

UPLIFT EDUCATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015



uplifteducation

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CERTIFICATE OF BOARD


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

<u>Uplift Education</u>		
<u>Name of Charter School</u>	<u>County</u>	<u>Co.-Dist. No.</u>
Hampton Preparatory School	Dallas	057-843
North Hills Preparatory School	Dallas	057-803
Peak Preparatory School	Dallas	057-838
Summit International Preparatory School	Tarrant	220-816
Williams Preparatory School	Dallas	057-842

We, the undersigned, certify that the attached Financial and Compliance Reports of the above named charter schools were reviewed and (X) approved () disapproved for the year ended June 30, 2015, at a meeting of the governing body of said charter schools on the 31st day of May, 2016.



Signature of Uplift Education
Board Secretary



Signature of Uplift Education
Board President



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INDEPENDENT AUDITOR'S REPORT

To the Members of
Uplift Education

Report on the Financial Statements

We have audited the accompanying financial statements of Uplift Education (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 audit 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Restatement Adjustments

The financial statements of Uplift Education for the year ended June 30, 2014, before the restatement described in Note 3, were audited by another auditor whose report dated July 26, 2014, expressed an unmodified opinion on those statements.

As part of our audit of the June 30, 2015 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2014 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 financial statements as a whole.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole, as listed in the table of contents. The Specific-Purpose Financial Statements and the TEA Required Supplementary Information are 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, is presented for purposes of additional analysis and is also not a required part of the financial statements. The Specific-Purpose 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 Specific-Purpose Financial Statements, 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.

Uplift Education

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2015, on our consideration of Uplift Education'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 Uplift Education's internal control over financial reporting and compliance.

Weaver and Tidwell L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 27, 2015



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FINANCIAL STATEMENTS

**UPLIFT EDUCATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 24,913,248
Restricted cash and cash equivalents	77,448,086
Investments	607,805
Due from State	19,688,226
Other assets	390,621
Total current assets	123,047,986
Land lease rights	462,825
Capital assets, net	203,047,413
Unamortized bond cost	8,066,005
TOTAL ASSETS	\$ 334,624,229
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 9,947,199
Accrued expenses	8,247,066
Funds held for student and parent groups	1,736,431
Current portion of long-term debt	2,800,000
Total current liabilities	22,730,696
Deferred rent	1,480,481
Long term debt	276,342,752
TOTAL LIABILITIES	300,553,929
NET ASSETS	
Unrestricted	21,118,245
Temporarily restricted	12,952,055
TOTAL NET ASSETS	34,070,300
TOTAL LIABILITIES AND NET ASSETS	\$ 334,624,229

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

**UPLIFT EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	2015
REVENUES			
Local support:			
5740 Revenues from local sources	\$ 2,764,929	\$ 13,426,664	\$ 16,191,593
Total local support	2,764,929	13,426,664	16,191,593
State program revenues:			
5810 Foundation school program	98,264,791	-	98,264,791
5820 Other state aid	597,037	-	597,037
Total state program revenues	98,861,828	-	98,861,828
Federal program revenues:			
Public charter school startup grant	-	209,229	209,229
IDEA - Part B formula	-	1,073,402	1,073,402
National school lunch/breakfast program	-	4,939,220	4,939,220
ESEA, Title I, Part C	-	258,672	258,672
ESEA, Title I, Part A	-	2,780,114	2,780,114
ESEA, Title III, Part A	-	120,364	120,364
ESEA, Title II, Part A	-	422,556	422,556
Career/technical basis grant	-	83,132	83,132
Teacher incentive fund	-	666,899	666,899
Total federal program revenues	-	10,553,588	10,553,588
Net assets released from restrictions:			
Restrictions satisfied by payments	16,425,226	(16,425,226)	-
Total revenues	\$ 118,051,983	\$ 7,555,026	\$ 125,607,009

