

**Uplift Education**  
Financial Statements  
Year Ended June 30, 2018



**uplift**education

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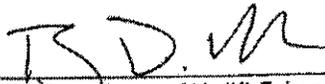
Certificate of Board

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, 2018, at a meeting of the governing body of said charter schools on the 16<sup>th</sup> day of November, 2018.

  
\_\_\_\_\_  
Signature of Uplift Education  
Board Secretary

  
\_\_\_\_\_  
Signature of Uplift Education  
Board Chair



**uplift**education

## 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, 2018 and 2017, 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, 2018 and 2017, 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 November 16, 2018, 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

November 16, 2018

# **Financial Statements**



**uplift**education

**Uplift Education**  
 Statements of Financial Position  
 As of June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 47,278,492	\$ 35,245,221
Restricted cash and cash equivalents	97,929,891	65,272,335
Investments	608,958	555,659
Due from governments	26,212,779	22,375,085
Current portion of contributions receivable, net	1,852,381	1,614,286
Other current assets	310,130	1,352,938
	<b>Total current assets</b>	<b>126,415,524</b>
Land lease rights	405,632	424,054
Non-current portion of contributions receivable, net	866,614	1,311,378
Capital assets, net	289,867,397	260,228,659
	<b>TOTAL ASSETS</b>	<b>\$ 388,379,615</b>
	<b>\$ 465,332,274</b>	<b>\$ 388,379,615</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 11,172,041	\$ 8,460,879
Accrued expenses	6,791,772	6,362,532
Funds held for student and parent groups	1,912,322	1,650,556
Current portion of long-term debt, net	4,933,599	5,631,995
	<b>Total current liabilities</b>	<b>22,105,962</b>
Deferred rent	1,525,868	1,526,557
Non-current portion of long-term debt, net	391,899,821	328,538,654
	<b>TOTAL LIABILITIES</b>	<b>352,171,173</b>
	<b>418,235,423</b>	<b>352,171,173</b>
<b>NET ASSETS</b>		
Unrestricted	16,087,323	13,237,404
Temporarily restricted	31,009,528	22,971,038
	<b>TOTAL NET ASSETS</b>	<b>36,208,442</b>
	<b>47,096,851</b>	<b>36,208,442</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 465,332,274</b>	<b>\$ 388,379,615</b>

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

**Uplift Education**  
 Statements of Activities – Continued  
 For the Years Ended June 30, 2018 and 2017

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>2018 Total</b>
<b>REVENUES</b>			
Local support:			
5700 Revenues from local sources	\$ 5,509,546	\$ 8,391,873	\$ 13,901,419
<b>Total local support</b>	5,509,546	8,391,873	13,901,419
State program revenues:			
5810 Foundation school program	-	153,636,293	153,636,293
5820 Other state aid	-	450,977	450,977
<b>Total state program revenues</b>	-	154,087,270	154,087,270
Federal program revenues:			
IDEA - Part B formula	-	2,199,165	2,199,165
National school lunch/breakfast program	-	7,276,597	7,276,597
ESEA, Title I, Part A	-	4,716,123	4,716,123
ESEA, Title II, Part A	-	672,911	672,911
ESEA, Title III, Part A	-	538,550	538,550
ESEA, Title IV, Part A	-	32,377	32,377
ESEA, Pre-K grant	-	318,675	318,675
ESEA, School improvement grant	-	124,150	124,150
Career/technical basis grant	-	235,973	235,973
Charter replication grant	-	3,431,046	3,431,046
<b>Total federal program revenues</b>	-	19,545,567	19,545,567
<b>Net assets released from restrictions:</b>			
Restrictions satisfied from payments	173,986,220	(173,986,220)	-
<b>Total revenues</b>	<b>\$ 179,495,766</b>	<b>\$ 8,038,490</b>	<b>\$ 187,534,256</b>

