	2017 Total
REVENUES			
Local support:			
5700 Revenues from local sources	$ 4,387,733	$ 6,903,387	$ 11,291,120
Total local support	4,387,733	6,903,387	11,291,120
State program revenues:			
5810 Foundation school program	-	135,229,543	135,229,543
5820 Other state aid	-	628,203	628,203
Total state program revenues	-	135,857,746	135,857,746
Federal program revenues:			
Public charter school startup grant	-	123,086	123,086
IDEA - Part B formula	-	2,463,519	2,463,519
IDEA - Part B preschool	-	4,488	4,488
National school lunch/breakfast program	-	6,532,392	6,532,392
ESEA, Title I, Part A	-	3,662,830	3,662,830
ESEA, Title II, Part A	-	698,441	698,441
ESEA, Title III, Part A	-	521,798	521,798
Career/technical basis grant	-	72,811	72,811
Charter replication grant	-	1,143,997	1,143,997
Total federal program revenues	-	15,223,362	15,223,362
Net assets released from restrictions:			
Restrictions satisfied from payments	154,265,566	(154,265,566)	-
Total revenues	$ 158,653,299	$ 3,718,929	$ 162,372,228

The Notes to Financial Statements are
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Uplift Education

Statements of Activities – Continued
For the Years Ended June 30, 2017 and 2016

		Unrestricted	Temporarily Restricted	2017 Total
EXPENSES				
Program services:				
11	Instruction and instructional related services	$ 72,286,171	$ -	$ 72,286,171
12	Instructional resources and media services	382,462	-	382,462
13	Curriculum and instructional staff development	5,858,370	-	5,858,370
21	Instructional leadership	6,802,714	-	6,802,714
23	School leadership	8,868,706	-	8,868,706
Supporting services:				
31	Guidance, counseling, and evaluation services	6,955,781	-	6,955,781
32	Social work services	66,419	-	66,419
33	Health services	1,264,218	-	1,264,218
34	Student transportation	22	-	22
35	Food services	6,887,499	-	6,887,499
36	Cocurricular/extracurricular activities	512,997	-	512,997
41	General administration	5,420,588	-	5,420,588
51	Plant maintenance and operations	21,320,315	-	21,320,315
52	Security services	1,069,604	-	1,069,604
53	Data processing services	2,877,661	-	2,877,661
61	Community services	534,457	-	534,457
71	Debt service	12,918,993	-	12,918,993
81	Fund raising	1,240,369	-	1,240,369
	Total expenses	155,267,346	-	155,267,346
Change in Net Assets		3,385,953	3,718,929	7,104,882
	Loss on extinguishment of debt (see Note 8)	(12,070,837)	-	(12,070,837)
NET ASSETS, BEGINNING OF YEAR		21,922,288	19,252,109	41,174,397
NET ASSETS, END OF YEAR		$ 13,237,404	$ 22,971,038	$ 36,208,442

The Notes to Financial Statements are
an integral part of these statements.

Uplift Education

Statements of Activities – Continued
For the Years Ended June 30, 2017 and 2016

	Unrestricted	Temporarily Restricted	2016 Total
REVENUES			
Local support:			
5700 Revenues from local sources	$ 3,789,359	$ 4,825,835	$ 8,615,194
Total local support	3,789,359	4,825,835	8,615,194
State program revenues:			
5810 Foundation school program	-	118,644,480	118,644,480
5820 Other state aid	-	843,348	843,348
Total state program revenues	-	119,487,828	119,487,828
Federal program revenues:			
Public charter school startup grant	-	346,451	346,451
IDEA - Part B formula	-	1,514,823	1,514,823
National school lunch/breakfast program	-	5,700,839	5,700,839
ESEA, Title I, Part A	-	3,188,224	3,188,224
ESEA, Title II, Part A	-	506,745	506,745
ESEA, Title III, Part A	-	491,857	491,857
Career/technical basis grant	-	140,322	140,322
Teacher incentive fund	-	990,721	990,721
Charter replication grant	-	179,143	179,143
Total federal program revenues	-	13,059,125	13,059,125
Net assets released from restrictions:			
Restrictions satisfied from payments	132,686,412	(132,686,412)	-
Total revenues	$ 136,475,771	$ 4,686,376	$ 141,162,147

The Notes to Financial Statements are
an integral part of these statements.

Uplift Education

Statements of Activities – Continued
For the Year Ended June 30, 2017 and 2016

		Unrestricted	Temporarily Restricted	2016 Total
EXPENSES				
Program services:				
11	Instruction and instructional related services	$ 63,597,962	$ -	$ 63,597,962
12	Instructional resources and media services	350,075	-	350,075
13	Curriculum and instructional staff development	4,617,598	-	4,617,598
21	Instructional leadership	6,597,200	-	6,597,200
23	School leadership	8,755,179	-	8,755,179
Supporting services:				
31	Guidance, counseling, and evaluation services	4,899,975	-	4,899,975
32	Social work services	8,478	-	8,478
33	Health services	1,162,132	-	1,162,132
34	Student transportation	2,662	-	2,662
35	Food services	7,018,273	-	7,018,273
36	Cocurricular/extracurricular activities	541,378	-	541,378
41	General administration	4,130,823	-	4,130,823
51	Plant maintenance and operations	18,993,086	-	18,993,086
52	Security services	940,442	-	940,442
53	Data processing services	2,993,166	-	2,993,166
61	Community services	602,172	-	602,172
71	Debt service	11,593,567	-	11,593,567
81	Fund raising	1,197,046	-	1,197,046
	Total expenses	138,001,214	-	138,001,214
Change in Net Assets		(1,525,443)	4,686,376	3,160,933
NET ASSETS, BEGINNING OF YEAR		23,447,731	14,565,733	38,013,464
NET ASSETS, END OF YEAR		$ 21,922,288	$ 19,252,109	$ 41,174,397

The Notes to Financial Statements are
an integral part of these statements.

Uplift Education

Statements of Cash Flows

For the Years Ended June 30, 2017 and 2016

	2017	2016
OPERATING ACTIVITIES		
Cash received from local support	$ 10,571,211	$ 9,793,940
Cash received from state program revenues	133,546,633	118,903,567
Cash received from federal program revenues	15,431,877	13,059,125
Cash (paid) received from student and parent groups	(204,369)	118,494
Cash paid to employees	(101,148,733)	(88,605,877)
Cash paid to suppliers	(40,349,951)	(36,396,442)
Interest payments		
Bonds	(13,220,397)	(11,013,866)
Notes	(117,067)	(368,710)
Net cash provided by operating activities	4,509,204	5,490,231
INVESTING ACTIVITIES		
Purchase of capital assets	(44,252,610)	(29,053,926)
Disposal of capital assets	507,890	72,741
Proceeds from sale of investments	(20,850)	52,173
Change in restricted cash	(19,279,329)	31,455,080
Net cash (used in) provided by investing activities	(63,044,899)	2,526,068
FINANCING ACTIVITIES		
Proceeds from bond issuance	117,225,000	-
Proceeds from notes payable	2,687,286	-
Premium on issuance of long term debt	12,597,361	-
Cash paid for debt issuance costs	(1,582,881)	-
Payments on long-term debt	(65,300,000)	(2,813,988)
Payments on notes payable	(1,986,012)	
Net cash provided by (used in) financing activities	63,640,754	(2,813,988)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,105,059	5,202,311
CASH AND CASH EQUIVALENTS, beginning of year	30,140,162	24,937,851
CASH AND CASH EQUIVALENTS, end of year	$ 35,245,221	$ 30,140,162

The Notes to Financial Statements are
an integral part of these statements.