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

**UPLIFT EDUCATION
STATEMENT OF ACTIVITIES – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015**

EXPENSES	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>
Program services:			
11 Instruction and instructional related services	\$ 53,350,429	\$ -	\$ 53,350,429
12 Instructional resources and media services	362,522	-	362,522
13 Curriculum and instructional staff development	2,734,438	-	2,734,438
21 Instructional leadership	3,973,325	-	3,973,325
23 School leadership	7,537,050	-	7,537,050
Supporting services:			
31 Guidance, counseling, and evaluation services	3,885,538	-	3,885,538
33 Health services	1,054,914	-	1,054,914
34 Student transportation	6,822	-	6,822
35 Food services	6,285,572	-	6,285,572
36 Cocurricular/extracurricular activities	281,556	-	281,556
41 General administration	6,789,319	-	6,789,319
51 Plant maintenance and operations	15,330,125	-	15,330,125
52 Security services	584,999	-	584,999
53 Data processing services	2,117,388	-	2,117,388
61 Community services	513,438	-	513,438
71 Debt service	9,756,041	-	9,756,041
81 Fund raising	346,618	-	346,618
Total expenses	<u>114,910,094</u>	<u>-</u>	<u>114,910,094</u>
Change in Net Assets	3,141,889	7,555,026	10,696,915
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>17,976,356</u>	<u>5,397,029</u>	<u>23,373,385</u>
NET ASSETS, END OF YEAR	<u><u>\$ 21,118,245</u></u>	<u><u>\$ 12,952,055</u></u>	<u><u>\$ 34,070,300</u></u>

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

**UPLIFT EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Local support	\$ 16,191,593
State program revenues	94,542,951
Federal program revenues	10,553,588
Cash paid to employees	(66,050,935)
Cash paid to suppliers	(30,716,840)
Interest payments	
Bonds	(9,582,334)
Notes	(173,707)
Net cash provided by operating activities	14,764,316
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	(31,267,003)
Disposal of capital assets	101,777
Purchase of investments	(55,019)
Sale of investments	125,153
Change in restricted cash	(44,125,770)
Net cash used in investing activities	(75,220,862)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from bond issuance	85,520,000
Proceeds from note payable	9,197,436
Premium on issuance of long term debt	1,382,752
Long-term debt issuance cost	(2,368,544)
Bond payments	(2,330,000)
Note payments	(10,597,436)
Funds held for student and parent groups	(24,603)
Net cash provided by financing activities	80,779,605
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,323,059
CASH AND CASH EQUIVALENTS, beginning of year	4,590,189
CASH AND CASH EQUIVALENTS, end of year	\$ 24,913,248
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in net assets	\$ 10,696,915
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,879,276
Amortization	283,143
(Increase) Decrease in assets:	
Due from state	(4,318,877)
Other assets	459,086
Increase (Decrease) in liabilities:	
Accounts payable	(240,666)
Accrued expense	1,906,829
Deferred revenue	98,610
Net cash provided by operating activities	\$ 14,764,316
NON-CASH ACTIVITIES	
Capital expenditures included in accounts payable	\$ 8,291,241

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

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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. Uplift'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. Uplift Education has one main goal: that 70% of its alumni graduate from a 4-year college or university within 6 years of graduation.

Uplift Education operated 13 campuses under five charters serving 11,500 students during this fiscal year. The five charters are North Hills Preparatory, Peak Preparatory, Hampton Preparatory, Summit International Preparatory, and Williams Preparatory. All five Uplift high schools are ranked on at least one top 100 national school list. Uplift is rated BBB- by Standard & Poor's.

As of July 1, 2015, Uplift consolidated from five charters down to one. This consolidation will be reflected in future financial statements.

The charter holder had no 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. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

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 - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the charter school and/or the passage of time. When a restriction expires, 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. Uplift Education had no permanently restricted net assets as of June 30, 2015.

Cash and Cash Equivalents

At June 30, 2015 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.