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

**Uplift Education**  
Statement of Activities – Continued  
For the Year Ended June 30, 2016

<b>EXPENSES</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>
Program services:			
11 Instruction and instructional related services	\$ 83,883,167	\$ -	\$ 83,883,167
12 Instructional resources and media services	672,178	-	672,178
13 Curriculum and instructional staff development	5,080,773	-	5,080,773
21 Instructional leadership	7,366,564	-	7,366,564
23 School leadership	10,161,775	-	10,161,775
Supporting services:			
31 Guidance, counseling, and evaluation services	7,972,673	-	7,972,673
32 Social work services	39,606	-	39,606
33 Health services	1,421,701	-	1,421,701
34 Student transportation	43,243	-	43,243
35 Food services	7,937,053	-	7,937,053
36 Cocurricular/extracurricular activities	566,435	-	566,435
41 General administration	7,129,922	-	7,129,922
51 Plant maintenance and operations	24,528,338	-	24,528,338
52 Security services	1,375,703	-	1,375,703
53 Data processing services	2,642,065	-	2,642,065
61 Community services	684,031	-	684,031
71 Debt service	13,491,260	-	13,491,260
81 Fund raising	1,649,360	-	1,649,360
<b>Total expenses</b>	<u>176,645,847</u>	<u>-</u>	<u>176,645,847</u>
<b>Change in Net Assets</b>	2,849,919	8,038,490	10,888,409
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>13,237,404</u>	<u>22,971,038</u>	<u>36,208,442</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 16,087,323</u>	<u>\$ 31,009,528</u>	<u>\$ 47,096,851</u>

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

**Uplift Education**  
 Statements of Activities – Continued  
 For the Year Ended June 30, 2018 and 2017

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>2017 Total</b>
<b>REVENUES</b>			
Local support:			
5700 Revenues from local sources	\$ 4,387,733	\$ 6,903,387	\$ 11,291,120
<b>Total local support</b>	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
<b>Total state program revenues</b>	-	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
<b>Total federal program revenues</b>	-	15,223,362	15,223,362
<b>Net assets released from restrictions:</b>			
Restrictions satisfied from payments	154,265,566	(154,265,566)	-
<b>Total revenues</b>	<b>\$ 158,653,299</b>	<b>\$ 3,718,929</b>	<b>\$ 162,372,228</b>

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

**Uplift Education**  
 Statements of Activities – Continued  
 For the Year Ended June 30, 2018 and 2017

<b>EXPENSES</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>
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
<b>Total expenses</b>	<u>155,267,346</u>	<u>-</u>	<u>155,267,346</u>
<b>Change in Net Assets</b>	3,385,953	3,718,929	7,104,882
Loss on extinguishment of debt (see Note 8)	(12,070,837)	-	(12,070,837)
<b>NET ASSETS, BEGINNING OF YEAR</b>	21,922,288	19,252,109	41,174,397
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 13,237,404</u>	<u>\$ 22,971,038</u>	<u>\$ 36,208,442</u>

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

**Uplift Education**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>OPERATING ACTIVITIES</b>		
Cash received from local support	\$ 14,054,789	\$ 10,571,211
Cash received from state program revenues	152,340,094	133,546,633
Cash received from federal program revenues	17,455,049	15,431,877
Cash received (paid) from student and parent groups	261,766	(204,369)
Cash paid to employees	(114,448,142)	(101,148,733)
Cash paid to suppliers	(36,599,376)	(40,349,951)
Interest payments		
Bonds	(13,454,260)	(13,220,397)
Notes	(37,000)	(117,067)
<b>Net cash provided by operating activities</b>	<u>19,572,920</u>	<u>4,509,204</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(37,892,853)	(44,252,610)
Proceeds from disposal of capital assets	-	507,890
Proceeds from sale of investments	-	(20,850)
Change in restricted cash	(32,657,556)	(19,279,329)
<b>Net cash used in investing activities</b>	<u>(70,550,409)</u>	<u>(63,044,899)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from bond issuance	64,830,000	117,225,000
Proceeds from notes payable	1,987,286	2,687,286
Premium on issuance of long term debt	4,815,818	12,597,361
Cash paid for debt issuance costs	(2,615,058)	(1,582,881)
Payments on long-term debt	(4,020,000)	(65,300,000)
Payments on notes payable	(1,987,286)	(1,986,012)
<b>Net cash provided by financing activities</b>	<u>63,010,760</u>	<u>63,640,754</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,033,271	5,105,059
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>35,245,221</u>	<u>30,140,162</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 47,278,492</u>	<u>\$ 35,245,221</u>

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, 2018 and 2017

<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	<b>2018</b>	<b>2017</b>
Change in net assets	\$ 10,888,409	\$ 7,104,882
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,869,357	8,501,644
Amortization of financing costs	375,576	418,132
Amortization of bond premium	(711,067)	(375,796)
Non-cash loss on extinguishment of debt	-	(12,070,837)
Unrealized loss on investments	-	20,850
(Increase) decrease in assets:		
Investments	(53,299)	(20,850)
Due from governments	(3,837,694)	(2,102,598)
Contributions receivable	206,669	(719,909)
Land lease rights	18,422	19,057
Other assets	1,042,808	(1,006,967)
Increase (decrease) in liabilities:		
Accounts payable	1,095,920	2,939,893
Accrued expenses	417,992	(668,466)
Unamortized financing costs	-	2,466,310
Funds held for student and parent groups	261,766	(204,369)
Deferred rent	(1,939)	208,228
<b>Net cash provided by operating activities</b>	<b>\$ 19,572,920</b>	<b>\$ 4,509,204</b>
<b>NON-CASH ACTIVITIES</b>		
Capital expenditures (including retainage) included in accounts payable	\$ 1,615,242	\$ 2,294,537
Loss on extinguishment of debt (see Note 8)	\$ -	\$ 12,070,837

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 18 campuses serving approximately 17,000 students during fiscal year 2018. 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, 2018 and 2017.