Uplift Education

Statements of Cash Flows – Continued
For the Years Ended June 30, 2017 and 2016

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	2017	2016
Change in net assets	$ 7,104,882	$ 3,160,933
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,501,644	7,442,097
Amortization	42,336	382,277
Non-cash loan forgiveness	-	(1,000,000)
Non-cash loss on extinguishment of debt	(12,070,837)	-
Unrealized loss on investments	20,850	20,823
(Increase) Decrease in assets:		
Investments	(20,850)	52,173
Due from governments	(2,102,598)	(584,261)
Contributions receivable	(719,909)	2,157,923
Land lease rights	19,057	19,714
Other assets	(1,006,967)	24,936
Increase (Decrease) in liabilities:		
Accounts payable	2,939,893	(4,825,294)
Accrued expenses	(668,466)	(1,392,417)
Unamortized financing costs	2,466,310	-
Funds held for student and parent groups	(204,369)	118,494
Deferred rent	208,228	(87,167)
Net cash provided by operating activities	$ 4,509,204	$ 5,490,231
NON-CASH ACTIVITIES		
Capital expenditures (including retainage) included in accounts payable	$ 2,294,537	$ 2,693,618
Loss on extinguishment of debt	$ 12,070,837	$ -
Loan forgiveness	$ -	$ 1,000,000

The Notes to Financial Statements are
an integral part of these statements.

Uplift Education

Notes to Financial Statements

Note 1. Background

Uplift Education (the School) was incorporated in the State of Texas on February 26, 1996 and commenced operations on July 1, 1997. The School's mission is to create and sustain public schools of excellence that empower each student to reach their highest potential in college and the global marketplace and that inspire in students a life-long love of learning, achievement, and service in order to positively change their world.

The School operated 17 campuses serving approximately 15,500 students during fiscal year 2017. Uplift is rated BBB- by Standard & Poor's.

The charter holder had no material non-charter activities.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the School conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies.

Basis of Accounting

The accompanying financial statements of the School have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statement presentation follows the guidance of the Financial Accounting Standards Board ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor-imposed restrictions.

Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted - net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted - the School reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - net assets required to be maintained in perpetuity with only the income to be used for the School's activities due to donor-imposed restrictions. The School had no permanently restricted net assets during the years ended June 30, 2017 and 2016.

Cash and Cash Equivalents

Cash and cash equivalent consists of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. Cash and cash equivalents are reported at cost which approximates fair value. The School maintains cash balances at various financial institutions, which at times may exceed federally insured limits. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Indenture requirements of bond financing (see Note 9) provide for the establishment and maintenance of various bank accounts with trustees. The indenture terms limit the use of these funds to the construction of plant facilities and payment of principal and interest to bond holders. Restricted cash is comprised of cash equivalents and is recorded at cost, which approximates fair value.

Fair Value of Financial Instruments

The School defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the financial statements include cash and cash equivalents, short- term investments, receivables and other assets, notes payable, bonds payable and long-term debt. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the maturity and the characteristics of those instruments. The carrying value of bonds payable and long-term debt approximates fair value as terms approximate those currently available for similar debt instruments.

Contributions Receivable

Contributions receivable represent unconditional promises to give and are included in the financial statements as contributions receivable and recognized as revenue in the period pledged. Contributions are recorded after being discounted to the anticipated net present value of the future cash flows. In addition, management evaluates payment history and market conditions to estimate allowances for doubtful contributions. Based on their experience with the organizations who have outstanding contributions, as of June 30, 2017 and 2016, management has not recorded an allowance for doubtful contributions. Changes in the fair value of contributions receivable are reported in the statements of activities as contribution revenue.

Capital Assets

Expenditures for capital assets are stated at cost, representing the purchase price or fair market value at the date of gift, less accumulated depreciation. Depreciation expense is computed using the straight-line method over estimated useful lives of each asset.

Building and improvements	10-30 years
Furniture and equipment	5-10 years

Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. The School capitalizes property and equipment with a cost greater than $5,000 and a useful life of greater than five years. The School reviews the carrying value of long-lived assets to determine if facts and circumstances suggest that they may be impaired or that the depreciation or amortization period may need to be changed.

Construction in progress will not be depreciated over the useful lives of the respective assets until they are ready for their intended use. The costs and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains and losses are included in the statements of activities.

Capital assets purchased with grant funds are owned by the School while used in the program for which it was purchased or in other future School programs. However, the various funding sources have a reversionary interest in the capital assets purchased with grant funds. Its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. As of June 30, 2017 and 2016, the net book value of the grant-funded property and equipment was $824,481 and $308,546, respectively.

Financing Costs

Costs of obtaining long-term bank and bond financing are recorded as financing costs and are deferred as a direct deduction from the carrying amount of that debt liability and amortized using the interest method over the related bond period. Amortization expense is included in debt service in the accompanying statements of activities.

Deferred Rent

To the extent of escalating lease payments or periods of free rent, the School is recognizing the lease payments ratably over the term of the lease.

Donated Services and Property

During the years ended June 30, 2017 and 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, a substantial number of individuals have donated significant amounts of their time in the School's programs and supporting services. Donations of property and equipment are recorded at the estimated fair value as of the date the contribution is received. During the years ended June 30, 2017 and 2016, the School received no donations of property and equipment.

Income Tax Status

The School has been recognized by the Internal Revenue Service as a nonprofit corporation exempt from federal income tax on its income, under Section 501(c)(3) of the Internal Revenue Code. The School follows the provisions of ASC 740-10, Income Taxes, related to unrecognized tax positions. The School recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The School does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the years ended June 30, 2017 and 2016, there were no interest or penalties recorded or included in the financial statements. The School is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The School's informational returns are generally subject to examination for three years after the later of the due date or date of filing. As a result, the School is no longer subject to income tax examinations by tax authorities for years prior to 2014.

Federal Funding

For all Federal programs, the School uses the funds specified by the Texas Education Agency in the Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts. Temporarily restricted funds are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted funds.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, expenses such as depreciation, amortization and operation and maintenance of facilities have been allocated among the programs and supporting services benefited.

Note 3. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents were restricted as follows as of June 30:

	2017	2016
Construction	$ 45,774,155	$ 26,262,396
Debt service	19,197,519	19,468,442
Other	300,661	262,168
	$ 65,272,335	$ 45,993,006

Note 4. Investments

Investments are stated at fair value and are as follows as of June 30:

Mutual Funds:	2017	2016
US equity funds	$ 366,346	$ 320,496
International equity funds	49,780	44,520
US fixed income	118,426	150,677
International fixed income	21,107	19,116
	$ 555,659	$ 534,809

<u>Disclosures about Fair Value of Financial Instruments</u>

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Investments – Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models (Level 2), quoted prices of investments with similar characteristics (Level 2) or discounted cash flows or other valuation methodologies (Level 3). The School did not have, at June 30, 2017 or 2016, or at any time during the year, any investments classified as Level 2 or Level 3. The School's investments in mutual funds and exchange traded funds reported as level 1 are determined by reference to quoted market prices in principal active markets for identical assets as of the valuation date.

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2017 Fair Value
Mutual Funds:				
US equity funds	$ 366,346	$ -	$ -	$ 366,346
International equity funds	49,780	-	-	49,780
US fixed income	118,426	-	-	118,426
International fixed income	21,107	-	-	21,107
	$ 555,659	$ -	$ -	$ 555,659

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2016 Fair Value
Mutual Funds:				
US equity funds	$ 320,496	$ -	$ -	$ 320,496
International equity funds	44,520	-	-	44,520
US fixed income	150,677	-	-	150,677
International fixed income	19,116	-	-	19,116
	$ 534,809	$ -	$ -	$ 534,809

Note 5. Due from Governments

Amounts due from state consist of the following as of June 30:

	2017	2016
Texas Education Agency -		
Foundation School Program revenue	$ 20,092,206	$ 17,781,093
Federal grant revenue	2,282,879	2,491,394
Due from governments	$ 22,375,085	$ 20,272,487

Note 6. Contributions Receivable

Contributions receivable consist of contributions towards the School's capital campaign and other initiatives. The net present value of contributions receivable consist of the following as of June 30:

Amounts expected to be collected in:

	2017	2016
Contributions receivable	$ 3,140,000	$ 2,425,000
Less: discount to present value (discount rate of 5%)	(214,336)	(219,245)
Contributions receivable, net	$ 2,925,664	$ 2,205,755
Current portion of contributions receivable, net	$ 1,614,286	$ 833,333
Non-current portion of contributions receivable, net	$ 1,311,378	$ 1,372,422

Note 7. Capital Assets

Capital assets consist of the following as of June 30:

	2017	2016
Building and improvements	$ 224,482,758	$ 200,984,220
Furniture and fixtures	7,614,600	6,050,213
Depreciable assets	232,097,358	207,034,433
Less accumulated depreciation	(38,807,610)	(30,305,966)
Total depreciable assets	193,289,748	176,728,467
Land	28,250,781	28,250,781
Construction in progress	38,688,130	22,300,873
Capital assets, net	$ 260,228,659	$ 227,280,121

For the years ended June 30, 2017 and 2016, the School capitalized interest in the amounts of $1,703,158 and $1,932,312, respectively.