Cash Whose Use Is Limited

Indenture requirements of bond financing (see Note 9) provide for the establishment and maintenance of various 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. Cash whose use is limited is comprised of cash equivalents and securities 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.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

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

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. If circumstances indicate the long-lived asset will not be recoverable, based upon undiscounted cash flows of the long-lived asset over the remaining life, the carrying value of the long-lived asset will be reduced by the estimated shortfall of discounted cash flows. The School recorded an adjustment to the carrying value of its long-lived assets as discussed in Note 3.

Construction in progress will be depreciated over the useful lives of the respective assets when 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. The net book value of the grant-funded property and equipment is \$222,676.

Donated Services and Property

During the year ended June 30, 2015, 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 Uplift Education'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.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Bond Costs

Costs of obtaining long-term bond financing are recorded as bond costs and are deferred and amortized on a straight-line basis over the related bond period. Amortization expense is included in debt service in the accompanying statement of activities.

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 year ended June 30, 2015, 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 five 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 2010.

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.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. PRIOR PERIOD ADJUSTMENT (PPA)

Uplift has restated its 2014 financial statements to correct errors related to: 1) the donations of the Peak land and buildings in 2004 and 2005 in the amount of \$7,828,786, and the cumulative impact on depreciation expense over the last 10 years of \$1,324,978, 2) an overstatement of accrued liabilities by \$1,761,034 3) recognize a deferred rent liability in the amount of \$1,381,871, 4) recognize land lease rights in the amount of \$483,402 (as further discussed in note 13) and 5) adjust the understatement of the Charter School Growth Fund note payable by \$150,000. As the prior period financial statements have not been presented herein, the restatement has been cumulatively effected as a net adjustment to Uplift's net assets balances as of July 1, 2014, increasing the previously reported ending capital of \$16,157,012 at June 30, 2014 by \$7,216,373 to \$23,373,385. This restatement has been reflected in the statement of activities.

	Hampton Preparatory	North Hills Preparatory	Peak Preparatory	Summit International Preparatory	Williams Preparatory	Central Management Office	Total PPA
Capital asset	\$ -	\$ -	\$ 6,503,808	\$ -	\$ -	\$ -	\$ 6,503,808
Accrued liabilities	98,004	1,002,960	261,055	123,437	275,578	-	1,761,034
Deferred rent	-	-	(714,977)	(452,700)	-	(214,194)	(1,381,871)
Land lease rights	-	-	-	-	483,402	-	483,402
Note payable	-	-	-	-	-	(150,000)	(150,000)
	<u>\$ 98,004</u>	<u>\$ 1,002,960</u>	<u>\$ 6,049,886</u>	<u>\$ (329,263)</u>	<u>\$ 758,980</u>	<u>\$ (364,194)</u>	<u>\$ 7,216,373</u>

NOTE 4. RESTRICTED CASH AND CASH EQUIVALENTS

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

	<u>2015</u>
Construction	\$ 56,257,867
Debt service	20,976,941
Enrichment and teacher incentives	132,938
Road To College Program	<u>80,340</u>
	<u>\$ 77,448,086</u>

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 5. INVESTMENTS

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

	2015
Stock funds	\$ 425,976
Bond funds	181,829
	\$ 607,805

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, quoted prices of investments with similar characteristics or discounted cash flows. The School does not have, at June 30, 2015 or at any time during the year, any investments classified as Level 2 or Level 3.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement 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, 2015:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Stock funds	\$ 407,156	\$ -	\$ -	\$ 407,156
Balanced funds	18,820	-	-	18,820
Taxable bonds	113,741	-	-	113,741
Taxable bond funds	68,088	-	-	68,088
	\$ 607,805	\$ -	\$ -	\$ 607,805

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 6. DUE FROM STATE

Amounts due from state consist of as of June 30:

	2015
Texas Education Agency - Foundation School	
Program revenue	\$ 17,278,600
Federal grant revenue	2,409,626
Due from State	\$ 19,688,226

NOTE 7. CAPITAL ASSETS

Capital assets consist of the following as of June 30:

	2015
Building and improvements	\$ 162,192,788
Furniture and fixtures	3,466,912
Depreciable assets	165,659,700
Less accumulated depreciation	(22,863,869)
Total depreciable assets	142,795,831
Land	26,117,008
Construction in progress	34,134,574
Capital assets, net	\$ 203,047,413

The School capitalized \$1,263,788 of interest which is included in capital additions.