# Uplift Education

## Notes to Financial Statements

### **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 8) 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, 2018 and 2017, 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.

# **Uplift Education**

## Notes to Financial Statements

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, 2018 and 2017, the net book value of the grant-funded property and equipment was \$2,130,419 and \$824,481, 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, 2018 and 2017, 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, 2018 and 2017, 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.

# Uplift Education

## Notes to Financial Statements

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, 2018 and 2017, 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 2015.

### 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:

	2018	2017
Construction	\$ 76,003,268	\$ 45,774,155
Debt service	21,629,129	19,197,519
Other	297,494	300,661
	\$ 97,929,891	\$ 65,272,335

# Uplift Education

## Notes to Financial Statements

### Note 4. Investments

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

Mutual Funds:	2018	2017
US equity funds	\$ 398,248	\$ 366,346
International equity funds	128,266	49,780
US fixed income	60,008	118,426
International fixed income	22,436	21,107
	\$ 608,958	\$ 555,659

#### Disclosures about Fair Value of Financial Instruments

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, 2018 or 2017, 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.

## Uplift Education

### Notes to Financial Statements

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)	2018 Fair Value
Mutual Funds:				
US equity funds	\$ 398,248	\$ -	\$ -	\$ 398,248
International equity funds	128,266	-	-	128,266
US fixed income	60,008	-	-	60,008
International fixed income	22,436	-	-	22,436
	<u>\$ 608,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,958</u>

	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
	<u>\$ 555,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555,659</u>

#### Note 5. Due from Governments

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

	2018	2017
Texas Education Agency - Foundation School Program revenue	\$ 22,699,656	\$ 20,092,206
Federal grant revenue	3,513,123	2,282,879
Due from governments	<u>\$ 26,212,779</u>	<u>\$ 22,375,085</u>

## Uplift Education

### Notes to Financial Statements

#### 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:

	2018	2017
Contributions receivable	\$ 2,945,000	\$ 3,140,000
Less: discount to present value (discount rate of 5%)	(226,005)	(214,336)
Contributions receivable, net	\$ 2,718,995	\$ 2,925,664
Current portion of contributions receivable, net	\$ 1,852,381	\$ 1,614,286
Non-current portion of contributions receivable, net	\$ 866,614	\$ 1,311,378

#### Note 7. Capital Assets

Capital assets consist of the following as of June 30:

	2018	2017
Building and improvements	\$ 256,755,808	\$ 224,482,758
Furniture and fixtures	9,544,524	7,614,600
Depreciable assets	266,300,332	232,097,358
Less accumulated depreciation	(48,676,967)	(38,807,610)
Total depreciable assets	217,623,365	193,289,748
Land	32,572,556	28,250,781
Construction in progress	39,671,476	38,688,130
Capital assets, net	\$ 289,867,397	\$ 260,228,659

For the years ended June 30, 2018 and 2017, the School capitalized interest in the amounts of \$1,559,041 and \$1,703,158, respectively.

For the years ended June 30, 2018 and 2017, the School charged \$9,869,357 and \$8,501,644 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	2018	2017
Bonds payable:			
Series 2012 bonds	4.875 - 8.000%	\$ 75,645,000	\$ 76,955,000
Series 2013 bonds	3.100 - 4.400%	41,510,000	42,235,000
Series 2014 bonds	3.375 - 4.600%	40,550,000	41,160,000
Series 2015 bonds	4.000 - 5.000%	42,930,000	43,470,000
Series 2016 bonds	2.750 - 5.000%	42,520,000	42,820,000
Series 2017A bonds	2.000 - 5.000%	73,870,000	74,405,000
Series 2017B bonds	3.000 - 5.000%	25,380,000	-
Series 2018 bonds	3.000 - 5.000%	39,450,000	-
Total bonds payable		<u>381,855,000</u>	<u>321,045,000</u>
Bond premium:			
Plus: Series 2015 bond premium		1,206,987	1,265,495
Plus: Series 2016 bond premium		4,828,706	5,079,585
Plus: Series 2017A bond premium		6,914,152	7,259,237
Plus: Series 2017B bond premium		1,656,707	-
Plus: Series 2018 bond premium		3,102,516	-
Total bond premium		<u>17,709,068</u>	<u>13,604,317</u>
Notes payable:			
Charter School Growth Fund	1.000 - 3.250%	3,700,000	3,700,000
BBVA Compass Bank	4.202 - 4.691%	1,987,286	1,987,286
Total notes payable		<u>5,687,286</u>	<u>5,687,286</u>
Total bonds and notes payable		405,251,354	340,336,603
Unamortized financing cost		<u>(8,417,934)</u>	<u>(6,165,954)</u>
Total long-term debt, net		396,833,420	334,170,649
Less: current portion, net		<u>(4,933,599)</u>	<u>(5,631,995)</u>
Non-current portion, long-term debt, net		<u>\$ 391,899,821</u>	<u>\$ 328,538,654</u>