For the years ended June 30, 2017 and 2016, the School charged $8,501,644 and $7,442,097 to depreciation expense, which is included in plant maintenance and operations in the accompanying statements of activities.

Uplift Education
Notes to Financial Statements

Note 8. Long-Term Debt

Amounts owed as long-term debt were as follows as of June 30:

	Interest Rate	2017	2016
Bonds payable:			
Series 2007 bonds	5.350 - 5.875%	$ -	$ 8,735,000
Series 2010 bonds	4.300 - 6.250%	-	53,825,000
Series 2012 bonds	4.875 - 8.000%	76,955,000	78,240,000
Series 2013 bonds	3.100 - 4.400%	42,235,000	42,940,000
Series 2014 bonds	3.375 - 4.600%	41,160,000	41,750,000
Series 2015 bonds	4.000 - 5.000%	43,470,000	43,470,000
Series 2016 bonds	2.750 - 5.000%	42,820,000	-
Series 2017A bonds	2.000 - 5.000%	74,405,000	-
Total bonds payable		321,045,000	268,960,000
Bond premium:			
Plus: Series 2015 bond premium		1,265,495	1,382,752
Plus: Series 2016 bond premium		5,079,585	-
Plus: Series 2017A bond premium		7,259,237	-
Total bond premium		13,604,317	1,382,752
Notes payable:			
Charter School Growth Fund	1.000 - 3.250%	3,700,000	3,000,000
NexBank SSB	5.000%	-	1,986,012
BBVA	3.784 - 4.050%	1,987,286	-
Total notes payable		5,687,286	4,986,012
Total bonds and notes payable		340,336,603	275,328,764
Unamortized financing cost		(6,165,954)	(7,307,514)
Total long-term debt, net		334,170,649	268,021,250
Less: current portion, net		(5,631,995)	(3,133,250)
Non-current portion, long-term debt, net		$ 328,538,654	$ 264,888,000

<u>Series 2007 A & B Bonds</u>
On September 6, 2007, the School issued $10,040,000 of Education Revenue Bonds – Series 2007A and $340,000 of Taxable Education Revenue Bonds – Series 2007B. The bonds mature serially each December 1st, starting 2008 until 2037.

As part of the Series 2016 bonds issuance, the School completed an advance refunding of the outstanding principal amount of $8,735,000 Series 2007A Education Revenue Bonds.

<u>Series 2010 A & B Bonds</u>
On April 8, 2010, the School issued $56,150,000 of Education Revenue Bonds – Series 2010A and $685,000 of Taxable Education Revenue Bonds – Series 2010B. The bonds mature serially each December 1st, starting 2012 until 2046.

As part of the Series 2017A bonds issuance, the School completed an advance refunding of the outstanding principal amount of $53,150,000 Series 2010 A Education Revenue Bonds.

<u>Series 2012 A, B & Q Bonds</u>
On April 19, 2012, the school issued $60,550,000 of Education Revenue Bonds – Series 2012A, $230,000 Taxable Education Revenue Bonds – Series 2012B and $20,000,000 of Taxable Education Revenue Bonds – Series 2012Q. The bonds mature each December 1st, starting 2014 until 2048.

<u>Series 2013 A & B Bonds</u>
On January 24, 2013, the school issued $44,750,000 of Education Revenue Bonds - Series 2013A and $210,000 of Taxable Education Revenue Bonds – Series 2013B. The bonds mature serially each December 1st, starting 2013 until 2047.

<u>Series 2014 A & B Bonds</u>
On August 28, 2014, the school issued $41,395,000 of Education Revenue Bonds - Series 2014A and $355,000 of Taxable Education Revenue Bonds – Series 2014B. The bonds mature serially each December 1st, starting 2016 until 2049.

<u>Series 2015 A & B Bonds</u>
On June 4, 2015, the school issued $43,075,000 of Education Revenue Bonds – Series 2015A and $395,000 of Taxable Education Revenue Bonds – Series 2015B. The bonds mature serially each December 1st, starting 2017 until 2051.

<u>Series 2016 A & B Bonds</u>
On July 7, 2016, the school issued $42,600,000 of Education Revenue Bonds – Series 2016A and $380,000 of Taxable Education Revenue Bonds – Series 2016B. The bonds mature serially each December 1st, starting 2016 until 2051.

As part of this issuance, the School completed an advance refunding of the outstanding principal amount of $8,735,000 of Series 2007 A, Education Revenue Bonds, which resulted in a noncash loss of extinguishment of debt of $1,131,880. As a result of this defeasance, the School will realize a total decrease in debt service payments of $1,592,491, net of refunding expenses, which resulted in an economic gain of $1,057,014.

Series 2017A Bonds

On May 31, 2017, the school issued $74,405,000 of Education Revenue and Refunding Bonds – Series 2017A. The bonds mature serially each December 1st, starting 2017 until 2052.

As part of this issuance, the School completed an advance refunding of the outstanding principal amount of $53,150,000 of Series 2010 A, Education Revenue Bonds, which resulted in a noncash loss of extinguishment of debt of $10,938,956. As a result of this defeasance, the School will realize a total decrease in debt service payments of $18,187,115, net of refunding expenses, which resulted in an economic gain of $10,736,268.

Proceeds of the bonds were generally used for capital asset purchases, construction, repayment of previously issued debt and establishing reserves for future debt service. The bonds are secured by notes issued under the master trust indenture, and such notes are secured by real estate and certain existing or future buildings and improvements on such real estate.

Interest paid for the fiscal years ended June 30, 2017 and 2016, was $13,220,397 and $11,013,866, respectively, of which the School capitalized $1,703,158 and $1,932,312, respectively.

The loan agreements or Supplemental Master Trust Indentures for each of the above issuances establishes a debt service coverage ratio, which stipulates that available revenues for each fiscal year must be equal to at least 1.10 times the annual debt service of the School as of the end of the first fiscal year after the date of issuance and thereafter until the individual bond or notes have been paid in full. During the years ended June 30, 2017 and 2016, the School was in compliance with this covenant and all other applicable covenants contained in the Supplemental Master Trust Indentures and loan agreement.

Notes Payable

The School has received $3,700,000 in loans as part of a Charter School Growth Fund (CSGF) loan and grant program. Proceeds of the loans were used for general support of the School. The notes accrue interest at rates between 1.00% and 3.25%. On March 1, 2017, the School and CSGF amended the 2011 loan to reduce the interest rate from 3.25% to 1.00% and to restructure and extend the repayment schedule. The loans mature starting on July 1, 2018 and are not collateralized.

The School had a $1,986,012 loan with NexBank SSB. Proceeds of the loan were used to fund capital projects and working capital. The note accrued interest at 5%. Beginning in March 2016, the School began making monthly payments of principal and interest based on a 25-year amortization period. On February 24, 2017, the School paid off the loan and the note was cancelled.

On December 1, 2015, the School entered into a loan agreement with BBVA Compass Bank for a term loan not to exceed $7,000,000 with a draw period expiring December 1, 2017. On February 24, 2017, the school drew $1,987,286 on the loan, using proceeds of the loan to refinance the NexBank SSB loan. The drawn portion of the note accrues interest at one-month LIBOR (London Interbank Offering Rate) plus 3%. During the year ended June 30, 2017, the one-month LIBOR plus 3% rate at which the School accrued interest on the drawn portion ranged between 3.784% and 4.050%. The School pays a 25 basis point fee on the committed but undrawn balance.