For the fiscal year ended June 30, 2015, \$5,879,276 was charged to depreciation expense, which is included in plant maintenance and operations in the accompanying statement of activities.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8. BOND COST

The cost of issuing bonds is being amortized over the life of the bonds. Bond costs consist of the following as of June 30:

Bond Cost	Accumulated Amortization	Unamortized Bond Cost	Current Year Amortization
\$ 8,935,242	\$ (869,237)	\$ 8,066,005	\$ (283,143)

For the fiscal year ended June 30, 2015, \$283,143 was charged to amortization expense which is included in debt service in the accompanying statement of activities.

NOTE 9. LONG-TERM DEBT

Changes in long-term debt were as follows as of June 30:

	2015	Current Portion
Bonds payable:		
Series 2007 A&B bonds	\$ 8,945,000	\$ 210,000
Series 2010 A&B bonds	54,475,000	650,000
Series 2012 bonds	79,495,000	1,255,000
Series 2013 bonds	43,625,000	685,000
Series 2014 bonds	41,750,000	-
Series 2015 bonds	43,470,000	-
Bonds payable:	271,760,000	2,800,000
Plus: Series 2015 bond premium	1,382,752	-
Total bonds payable:	273,142,752	2,800,000
Notes payable:		
Charter School Growth Fund	4,000,000	-
NexBank	2,000,000	-
Total notes payable:	6,000,000	-
Total long-term debt	\$ 279,142,752	\$ 2,800,000

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. LONG-TERM DEBT – CONTINUED

Interest paid for the fiscal year ended June 30, 2015 was \$11,019,829 of which \$1,263,788 was capitalized.

The Series 2007, 2010, 2012, 2013, 2014 and 2015 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.

Series 2007 A & B Bonds

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. Proceeds of the bonds were used for construction and future debt service. The bonds mature serially each December beginning in 2008 until 2037 with interest ranging from 5.0 percent to 5.875 percent.

Series 2010 A & B Bonds

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. Proceeds of the bonds were used for construction, future debt service, repaying previously existing notes payable and to purchase land. The bonds mature serially each December 1st starting 2012 until 2046, with interest ranging from 2.9 percent to 6.25 percent.

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. Proceeds of the bonds were used for construction, capital asset purchases, repayment of previously issued debt and establishing reserves for future debt service. The bonds mature each December 1st, starting 2014 until 2048, with interest ranging from 4.875 percent to 8.0 percent.

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. Proceeds of the bonds were used to refund the Series 2005 bond and Capital One Note and to finance and refinance the acquisition and expansion of and improvements to certain facilities. The bonds mature serially each December 1st, starting 2013 until 2047, with interest ranging from 1.8 percent to 4.4 percent.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. LONG-TERM DEBT – CONTINUED

Series 2014 A & B Bonds

On August 28, 2014, the school issued \$41,750,000 of Education Revenue Bonds – Series 2014, \$41,395,000 was tax exempt refunding bonds and \$355,000 was taxable new money. Proceeds of the bonds were used to refund the 2013C Capital One Note and to finance and refinance the acquisition and expansion of and improvements to facilities. The bonds mature serially each December 1st, starting 2016 until 2049, with interest ranging from 3.375 percent to 4.6 percent.

Series 2015 A & B Bonds

On June 4, 2015, the school issued \$43,470,000 of Education Revenue Bonds – Series 2015, \$43,075,000 was tax exempt refunding bonds and \$395,000 was taxable new money. Proceeds of the bonds were used to finance and refinance the acquisition, improvement, construction and equipping of certain facilities. The bonds mature serially each December 1st, starting 2017 until 2051, with interest ranging from 4 percent to 5 percent.

Notes Payable

The School had a \$5,000,000 non-revolving line of credit with Capital One Bank that was paid with the proceeds from the Series 2014 bond.