# **Uplift Education**

## Notes to Financial Statements

### Series 2012 A, B & Q Bonds

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.

### Series 2013 A & B Bonds

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.

### Series 2014 A & B Bonds

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.

### Series 2015 A & B Bonds

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.

### Series 2016 A & B Bonds

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 \$10,938,957. 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.

### Series 2017B Bonds

On August 31, 2017, the school issued \$25,380,000 of Education Revenue Bonds – Series 2017B. The bonds mature serially each December 1st, starting 2020 until 2053.

### Series 2018 Bonds

On May 31, 2018, the school issued \$39,390,000 of Education Revenue Bonds – Series 2018A and \$60,000 of Taxable Education Revenue Bonds – Series 2018B. The bonds mature serially each December 1st, starting 2021 until 2054.

## **Uplift Education**

### Notes to Financial Statements

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, 2018 and 2017, was \$13,454,260 and \$13,220,397, respectively, of which the School capitalized \$1,559,041 and \$1,703,158, 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, 2018 and 2017, 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.

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 accrued interest at one-month LIBOR (London Interbank Offering Rate) plus 3%. During the year ended June 30, 2018, the one-month LIBOR plus 3% rate at which the School accrued interest on the drawn portion ranged between 4.223% and 4.691%. The School pays a 25 basis point fee on the committed but undrawn balance.

On March 5, 2018, the School entered into a new loan agreement with BBVA Compass Bank for a term loan not to exceed \$7,000,000 with a draw period expiring March 1, 2020. At closing of this loan agreement, the School drew \$1,987,286 on the loan, using proceeds of the loan to pay off the prior loan with BBVA Compass Bank. During the year ended June 30, 2018, the one-month LIBOR plus 2.5% rate at which the School accrued interest on the drawn portion ranged between 4.202% and 4.603%. The School pays a 25 basis point fee on the committed but undrawn balance.

The 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.

On January 31, 2018, the School entered into an Irrevocable Standby Letter of Credit agreement with BBVA Compass Bank with the City of Fort Worth ("the City") as beneficiary. As part of a construction project on a new campus within the Fort Worth city limits, the School is constructing certain public utility and roadway improvements, and this standby letter of credit arrangement was required by the City in order to secure completion of the planned improvements should the School be unable to complete them. However, the School anticipates completing the improvements to the satisfaction of the City, such that the Letter of Credit will not be drawn upon by the City. The Letter of Credit expires on January 10, 2020.

## Uplift Education

### Notes to Financial Statements

#### 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:

	2018	2017
Financing cost	\$ 9,730,107	\$ 7,137,623
Accumulated amortization	(1,312,173)	(971,669)
Unamortized financing cost	\$ 8,417,934	\$ 6,165,954

For the years ended June 30, 2018 and 2017, the School recorded \$375,576 and \$418,132, 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, 2018:

Fiscal Year End	Principal	Interest	Total
2019	\$ 5,390,000	\$ 17,580,514	\$ 22,970,514
2020	8,137,286	17,470,774	25,608,060
2021	6,650,000	17,183,412	23,833,412
2022	7,665,000	16,882,154	24,547,154
2023	8,600,000	17,021,553	25,621,553
Thereafter	351,100,000	262,477,703	613,577,703
	387,542,286	348,616,110	736,158,396
Add amount representing premium	17,709,068	-	17,709,068
Less unamortized financing cost	(8,417,934)	-	(8,417,934)
	\$ 396,833,420	\$ 348,616,110	\$ 745,449,530

# Uplift Education

## Notes to Financial Statements

### 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	\$165,379,341,964	
Accumulated Benefit Obligations	\$179,336,534,819	
% Funded	82%	
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, 2018	\$2,897,213 (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, 2018

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	<u>2017</u>	<u>2018</u>
· Member	7.70%	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

## Uplift Education

### Notes to Financial Statements

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:

	2018	2017
Private grants and contracts	\$ 7,923,979	\$ 818,967
Contributions receivable	2,195,000	1,795,000
Foundation School Program	145,448,118	136,446,240
Federally funded educational programs	18,419,123	15,205,359
	<u>\$ 173,986,220</u>	<u>\$ 154,265,566</u>

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

	2018	2017
Foundation School Program	\$ 19,373,996	\$ 9,874,571
Child Nutrition Program	387,183	185,411
Summer Feeding Program	43,918	43,918
Charter Expansion Grant Program	1,292,017	499,000
Temporarily restricted contributions	7,193,419	9,442,475
Contributions receivable, net	2,718,995	2,925,663
	<u>\$ 31,009,528</u>	<u>\$ 22,971,038</u>

#### 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 \$405,632 and \$424,054 as of June 30, 2018 and 2017, 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 November 2022.

## Uplift Education

### Notes to Financial Statements

Scheduled lease payments for all leases are as follows as of June 30, 2018:

Lease Year	Annual Base Lease
2019	\$ 1,466,266
2020	1,117,776
2021	717,348
2022	685,572
2023	637,260
Thereafter	8,827,620
Total	\$ 13,451,842

For the years ended June 30, 2018 and 2017, rent expense was \$2,185,358 and \$1,795,934, respectively.

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

At June 30, 2018, the School had commitments of approximately \$14,550,000 for construction and acquisition of property and equipment, all of which are expected to be incurred in fiscal year 2019.

#### **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.

# **Uplift Education**

## Notes to Financial Statements

### **Note 14. Economic Dependency**

During the years ended June 30, 2018 and 2017, the School recognized revenue of \$173,632,837 and \$151,081,108, respectively, from the TEA and federal government. For the years ended June 30, 2018 and 2017, this amount constitutes approximately 93% and 93%, 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 November 16, 2018, 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.

## **Supplementary Information**



**uplift**education

# **Uplift Education**

## Schedule of Schools

### As of June 30, 2018

#### **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 Primary School  
Uplift Summit International Preparatory High School  
Uplift Summit International Preparatory Middle School  
Uplift Summit International Preparatory Primary School  
Uplift White Rock Hills Preparatory Primary School  
Uplift Williams Preparatory High School  
Uplift Williams Preparatory Middle School  
Uplift Williams Preparatory Primary School  
Uplift Triumph Preparatory Primary School  
Uplift Wisdom Preparatory Middle School (formerly known as Uplift Pinnacle Preparatory Middle School)

**Uplift Education**  
Schedules of Expenses  
For the Years Ended June 30, 2018 and 2017

<b>EXPENSES</b>	<u>2018</u>	<u>2017</u>
6100 Payroll costs	\$ 114,866,134	\$ 100,480,267
6200 Professional and contracted services	18,976,136	15,711,304
6300 Supplies and material	14,709,932	13,094,081
6400 Other operating costs	14,602,385	13,020,026
6500 Debt costs	<u>13,491,260</u>	<u>12,961,668</u>
<b>Total expenses</b>	<u>\$ 176,645,847</u>	<u>\$ 155,267,346</u>

**Uplift Education**  
Schedules of Cash and Capital Assets  
For the Years Ended June 30, 2018 and 2017

		<b>Ownership Interest</b>			<b>2018</b>
		<b>Local</b>	<b>State</b>	<b>Federal</b>	<b>Total</b>
1100	Cash	\$ 19,535,215	\$ 27,743,277	\$ -	\$ 47,278,492
1510	Land	3,312,968	29,259,588	-	32,572,556
1520	Buildings and improvements	-	256,235,983	519,825	256,755,808
1530	Furniture and equipment	279,878	8,277,260	987,386	9,544,524
1580	Construction in progress	-	38,767,238	904,238	39,671,476
	<b>Total</b>	<b>\$ 23,128,061</b>	<b>\$ 360,283,346</b>	<b>\$ 2,411,449</b>	<b>\$ 385,822,856</b>

		<b>Ownership Interest</b>			<b>2017</b>
		<b>Local</b>	<b>State</b>	<b>Federal</b>	<b>Total</b>
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	224,536	6,939,292	450,772	7,614,600
1580	Construction in progress	-	38,189,130	499,000	38,688,130
	<b>Total</b>	<b>\$ 17,193,061</b>	<b>\$ 316,117,832</b>	<b>\$ 970,597</b>	<b>\$ 334,281,490</b>