The NexBank SSB and BBVA Compass Bank notes were issued pursuant to the master trust indenture, which is secured by a deed of trust in the real estate of the School and certain existing or future buildings and improvements on such real estate.

Financing Costs

The cost of issuing bank debt and bonds is being amortized over the life of the debt. Financing costs consist of the following as of June 30:

	2017	2016
Financing cost	$ 7,137,623	$ 8,979,544
Accumulated amortization	(971,669)	(1,672,030)
Unamortized financing cost	$ 6,165,954	$ 7,307,514

As of July 1, 2016, the School adopted Accounting Standards Update 2015-03, "Interest – Imputation of Interest," whereby debt issuance costs are reported in the 2017 and 2016 statements of financial position as direct deductions from the carrying amount of the related debt liability. Debt issuance costs were previously reported within other assets.

For the years ended June 30, 2017 and 2016, the School recorded $418,132 and $382,277, respectively, to amortization expense, which is included in debt service in the accompanying statements of activities.

Scheduled maturities of long-term debt are as follows at June 30, 2017:

Fiscal Year End	Principal	Interest	Total
2018	$ 6,007,286	$ 15,101,073	$ 21,108,359
2019	5,390,000	14,876,846	20,266,846
2020	5,810,000	14,647,041	20,457,041
2021	5,775,000	14,386,575	20,161,575
2022	6,765,000	14,113,804	20,878,804
Thereafter	296,985,000	225,851,873	522,836,873
	326,732,286	298,977,212	625,709,498
Add amount representing premium	13,604,317	-	13,604,317
Less unamortized financing cost	(6,165,954)	-	(6,165,954)
	$ 334,170,649	$ 298,977,212	$ 633,147,861

Note 9. Pension Plan Obligation

Plan Description

The School contributes to the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the School, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively.

TRS as a multiple-employer plan is different from single-employer plans in that:
1. Charters are legally separate entities from the state and each other.
2. Assets contributed by one charter or Independent School District (ISD) may be used for the benefit of an employee of another ISD or charter.
3. Unfunded obligations of the plan get passed along to other charters and ISDs participating in the plan.
4. There is not a withdrawal penalty for leaving the TRS system.

The following table includes the disclosures required per FASB 715-80-50-5:

Legal name of the plan	Teacher Retirement System of Texas		
Plan's Employer Identification Number	n/a		
Zone status	Unknown		
Total Plan Assets	$152,925,647,396		
Accumulated Benefit Obligations	$171,797,150,487		
% Funded	78%		
Expiration date of the collective-bargaining agreements requiring contributions to the plan	There is not a collective-bargaining agreement.		
Employer contributions for the period ending June 30, 2017	$2,193,049 (the School's contributions to the plan did not represent more than 5% of the total contributions to the plan)		
As of the end of the period ending June 30, 2017			
Status of funding improvement plan or rehabilitation plan had been implemented or pending:	N/A		
Did employer pay surcharge to the plan?	Yes		
Contribution Rates		2016	2017
· Member		7.20%	7.70%
· Non-Member Contributing Entity (State)		6.80%	6.80%
· Employers		1.50%	1.50%

There have been no changes that would affect the comparison of employer contributions from year to year.

Information regarding the plan may be found at the TRS website (http://www.trs.state.tx.us/). The TRS posts the Comprehensive Annual Financial Report (CAFR) every year on its website.

The School did not contribute to or participate in any other defined benefit pension plan or defined contribution plan.

Note 10. Temporarily Restricted Net Assets

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	2017	2016
Private grants and contracts	$ 818,967	$ 10,610,865
Contributions receivable	1,795,000	-
Foundation School Program	136,446,240	109,016,422
Federally funded educational programs	15,205,359	13,059,125
Total	$ 154,265,566	$ 132,686,412

Temporarily restricted net assets consisted of the following at June 30:

	2017	2016
Foundation School Program	$ 9,874,571	$ 10,463,065
Child Nutrition Program	185,411	-
Summer Feeding Program	43,918	8,343
Charter Expansion Grant Program	499,000	-
Temporarily restricted contributions	9,442,475	6,574,946
Contributions receivable, net	2,925,663	2,205,755
Total temporarily restricted net assets	$ 22,971,038	$ 19,252,109

Note 11. Leases

The School leases its central management office space under a long-term operating lease that expires in March 2020. The School also leases 3 school facilities that expire through 2059, including one school that has below market lease term with the Housing Authority of the City of Dallas. Accordingly, the School is recognizing land lease rights of $424,054 and $443,111 as of June 30, 2017 and 2016, respectively, to account for the present value of the below market lease. In addition, the School leases copiers and printers under operating lease agreements expiring through July 2020.

Scheduled lease payments for all leases are as follows as of June 30, 2017:

Lease Year		Annual Base Lease
2018		$ 1,372,823
2019		1,187,804
2020		1,022,557
2021		645,374
2022		637,250
Thereafter		9,464,500
	Total	$ 14,330,308

For the years ended June 30, 2017 and 2016, rent expense was $1,795,934 and $1,897,718, respectively.

Note 12. Commitments for Construction and Acquisition of Property and Equipment

At June 30, 2017, the School had commitments of approximately $4,335,000 for construction and acquisition of property and equipment, all of which are expected to be incurred in fiscal year 2018.

Note 13. Contingencies

The School receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency (TEA) and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the School have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, school funds may be subject to refund if so determined by the TEA or the grantor agency.

From time to time, the School is subject to certain claims and contingent liabilities that arise in the normal course of business. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the School's financial position.

Certain federal grants which the School administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the School expects such amounts, if any, would not have a significant impact on the financial position of the School.

Note 14. Economic Dependency

During the years ended June 30, 2017 and 2016, the School recognized revenue of $151,081,108 and $132,546,953, respectively, from the TEA and federal government. For the years ended June 30, 2017 and 2016, this amount constitutes approximately 93% and 94%, respectively, of total revenues earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the School to continue to provide the current level of services to its students.

Note 15. Evaluation of Subsequent Events

The School evaluated its financial statements for subsequent events through December 5, 2017, the date the financial statements were available to be issued. The School is not aware of any subsequent events which would require recoding or disclosure in the financial statements, except for the following item:

On August 31, 2017, the School issued $23,380,000 of Series 2017B Education Revenue Bonds, all of which was tax-exempt. Proceeds of the bonds will be used to finance the acquisition, expansion, and improvements of facilities. The Series 2017B bonds mature serially each December 1st, starting 2019 until 2052, with interest ranging from 3.00% to 5.00%.

Supplementary Information

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Uplift Education

Schedule of Schools
As of June 30, 2017

Charter Schools Operated by Uplift Education:

Uplift Gradus Preparatory Primary School
Uplift Grand Preparatory High School
Uplift Grand Preparatory Middle School
Uplift Grand Preparatory Primary School
Uplift Hampton Preparatory High School
Uplift Hampton Preparatory Middle School
Uplift Hampton Preparatory Primary School
Uplift Heights Preparatory High School
Uplift Heights Preparatory Middle School
Uplift Heights Preparatory Primary School
Uplift Infinity Preparatory High School
Uplift Infinity Preparatory Middle School
Uplift Infinity Preparatory Primary School
Uplift Luna Preparatory High School
Uplift Luna Preparatory Middle School
Uplift Luna Preparatory Primary School
Uplift Meridian Preparatory Primary School
Uplift Mighty Preparatory High School
Uplift Mighty Preparatory Middle School
Uplift Mighty Preparatory Primary School
Uplift North Hills Preparatory High School
Uplift North Hills Preparatory Middle School
Uplift North Hills Preparatory Primary School
Uplift Peak Preparatory High School
Uplift Peak Preparatory Middle School
Uplift Peak Preparatory Primary School
Uplift Pinnacle Preparatory Middle School
Uplift Pinnacle Preparatory Primary School
Uplift Summit International Preparatory High School
Uplift Summit International Preparatory Middle School
Uplift Summit International Preparatory Primary School
Uplift Williams Preparatory High School
Uplift Williams Preparatory Middle School
Uplift Williams Preparatory Primary School
Uplift Triumph Preparatory Primary School

Uplift Education

Schedules of Expenses

For the Years Ended June 30, 2017 and 2016

		2017	2016
EXPENSES			
6100	Payroll costs	$ 100,480,267	$ 87,140,490
6200	Professional and contracted services	15,711,304	14,209,946
6300	Supplies and material	13,094,081	13,063,899
6400	Other operating costs	13,020,026	11,960,210
6500	Debt costs	12,961,668	11,626,669
	Total expenses	$ 155,267,346	$ 138,001,214

Uplift Education

Schedules of Cash and Capital Assets
For the Years Ended June 30, 2017 and 2016

		Ownership Interest			2017
		Local	State	Federal	Total
1100	Cash	$ 13,655,557	$ 21,589,664	$ -	$ 35,245,221
1510	Land	3,312,968	24,937,813	-	28,250,781
1520	Buildings and improvements	-	224,461,933	20,825	224,482,758
1530	Furniture and equipment	224,535	6,939,292	450,772	7,614,600
1580	Construction in progress	-	38,189,130	499,000	38,688,130
	Total	**$ 17,193,060**	**$ 316,117,832**	**$ 970,597**	**$ 334,281,490**

		Ownership Interest			2016
		Local	State	Federal	Total
1100	Cash	$ 8,785,888	$ 21,354,274	$ -	$ 30,140,162
1510	Land	3,312,968	24,937,813	-	28,250,781
1520	Buildings and improvements	-	200,963,395	20,825	200,984,220
1530	Furniture and equipment	-	5,679,986	370,227	6,050,213
1580	Construction in progress	-	22,300,873	-	22,300,873
	Total	**$ 12,098,856**	**$ 275,236,341**	**$ 391,052**	**$ 287,726,249**

Uplift Education

Budgetary Comparison Schedule (Unaudited)
For the Year Ended June 30, 2017

		Budgeted Amounts			Variance
		Original	Final (see Note 1)	Actual Amounts	From Final Budget
REVENUES					
Local support					
5740	Other revenues from local sources[1]	$ 7,654,000	$ 7,390,070	$ 11,291,120	$ 3,901,050
	Total local support	7,654,000	7,390,070	11,291,120	3,901,050
State Program Revenues					
5810	Foundation School Program Act revenues	133,273,935	134,377,949	135,229,543	851,594
5820	State program revenues distributed by Texas Education Agency	-	638,352	628,203	(10,149)
	Total state program revenues	133,273,935	135,016,301	135,857,746	841,445
Federal program revenues					
5920	Federal revenues distributed by Texas Education Agency[2]	9,037,355	13,364,642	7,546,973	(5,817,669)
5930	Federal revenues distributed by other State of Texas government agencies[2]	6,266,645	748,271	6,532,392	5,784,121
5940	Federal revenues distributed directly from the federal government[6]	-	880,216	1,143,997	263,781
	Total federal program revenues	15,304,000	14,993,129	15,223,362	230,233
	Total revenues	156,231,935	157,399,500	162,372,228	4,972,728
EXPENSES					
11	Instruction	70,366,576	72,825,127	72,286,171	538,956
12	Instructional resources	445,151	379,976	382,462	(2,486)
13	Curriculum and instructional staff development	5,861,036	5,508,790	5,858,370	(349,580)
21	Instructional leadership	7,506,306	6,774,664	6,802,714	(28,050)
23	School leadership	9,198,295	8,723,692	8,868,706	(145,014)
31	Guidance, counseling and evaluation services	7,519,753	6,901,553	6,955,781	(54,228)
32	Social work services	-	66,419	66,419	-
33	Health services	1,283,824	1,247,220	1,264,218	(16,998)
34	Student transportation[3]	-	-	22	(22)
35	Food services	7,397,334	6,790,743	6,887,499	(96,756)
36	Cocurricular/extracurricular activities	303,991	509,997	512,997	(3,000)
41	General administration	7,895,548	5,424,263	5,420,588	3,675
51	Plant maintenance and operations[4]	20,323,261	21,059,149	21,320,315	(261,166)
52	Security and monitoring services	1,155,739	1,063,644	1,069,604	(5,960)
53	Data processing services	1,975,667	3,097,259	2,877,661	219,598
61	Community services	418,586	531,738	534,457	(2,719)
71	Debt service[4]	13,178,362	12,918,994	12,918,993	1
81	Fund raising	1,535,638	1,229,779	1,240,369	(10,590)
	Total expenses	156,365,067	155,053,007	155,267,346	(214,339)
Change in net assets		(133,132)	2,346,493	7,104,882	4,758,389
	Loss on extinguishment of debt[5]	-	-	(12,070,837)	(12,070,837)
Change in net assets after loss on extinguishment		$ (133,132)	$ 2,346,493	$ (4,965,955)	$ (7,312,448)

Uplift Education

Notes to Budgetary Comparison Schedule (Unaudited)
For the Year Ended June 30, 2017

Note 1:

The School's final adopted budget did not account for certain local revenues related to temporarily restricted contributions that were properly accrued in the School's Statement of Activities.

Note 2:

The School's final adopted budget incorrectly coded some federal revenues between object codes 5920 and 5930, resulting in large budget to actual variances for these line items. However, the School believes it is appropriate to combine the budget variances for these two object codes to determine whether the School accurately budgeted for these types of federal revenues. The combined budget variance is ($33,548), which is ($5,817,669) plus $5,784,121; accordingly, the School believes there is no significant budget variance between these two object codes.

Note 3:

The School's adopted budgets did not include any amounts for Function 34, Student transportation; however, the School did properly record $22 to student transportation in its Statement of Activities.

Note 4:

The School's adopted budgets did not include depreciation and bond cost amortization expenses that are now being included in the budget numbers above. Depreciation expense of $8,501,644 is included in Function 51, Plant maintenance & operations, and bond cost amortization expense of $418,132 is included in Function 71, Debt service.

Note 5:

As described in Note 8. Long-Term Debt, during the year ended June 30, 2017, the School completed advance refunding transactions of its outstanding Series 2007 A and Series 2010 A bonds, which resulted in noncash losses on extinguishment of debt of $1,131,880 and $10,938,956, respectively, totaling $12,070,837.

Note 6:

The School made decisions to use the CSP (direct federal) grant to make construction purchases along with a small portion of payroll cost.

uplift education

Uplift Education

Series 2012 Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2018	$ 1,310,000	$ 4,214,306	$ 5,524,306
2019	1,345,000	4,122,513	5,467,513
2020	1,375,000	4,028,431	5,403,431
2021	1,405,000	3,932,263	5,337,263
2022	1,430,000	3,834,175	5,264,175
2023	1,465,000	3,733,969	5,198,969
2024	1,560,000	3,629,891	5,189,891
2025	1,595,000	3,521,972	5,116,972
2026	1,630,000	3,411,503	5,041,503
2027	1,670,000	3,298,363	4,968,363
2028	1,730,000	3,195,206	4,925,206
2029	1,815,000	3,101,141	4,916,141
2030	1,900,000	3,002,697	4,902,697
2031	1,990,000	2,899,753	4,889,753
2032	2,085,000	2,791,988	4,876,988
2033	2,185,000	2,679,156	4,864,156
2034	2,295,000	2,558,394	4,853,394
2035	2,410,000	2,433,588	4,843,588
2036	2,535,000	2,306,872	4,841,872
2037	2,670,000	2,173,494	4,843,494
2038	2,810,000	2,033,069	4,843,069
2039	2,960,000	1,885,213	4,845,213
2040	3,115,000	1,729,541	4,844,541
2041	3,280,000	1,565,669	4,845,669
2042	3,450,000	1,393,213	4,843,213
2043	3,635,000	1,211,659	4,846,659
2044	3,825,000	1,018,106	4,843,106
2045	4,030,000	811,913	4,841,913
2046	4,250,000	594,563	4,844,563
2047	4,480,000	365,400	4,845,400
2048	4,720,000	123,900	4,843,900
Total	$ 76,955,000	$ 77,601,921	$ 154,556,921