**Uplift Education**  
 Budgetary Comparison Schedule (Unaudited)  
 For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget</u>	
	<u>Original</u>	<u>Final (see Note 1)</u>			
<b>REVENUES</b>					
Local support					
5740	Other revenues from local sources <sup>1</sup>	\$ 14,882,047	\$ 12,000,000	\$ 13,901,419	\$ 1,901,419
	Total local support	14,882,047	12,000,000	13,901,419	1,901,419
State Program Revenues					
5810	Foundation School Program Act revenues	155,139,830	153,121,932	153,636,293	514,361
5820	State program revenues distributed by Texas Education Agency <sup>2</sup>	1,174,068	1,174,068	450,977	(723,091)
	Total state program revenues	156,313,898	154,296,000	154,087,270	(208,730)
Federal program revenues					
5920	Federal revenues distributed by Texas Education Agency	8,162,000	9,420,000	8,837,924	(582,076)
5930	Federal revenues distributed by other State of Texas government agencies	7,338,913	7,338,913	7,276,597	(62,316)
5940	Federal revenues distributed directly from the federal government <sup>2</sup>	3,314,260	2,208,087	3,431,046	1,222,959
	Total federal program revenues	18,815,174	18,967,000	19,545,567	578,567
	Total revenues	190,011,119	185,263,000	187,534,256	2,271,256
<b>EXPENSES</b>					
11	Instruction	89,218,432	84,163,017	83,883,167	279,850
12	Instructional resources	499,243	671,549	672,178	(629)
13	Curriculum and instructional staff development	5,430,853	4,924,127	5,080,773	(156,646)
21	Instructional leadership	7,564,526	7,322,564	7,366,564	(44,000)
23	School leadership	9,832,317	10,080,909	10,161,775	(80,866)
31	Guidance, counseling and evaluation services	8,218,744	7,883,016	7,972,673	(89,657)
32	Social work services	61,458	39,606	39,606	-
33	Health services	1,385,675	1,417,176	1,421,701	(4,525)
34	Student transportation	48,818	43,243	43,243	-
35	Food services	8,075,495	7,878,912	7,937,053	(58,141)
36	Cocurricular/extracurricular activities	308,561	566,340	566,435	(95)
41	General administration	8,926,460	7,057,384	7,129,922	(72,538)
51	Plant maintenance and operations <sup>3</sup>	23,256,194	26,957,523	24,528,338	2,429,185
52	Security and monitoring services	1,598,857	1,372,762	1,375,703	(2,941)
53	Data processing services	2,005,287	2,596,299	2,642,065	(45,766)
61	Community services	662,093	676,924	684,031	(7,107)
71	Debt service <sup>3</sup>	13,854,391	14,358,353	13,491,260	867,093
81	Fund raising	1,510,373	1,595,205	1,649,360	(54,155)
	Total expenses	182,457,777	179,604,909	176,645,847	2,959,062
	Change in net assets	<u>\$ 7,553,342</u>	<u>\$ 5,658,091</u>	<u>\$ 10,888,409</u>	<u>\$ 5,230,318</u>

# **Uplift Education**

## **Notes to Budgetary Comparison Schedule (Unaudited) For the Year Ended June 30, 2018**

### **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 accounted for estimated federal indirect cost reimbursements as state revenues, whereas federal indirect cost reimbursements are properly accounted for in the School's Statement of Activities as federal revenues.

### **Note 3:**

The School's adopted budgets did not include depreciation, bond cost amortization and bond premium amortization expenses that are now being included in the budget numbers above. Depreciation expense of \$9,869,357 is included in Function 51, Plant maintenance & operations, bond cost amortization expense of \$375,576 is included in Function 71, Debt service and bond premium amortization expense of (\$711,067) is included in Function 71, Debt service.



**uplift**education

**Uplift Education**  
 Series 2012 Bonds  
 Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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
<b>Total</b>	<b>\$ 75,645,000</b>	<b>\$ 73,387,615</b>	<b>\$ 149,032,615</b>

**Uplift Education**  
Series 2013 Bonds  
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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	<u>\$ 41,510,000</u>	<u>\$ 32,141,079</u>	<u>\$ 73,651,079</u>

**Uplift Education**  
Series 2014 Bonds  
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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	<u>\$ 40,550,000</u>	<u>\$ 35,514,517</u>	<u>\$ 76,064,517</u>

**Uplift Education**  
Series 2015 Bonds  
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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
<b>Total</b>	<b>\$ 42,930,000</b>	<b>\$ 44,340,725</b>	<b>\$ 87,270,725</b>

**Uplift Education**  
Series 2016 Bonds  
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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
<b>Total</b>	<b>\$ 42,520,000</b>	<b>\$ 40,250,176</b>	<b>\$ 82,770,176</b>