Uplift Education

Series 2013 Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2018	$ 725,000	$ 1,730,565	$ 2,455,565
2019	750,000	1,707,703	2,457,703
2020	770,000	1,684,143	2,454,143
2021	795,000	1,659,885	2,454,885
2022	820,000	1,634,853	2,454,853
2023	845,000	1,609,045	2,454,045
2024	875,000	1,578,666	2,453,666
2025	910,000	1,543,413	2,453,413
2026	950,000	1,506,678	2,456,678
2027	985,000	1,468,461	2,453,461
2028	1,025,000	1,428,764	2,453,764
2029	1,070,000	1,387,388	2,457,388
2030	1,110,000	1,344,333	2,454,333
2031	1,155,000	1,299,599	2,454,599
2032	1,200,000	1,253,088	2,453,088
2033	1,250,000	1,204,700	2,454,700
2034	1,305,000	1,151,629	2,456,629
2035	1,360,000	1,093,665	2,453,665
2036	1,420,000	1,033,200	2,453,200
2037	1,485,000	970,016	2,455,016
2038	1,550,000	904,005	2,454,005
2039	1,620,000	835,058	2,455,058
2040	1,690,000	763,065	2,453,065
2041	1,770,000	687,810	2,457,810
2042	1,845,000	609,184	2,454,184
2043	1,930,000	527,078	2,457,078
2044	2,015,000	440,770	2,455,770
2045	2,105,000	350,130	2,455,130
2046	2,200,000	255,420	2,455,420
2047	2,300,000	156,420	2,456,420
2048	2,405,000	52,910	2,457,910
Total	$ 42,235,000	$ 33,871,644	$ 76,106,644

Uplift Education

Series 2014 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2018	$ 610,000	$ 1,765,876	$ 2,375,876
2019	630,000	1,744,951	2,374,951
2020	655,000	1,723,267	2,378,267
2021	675,000	1,700,823	2,375,823
2022	700,000	1,677,620	2,377,620
2023	725,000	1,653,573	2,378,573
2024	750,000	1,628,683	2,378,683
2025	775,000	1,602,948	2,377,948
2026	805,000	1,572,764	2,377,764
2027	840,000	1,537,808	2,377,808
2028	875,000	1,501,364	2,376,364
2029	915,000	1,463,326	2,378,326
2030	955,000	1,423,589	2,378,589
2031	995,000	1,382,151	2,377,151
2032	1,040,000	1,338,908	2,378,908
2033	1,085,000	1,293,751	2,378,751
2034	1,130,000	1,246,683	2,376,683
2035	1,180,000	1,197,595	2,377,595
2036	1,230,000	1,144,845	2,374,845
2037	1,290,000	1,088,145	2,378,145
2038	1,345,000	1,028,858	2,373,858
2039	1,410,000	966,870	2,376,870
2040	1,475,000	901,958	2,376,958
2041	1,540,000	834,120	2,374,120
2042	1,615,000	763,133	2,378,133
2043	1,685,000	688,883	2,373,883
2044	1,765,000	611,258	2,376,258
2045	1,845,000	530,033	2,375,033
2046	1,930,000	444,130	2,374,130
2047	2,025,000	353,165	2,378,165
2048	2,120,000	257,830	2,377,830
2049	2,220,000	158,010	2,378,010
2050	2,325,000	53,475	2,378,475
Total	$ 41,160,000	$ 37,280,393	$ 78,440,393

Uplift Education

Series 2015 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2018	$ 540,000	$ 2,104,363	$ 2,644,363
2019	560,000	2,083,350	2,643,350
2020	585,000	2,060,450	2,645,450
2021	610,000	2,036,550	2,646,550
2022	635,000	2,011,650	2,646,650
2023	660,000	1,985,750	2,645,750
2024	685,000	1,958,850	2,643,850
2025	715,000	1,930,850	2,645,850
2026	745,000	1,901,650	2,646,650
2027	775,000	1,867,375	2,642,375
2028	815,000	1,827,625	2,642,625
2029	860,000	1,785,750	2,645,750
2030	900,000	1,741,750	2,641,750
2031	950,000	1,695,500	2,645,500
2032	995,000	1,646,875	2,641,875
2033	1,050,000	1,595,750	2,645,750
2034	1,100,000	1,542,000	2,642,000
2035	1,160,000	1,485,500	2,645,500
2036	1,220,000	1,426,000	2,646,000
2037	1,280,000	1,363,500	2,643,500
2038	1,345,000	1,297,875	2,642,875
2039	1,415,000	1,228,875	2,643,875
2040	1,490,000	1,156,250	2,646,250
2041	1,565,000	1,079,875	2,644,875
2042	1,645,000	999,625	2,644,625
2043	1,730,000	915,250	2,645,250
2044	1,820,000	826,500	2,646,500
2045	1,910,000	733,250	2,643,250
2046	2,010,000	635,250	2,645,250
2047	2,110,000	532,250	2,642,250
2048	2,220,000	424,000	2,644,000
2049	2,335,000	310,125	2,645,125
2050	2,455,000	190,375	2,645,375
2051	2,580,000	64,500	2,644,500
Total	$ 43,470,000	$ 46,445,088	$ 89,915,088

Uplift Education

Series 2016 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2018	$ 300,000	$ 1,957,150	$ 2,257,150
2019	770,000	1,941,963	2,711,963
2020	790,000	1,920,038	2,710,038
2021	810,000	1,898,038	2,708,038
2022	835,000	1,875,419	2,710,419
2023	855,000	1,852,181	2,707,181
2024	880,000	1,828,325	2,708,325
2025	905,000	1,803,781	2,708,781
2026	930,000	1,778,550	2,708,550
2027	955,000	1,752,631	2,707,631
2028	995,000	1,714,625	2,709,625
2029	1,045,000	1,663,625	2,708,625
2030	1,100,000	1,610,000	2,710,000
2031	1,150,000	1,553,750	2,703,750
2032	1,215,000	1,494,625	2,709,625
2033	1,280,000	1,432,250	2,712,250
2034	1,345,000	1,366,625	2,711,625
2035	1,410,000	1,297,750	2,707,750
2036	1,485,000	1,225,375	2,710,375
2037	1,560,000	1,149,250	2,709,250
2038	1,645,000	1,069,125	2,714,125
2039	1,040,000	1,002,000	2,042,000
2040	1,095,000	948,625	2,043,625
2041	1,150,000	892,500	2,042,500
2042	1,210,000	833,500	2,043,500
2043	1,270,000	771,500	2,041,500
2044	1,335,000	706,375	2,041,375
2045	1,405,000	637,875	2,042,875
2046	1,475,000	565,875	2,040,875
2047	1,550,000	490,250	2,040,250
2048	1,630,000	410,750	2,040,750
2049	1,715,000	327,125	2,042,125
2050	1,800,000	239,250	2,039,250
2051	1,895,000	146,875	2,041,875
2052	1,990,000	49,750	2,039,750
Total	$ 42,820,000	$ 42,207,325	$ 85,027,325

Uplift Education

Series 2017A Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2018	$ 535,000	$ 3,280,313	$ 3,815,313
2019	935,000	3,252,438	4,187,438
2020	1,235,000	3,208,313	4,443,313
2021	1,280,000	3,149,088	4,429,088
2022	1,345,000	3,080,088	4,425,088
2023	1,415,000	3,007,588	4,422,588
2024	1,485,000	2,931,213	4,416,213
2025	1,570,000	2,850,838	4,420,838
2026	1,645,000	2,775,113	4,420,113
2027	1,730,000	2,695,388	4,425,388
2028	1,805,000	2,602,638	4,407,638
2029	1,905,000	2,515,213	4,420,213
2030	1,990,000	2,434,013	4,424,013
2031	2,070,000	2,349,413	4,419,413
2032	2,160,000	2,261,213	4,421,213
2033	2,250,000	2,157,213	4,407,213
2034	2,360,000	2,036,213	4,396,213
2035	2,480,000	1,908,963	4,388,963
2036	2,610,000	1,775,088	4,385,088
2037	2,745,000	1,634,213	4,379,213
2038	2,890,000	1,501,363	4,391,363
2039	3,030,000	1,377,763	4,407,763
2040	3,150,000	1,249,163	4,399,163
2041	3,280,000	1,115,263	4,395,263
2042	3,415,000	975,763	4,390,763
2043	3,560,000	811,313	4,371,313
2044	3,730,000	619,813	4,349,813
2045	3,930,000	418,188	4,348,188
2046	4,135,000	290,688	4,425,688
2047	965,000	241,188	1,206,188
2048	1,015,000	195,844	1,210,844
2049	1,065,000	155,156	1,220,156
2050	1,105,000	112,875	1,217,875
2051	1,150,000	68,906	1,218,906
2052	1,195,000	23,250	1,218,250
2053	1,240,000	-	1,240,000
Total	$ 74,405,000	$ 61,061,081	$ 135,466,081

Compliance and Internal Control

uplift education

Report on Internal Control over Financial Reporting and on Compliance And other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Governors of
Uplift Education
Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Uplift Education (the School), which comprise the Statement of Financial Position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2017-001 and 2017-002).

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency (2017-003).

The Board of Governors of
Uplift Education

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The School's Response to Findings

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 5, 2017

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

To the Board of Governors of
Uplift Education
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Uplift Education's (the School) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2017. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

The Board of Governors of
Uplift Education

Other Matter

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-004. Our opinion on each major federal program is not modified with respect to these matters.

The School's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-004 that we consider to be significant deficiencies.

The School's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Board of Governors of
Uplift Education

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 5, 2017

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements:

An unmodified opinion was issued on the financial statements.
Internal control over financial reporting:

- Material weakness(es) identified? __√__Yes ___No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? __√__Yes ___None reported

Noncompliance material to financial statements noted? ___Yes __√__No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ___Yes __√__No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? __√__Yes ___None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Uniform Guidance? ___Yes __√__No

Identification of major programs:

CFDA Number(s)	Name of Federal Programs or Cluster
84.027A	Special Education Cluster (IDEA)
84.010A	Title I, Part A
84.282A & 84.282M	Charter Schools Program

Threshold for distinguishing Type A and B programs: $750,000

Auditee qualified as a low- risk auditee? ___Yes __√__No

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section II - Financial Statement Findings

Finding 2017-001 Closing Procedures

Type of finding: Material Weakness

Criteria

Accounting tasks such as reconciliations play a key role in proving the accuracy of accounting data and information included in financial statements. The School maintains an accounting procedures manual that contains various policies or procedures to ensure proper internal control activities are in place.

Condition

The accounting procedures manual was updated in the spring of 2017 to better define monthly and year-end closing procedures; however, the School did not follow these procedures consistently after implementing the new closing procedures.

Cause

The accounting records were not fully reconciled on a routine basis throughout the fiscal year, which also resulted in the need for certain material audit journal entries to be recorded.

Effect

Without formal closing procedures being followed on a consistent basis, the School does not effectively ensure the accounting records are complete and accurate. This results in an increased risk of misstatement.

We noted the following in our testing:

- Financial statement accounts and reconciliations were not completed timely throughout the year, resulting in a backlog of reconciliations to be completed around the end of the year.
- Telecommunications expenses were not evaluated for reasonableness throughout the fiscal year resulting in a material adjustment to expenses and accounts receivable.

Recommendation

In order to provide more accurate and timely accounting information, we recommend that Uplift establish more effective review and reconciliation policies and procedures as a customary part of the accounting process, and ensure these policies are followed. This would involve timely reconciliations of all accounts, making adjustments throughout the year that have typically been made at year-end only, and performing more frequent reviews of the general ledger throughout the year.

Management Response and Corrective Action Plan

While we made significant progress from prior year by defining a more robust year-end close and reconciliation process, including more detailed written instructions for monthly and year-end close routines, the new accounting procedures were not fully developed until April 2017. In addition, we remained understaffed during most of fiscal 2017; however, we filled two key open positions in June 2017 and have already witnessed positive impact from these employees to our monthly routines in fiscal 2018. On an ongoing basis, we will continue to review and refine our policies and procedures as well as monthly and year-end close processes.

Responsible Official:
Stacey Lawrence, CFO, 469-398-0148

Finding 2017-002 Contributions

Type of finding: Material Weakness

Criteria

Under generally accepted accounting principles (GAAP), organizations should recognize revenue from a contributions receivable, also known as a promise to give, on the date of the commitment, if it is unconditional. In addition, contributions with donor imposed restrictions should be maintained until the donor restriction is sufficiently satisfied. Given this requirement, an effective accounting department must have controls in place to help guide the development department to ensure such contributions are evaluated to conditions, restrictions, and proper period based on pledge date.

Condition

It was noted that the development department and accounting department do not perform a consistent and timely evaluation of contributions for conditions and restrictions for adherence to GAAP.

Cause

As the result of not having a consistent and timely evaluation of contributions throughout the year, the evaluation of some gifts for the year occurred after year-end by the accounting department in the central management office. This ultimately led to errors that were found during audit testing of contributions, and certain material audit journal entries were recorded.

Effect

As the result of errors noted during audit testing, some contributions were noted as being recorded incorrectly, including:

- Recording a conditional gift as revenue, before the condition was satisfied.
- Donor imposed restricted gifts were released from restriction once time restriction was satisfied without evaluation of the donor imposed purpose restriction.

Recommendation

We recommend that Uplift take steps to educate the accounting and development staff on how to recognize conditional gifts, restricted gifts, and pledged contributions in order to facilitate the accurate recording and release of these gifts based on GAAP standards. This will further allow the accounting department to take a more strategic internal control position to review the contributions for proper recognition throughout the year.

Management Response and Corrective Action Plan

Uplift will create a more detailed revenue recognition matrix that will guide accounting staff is it relates to whether:

1. gifts include payback conditions that impact whether contributions should be recorded as revenue or deferred revenue,
2. contingencies exist that would impact whether promises to pay in future years should be considered as contributions receivable, and
3. time and/or purpose restrictions exist and have been met.

On a periodic basis, we will review contributions received and evaluate them against the matrix to agree upon proper accounting treatment. We will also establish periodic reviews with our Development team to provide input on pending or future donor agreements such that language in these agreements are more clear as it relates to conditions for potential repayment, contingencies regarding future payments, and time and/or purpose restrictions.

Responsible Official:
Stacey Lawrence, CFO, 469-398-0148

Finding 2017-003 Credit Cards

Type of finding: Significant Deficiency

Criteria

The School should have procedures in place to help identify inappropriate employee credit card purchases, including a review and approval process that is consistently followed.

Condition

During the year, the School identified certain employee credit card charges that were not for approved purposes. As a result, the School established a process that required credit card purchases be supported by supervisory review and approval of these charges.

Cause

While the School established a review and approval process for employee credit card charges, this process was not consistently followed subsequent to the policy taking effect.

Effect

There was no evidence of supervisory approval for one of ten selected credit card charges subsequent to the new policy taking effect. Without the new policy being followed consistently, the School has exposure to additional unapproved charges not being caught in the future.

Recommendation

While the School attempted to respond to identified unapproved credit card charges, the policy that was put into place was not followed consistently. We recommend that the School train employees on cardholder responsibility and requirements, as well as training those responsible for reviewing credit charges on the School's new policy.

Management Response and Corrective Action Plan

We are currently developing new credit card and travel policies & procedures for implementation in early 2018. Upon implementation, credit card holders, their supervisors, and appropriate accounting team members will be trained on the new policies & procedures.