**Uplift Education**  
 Series 2017A Bonds  
 Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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
<b>Total</b>	<b>\$ 73,870,000</b>	<b>\$ 57,780,783</b>	<b>\$ 131,650,783</b>

**Uplift Education**  
Series 2017B Bonds  
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2019	\$ -	\$ 1,027,375	\$ 1,027,375
2020	340,000	1,022,275	1,362,275
2021	355,000	1,011,850	1,366,850
2022	365,000	999,225	1,364,225
2023	380,000	984,325	1,364,325
2024	395,000	968,825	1,363,825
2025	415,000	952,625	1,367,625
2026	430,000	935,725	1,365,725
2027	450,000	915,875	1,365,875
2028	475,000	892,750	1,367,750
2029	495,000	870,975	1,365,975
2030	520,000	850,675	1,370,675
2031	540,000	829,475	1,369,475
2032	560,000	807,475	1,367,475
2033	585,000	784,575	1,369,575
2034	610,000	760,675	1,370,675
2035	635,000	735,775	1,370,775
2036	660,000	709,875	1,369,875
2037	690,000	682,875	1,372,875
2038	720,000	654,675	1,374,675
2039	750,000	621,525	1,371,525
2040	790,000	583,025	1,373,025
2041	830,000	542,525	1,372,525
2042	875,000	499,900	1,374,900
2043	920,000	455,025	1,375,025
2044	965,000	412,725	1,377,725
2045	1,005,000	373,325	1,378,325
2046	1,045,000	332,325	1,377,325
2047	1,090,000	289,625	1,379,625
2048	1,135,000	245,125	1,380,125
2049	1,180,000	201,775	1,381,775
2050	1,225,000	159,688	1,384,688
2051	1,270,000	116,025	1,386,025
2052	1,315,000	70,788	1,385,788
2053	1,365,000	23,888	1,388,888
<b>Total</b>	<b>\$ 25,380,000</b>	<b>\$ 22,325,189</b>	<b>\$ 47,705,189</b>

**Uplift Education**  
Series 2018 Bonds  
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2019	\$ -	\$ 1,663,343	\$ 1,663,343
2020	-	1,792,825	1,792,825
2021	520,000	1,784,988	2,304,988
2022	535,000	1,769,125	2,304,125
2023	555,000	1,750,000	2,305,000
2024	575,000	1,727,400	2,302,400
2025	605,000	1,700,775	2,305,775
2026	635,000	1,669,775	2,304,775
2027	665,000	1,637,275	2,302,275
2028	700,000	1,603,150	2,303,150
2029	735,000	1,567,275	2,302,275
2030	770,000	1,533,500	2,303,500
2031	800,000	1,502,100	2,302,100
2032	835,000	1,469,400	2,304,400
2033	870,000	1,435,300	2,305,300
2034	905,000	1,399,800	2,304,800
2035	940,000	1,362,900	2,302,900
2036	985,000	1,319,475	2,304,475
2037	1,035,000	1,268,975	2,303,975
2038	1,090,000	1,215,850	2,305,850
2039	1,145,000	1,159,975	2,304,975
2040	1,195,000	1,110,438	2,305,438
2041	1,235,000	1,067,913	2,302,913
2042	1,280,000	1,023,900	2,303,900
2043	1,325,000	978,313	2,303,313
2044	1,375,000	931,063	2,306,063
2045	1,435,000	871,125	2,306,125
2046	1,505,000	797,625	2,302,625
2047	1,585,000	720,375	2,305,375
2048	1,665,000	639,125	2,304,125
2049	1,750,000	553,750	2,303,750
2050	1,840,000	464,000	2,304,000
2051	1,935,000	369,625	2,304,625
2052	2,035,000	270,375	2,305,375
2053	2,140,000	166,000	2,306,000
2054	2,250,000	56,250	2,306,250
<b>Total</b>	<b>\$ 39,450,000</b>	<b>\$ 42,353,083</b>	<b>\$ 81,803,083</b>

# **Compliance and Internal Control**



**uplift**education

**Independent Auditor's 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, 2018, 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 November 16, 2018.

**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.

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. 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2018-001).

**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 Board of Governors of  
Uplift Education

### **The School's Response to Finding**

The School's response to the finding 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  
November 16, 2018

**Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

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, 2018. 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, 2018.

## 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 as a basis for designing 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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  
November 16, 2018

# Uplift Education

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

### 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 \_\_\_No

Noncompliance material to financial statements noted? \_\_\_Yes  No

#### Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? \_\_\_Yes  None reported
- 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)  
10.553 / 10.555  
84.010A

Name of Federal Programs or Cluster  
Child Nutrition Cluster  
Title I, Part A

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, 2018

### **Section II - Financial Statement Findings**

#### **Finding 2018-001 Reconciliation of State Funds**

*Type of finding:* Significant Deficiency

*Criteria*

The primary source of state funding for the School is the allotment received from the Foundation School Program (FSP). Consistent reconciliation of state funding received and to be received to the Texas Education Agency (TEA)'s payment ledger, through the date of issuance of the financial statements, is integral in ensuring that the School's records are up to date based on the latest information available.