Responsible Official:
Stacey Lawrence, CFO, 469-398-0148

Section III - Federal Award Findings and Questioned Costs

Finding 2017-004 Time and Effort Certifications

Major Program: CFDA #84.010A – Title I, Part A

Type of finding: Significant Deficiency and Non-Compliance

Questioned Cost: $1,293

Criteria

The salaries and wages of any employee charged to a Federal grant must be supported by some form of time and effort documentation that accurately reflects the work performed. The Uniform Grant Guidance regulates in §200.430(i) that all salaries charged to a Federal grant must be based on records that accurately reflect the work performed.

Condition

There was not a process in place to ensure adherence to the compliance requirement for all employees whose salary was charged to the grant.

Cause

As the result of an employee being miscoded initially, and subsequently charged to the program, no semi-annual time and effort certificate was obtained for the employee during the period they were selected for testing.

Effect

Costs that do not have adequate documentation are deemed "unallowable" and subject to repayment. This represents an issue of non-compliance with the compliance requirements per 2CFR220.

Recommendation

Weaver recommends that these certifications be prepared at least semi-annually and be signed by the employee and supervisory official having first-hand knowledge of the work performed by the employee.

Management Response and Corrective Action Plan

The School collected approximately 100 semi-annual time & effort certifications for our Title I, Part A funded staff; however, one individual was miscoded initially, and upon correctly coding this individual, we did not collect their fall 2016 semi-annual time & effort certification. Our restricted programs team has added an extra step to our processes for collecting time and effort certifications to include a review of any employees being moved from or added to federal grants.

Responsible Official:
Stacey Lawrence, CFO, 469-398-0148

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Finding 2017-005 Maintenance of Effort

Major Program: CFDA #84.010A – Title I, Part A

Type of finding: Control Deficiency

Questioned Cost: $0

Criteria

A grantee may receive funds under the Title I, Part A grant only if the combined fiscal effort per student or the aggregate expenditures of the organization and local funds for free public education for the preceding year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding year, unless specifically waived by the Department of Education.

Condition

The School's process for compliance with the maintenance of effort requirement is to calculate the maintenance of effort on an annual basis.

Cause

While in compliance, as the School was growing year over year, the School did not perform an annual maintenance of effort calculation as evidence that it was ensuring adherence to the compliance requirement.

Effect

The School did not follow its policy to calculate maintenance of effort on an annual basis.

Recommendation

The School should perform and document maintenance of effort compliance as per its policy. Even in periods of growth where it may be apparent the requirement will be met, this should still be tracked and documented.

Management Response and Corrective Action Plan

We note that Uplift was in compliance with maintenance of effort requirements for 2016-17. We will calculate and document maintenance of effort on an annual basis.

Responsible Official:
Stacey Lawrence, CFO, 469-398-0148

Finding 2017-006 Suspension and Debarment

Major Program: CFDA #84.010A – Title I, Part A

Type of finding: Control Deficiency

Questioned Cost: $0

Criteria

Federal requirements prohibit grant recipients from contracting with or making subawards to vendors who have been suspended or debarred from doing business with the federal government. The School is required to verify that all vendors receiving $25,000 or more in federal funds have not been suspended or debarred. The School can obtain a written certification from the vendor or insert a clause into the contract where the vendor states it is not suspended or debarred (Title 2, CFR, Section 180.300). Alternatively, the School may review the Federal Excluded Parties List (EPLS) issued by the U.S. General Services Administration. This requirement must be met prior to entering into a contract with the vendor.

Condition

For the two of forty selections that we tested, the School did not retain documentation that they checked for suspension and debarment when selecting new vendors related to federal programs.

Cause

Although the School has a policy regarding checking for suspension and debarment and retaining documentation that this was checked, the policy does not appear to have been consistently followed.

Effect

Without proper controls, and documentation to support that controls are operating, there is an increased risk the School will enter into contracts with vendors who are suspended or debarred from receiving federal funds. Payments on contracts to suspended or debarred vendors would be unallowable and cause the School to repay the funding to the grantor. We were able to verify the vendors had not been suspended or debarred and are therefore not questioning costs for the payments.

Recommendation

We recommend the School establish internal controls to comply with suspension and debarment requirements for all vendors paid over $25,000 with federal funds prior to entering into contracts. The School should review the list of Parties Excluded from Federal Procurement at https://www.epls.gov/.

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Management Response and Corrective Action Plan

We have documentation for almost 300 suspension and debarment checks performed for vendors used in federally-funded purchase requisitions during 2016-17. The two instances identified in this finding relate to vendors for whom expenses were coded to federal funds by journal entry instead of by purchase requisition. We will review suspension and debarment for similar instances before journal entries are recorded.

Responsible Official:
Stacey Lawrence, CFO, 469-398-0148

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section IV – Summary Schedule of Prior Year Findings

Finding 2016-001 Closing Procedures

Type of finding: Material Weakness

Condition

At the time of the audit, the organization of the School's accounting records was insufficient to support an efficient and thorough audit, resulting in the need for numerous journal entries to be posted to comply with generally accepted accounting principles (GAAP).

Management Action Taken

We have filled open positions and developed a more robust year-end close process.

Current Status of Corrective Action Plan

Ongoing with improvements gained but not fully executed due to staffing and training restraints.

Finding 2016-002 Contributions Receivable

Type of finding: Material Weakness

Condition

a) Historically, the School has not recorded contributions receivable, although contributions exist which meet the criteria under U.S. GAAP to be recorded.

b) It was also noted that the development department is not required to submit a log of the cash receipts when turning it over to the central management for processing.

Management Action Taken

We recorded contributions receivable for fiscal 2016 and continued to evaluate them in fiscal 2017 and forward. In addition our Development team provides appropriate documentation when submitting cash receipts to the Accounting team.

Current Status of Corrective Action Plan

Complete.

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Finding 2016-003   Accounts Payable Cutoff for Construction Invoices

Type of finding: Material Weakness

Condition

During our search for unrecorded liabilities, we noted numerous exceptions in which invoices relating to the School's construction projects performed prior to the year-end date were not recorded as payables in the proper period.

Management Action Taken

We implemented a review of construction invoices for cutoff testing and proper recording of related payables.

Current Status of Corrective Action Plan

Complete.

Finding 2016-004   Bond Costs

Type of finding: Significant Deficiency

Condition

Historically, the School has amortized bonds costs using the straight-line method. During the audit, Weaver noted that the difference in straight-line and effective interest amortization was material.

Management Action Taken

We changed our accounting method for bond costs to the effective interest method with the fiscal 2016 financial statements.

Current Status of Corrective Action Plan

Complete.

Uplift Education

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Grantor/Program Title	Federal CFDA Number	Pass Through Entity ID Number	Federal Expenditure
United States Department of Education			
CSP Charter School Expansion Grant	84.282M	U282M150004	$ 1,143,997
Total United States Department of Education			1,143,997
Passed Through State Department of Education			
ESEA, Title I, Part A	84.010A	17610101057803	3,662,830
ESEA, Title II, Part A	84.367A	17694501057803	698,441
ESEA, Title III, Part A, LEP	84.365A	17671001057803	521,798
IDEA - Part B, Formula	84.027A	176600010578036000	2,463,519
IDEA - Part B, Preschool	84.173A	176610010578036610	4,488
Career and Technical Education	84.048A	17420006057803	72,811
2015-16 Public Charter School Start-Up Grant	84.282A	155900077110015	123,086
Total Passed Through State Department of Education			7,546,973
United States Department of Agriculture Passed Through State Department of Agriculture			
National School Lunch	10.555	71301401	5,096,393
School Breakfast Program	10.553	71401401	1,359,569
Total Passed Through State Department of Agriculture			6,455,962
Total Expenditures of Federal Awards			$15,146,932

Uplift Education

Notes to the Schedule of Expenditures of Federal Awards

Note 1: General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the expenditures for all federal award programs received by the School for the fiscal year ended June 30, 2017.

Note 2: Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget's OMB Circular A-133 Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. The School has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.