*Condition*

The accounting policies of the School include a process for reconciling to the state summary of finances through the period of issuance; however, it does not include procedures for reconciling to the payment ledger.

*Cause*

Subsequent to the end of the fiscal year, the accounting records were not reconciled to the TEA payment ledger, which shows adjustments made to the FSP allotment as part of the settle-up process, which resulted in the need for a significant audit journal entry to be recorded.

*Effect*

Without a reconciliation being made to the FSP payment ledger, the School does not have an effective process to ensure that FSP allotment adjustments and settle-ups are recorded.

*Recommendation*

We recommend that the School improve its reconciliation process ensuring that the FSP allotment is reconciled to the School's records using the state summary of finances and payment ledger on a consistent basis throughout the issuance period, make necessary adjustments, and that another individual be responsible for reviewing this reconciliation.

*Management Response and Corrective Action Plan*

Effective for the 2018-19 fiscal year, Uplift will incorporate a reconciliation to the FSP payment ledger into its process for the accrual and reconciliation of FSP revenues.

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

## **Uplift Education**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

### **Section III - Federal Award Findings and Questioned Costs**

**None noted.**

**Uplift Education**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**Section IV – Summary Schedule of Prior Year Findings**

**Finding 2017-001 Closing Procedures**

*Type of finding:* Material Weakness

*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.

*Management Action Taken*

We are implementing the year-end close process as described in our accounting procedures narrative.

*Current Status of Corrective Action Plan*

Complete

**Finding 2017-002 Contributions**

*Type of finding:* Material Weakness

*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.

*Management Action Taken*

We are performing consistent and timely evaluation of contributions for conditions and restrictions for adherence to GAAP.

*Current Status of Corrective Action Plan*

Complete

# **Uplift Education**

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

### **Finding 2017-003 Credit Cards**

Type of finding: Significant Deficiency

#### *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.

#### *Management Action Taken*

We improved the process for supervisory review and approval of credit card charges.

#### *Current Status of Corrective Action Plan*

Complete

### **Finding 2017-004 Time and Effort Certifications**

Type of finding: Significant Deficiency and Non-Compliance

#### *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.

#### *Management Action Taken*

We improved the process for ensuring completeness of time and effort certifications for all employees whose salary was charged to a grant.

#### *Current Status of Corrective Action Plan*

Complete

# **Uplift Education**

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

### **Finding 2017-005 Maintenance of Effort**

Type of finding: Control Deficiency

*Condition*

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

*Management Action Taken*

We monitor maintenance of effort on an interim and annual basis.

*Current Status of Corrective Action Plan*

Complete

### **Finding 2017-006 Suspension and Debarment**

Type of finding: Control Deficiency

*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.

*Management Action Taken*

We improved our process for document retention as it relates to suspension and debarment checks.

*Current Status of Corrective Action Plan*

Complete

**Uplift Education**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2018

Grantor/Program Title

	Federal CFDA Number	Pass Through Entity ID Number	Federal Expenditure
<u>United States Department of Education</u>			
<u>Direct Funding</u>			
CSP Charter School Expansion Grant	84.282M	U282M150004	\$ 3,431,046
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A	84.010A	18610101057803	4,716,123
ESEA, Title II, Part A	84.367A	18694501057803	672,911
ESEA, Title III, Part A, LEP	84.365A	18671001057803	538,550
ESEA, Title IV, Part A	84.424A	18680101057803	32,377
ESEA, Pre-K grant	93.575	173921017110020	318,675
ESEA, School improvement grant	84.010A	18610123057803	124,150
IDEA - Part B, Formula	84.027A	186600010578036000	2,199,165
Career and Technical Education	84.048A	18420006057803	235,973
Total Passed Through State Department of Education			<u>8,837,924</u>
Total United States Department of Education			<u>12,268,970</u>
 <u>United States Department of Agriculture</u>			
<u>Passed Through State Department of Agriculture</u>			
National School Lunch	10.555	71301401	5,610,993
School Breakfast Program	10.553	71401401	1,665,604
Total United States Department of Agriculture			<u>7,276,597</u>
Total Expenditures of Federal Awards			<u>\$ 19,545,567</u>

# **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, 2018.

### **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 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 minimis indirect cost rate allowed under the Uniform Guidance.