The School received a \$4,000,000 loan as part of a Charter School Growth Fund loan and grant program. Proceeds of the loan were used for general support of the School. The note accrues interest at 3.25 percent. The loan principal will be repaid as follows: \$350,000 on July 1, 2017, \$700,000 on July 1, 2018, \$1,300,000 on July 1, 2019 and all remaining unpaid principal and interest are due on July 1, 2020. The loan is not collateralized.

On August 29, 2014, the School entered into a loan agreement with NexBank SSB for a term loan not to exceed \$10,000,000 with a draw period of 18 months. As of June 30, 2015 the School has an outstanding balance of \$2,000,000. During the year, the School made draws of \$7,597,436, of which \$5,597,436 were paid down with proceeds from the Series 2015A bonds. Proceeds of the loan were used to fund capital projects or working capital. The note accrues interest at 5 percent. After the expiration of the draw period, the School will make monthly payments of principal and interest based on a 25-year amortization period. This note was 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.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. LONG-TERM DEBT – CONTINUED

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 year ended June 30, 2015, the School was in compliance with this covenant and all other applicable covenants contained in the Supplemental Master Trust Indentures and loan agreement.

Scheduled maturities of long-term debt, at June 30, 2015, are as follows:

Fiscal Year End	Principal	Interest	Total
2016	\$ 2,800,000	\$ 13,948,422	\$ 16,748,422
2017	4,082,795	13,807,278	17,890,073
2018	4,433,897	13,533,391	17,967,288
2019	5,383,897	13,329,597	18,713,494
2020	4,743,897	13,107,290	17,851,187
Thereafter	256,315,514	222,423,572	478,739,086
	277,760,000	290,149,549	567,909,549
Add amount representing premium	1,382,752	-	1,382,752
	<u>\$ 279,142,752</u>	<u>\$ 290,149,549</u>	<u>\$ 569,292,301</u>

NOTE 10. 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.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. PENSION PLAN OBLIGATION – CONTINUED

Plan Description - Continued

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	\$	157,261,707,241
• Accumulated Benefit Obligations	\$	159,496,075,886
• % Funded	83.25%	
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, 2015	\$3,443,762 (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, 2015

• 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>2014</u>	<u>2015</u>
• Member	6.4%	6.7%
• Non-Member Contributing Entity (State)	6.8%	6.8%
• Employers	6.8%	6.8%

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

Information regarding the plan may 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 11. HEALTH CARE COVERAGE

During the year ended June 30, 2015, employees of the School were covered by a Health Insurance Plan. The School contributed \$325 for single employees and \$425 for employees with family per month to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 12. TEMPORARILY RESTRICTED ASSETS

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. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted support.

The School reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

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

Private grants and contracts	\$	8,391,397
Federally funded educational programs		8,033,829
Total		\$ 16,425,226

Temporarily Restricted Net Assets at June 30, 2015 consisted of the following:

		2015
Capital campaign - new schools	\$	12,113,034
Middle school funding		218,218
Blended learning		83,989
Matejek foundation		137,500
Play 60 grant		22,483
Reading to Risa grant		66,005
Gradus		201,214
Making connections		77,457
Montgomery		10,400
Other miscellaneous funds		21,755
Total temporarily restricted net assets	\$	12,952,055

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 13. LEASES

In August 2007, the School entered into a 600 month lease for the Summit International Preparatory School. Annual lease payments range from \$100,000 to \$150,000.

In November 2009, the School entered into a 600 month lease with the Housing Authority of the City of Dallas, with respect to real property at 2650 Canada Drive, Dallas, Texas. The lease granted the School the option to lease either or both of two additional un-platted vacant properties nearby. In June 2012, the School provided written notice of its exercise of the option to lease one of the additional properties, and in November 2013, the School provided written notice of its exercise of the option to lease the other. Rental payments under the Lease are one dollar per year for the first five years and ten dollars per year for each year thereafter. As of June 30, 2015, the School is recognizing land lease rights in the amount of \$462,825 to account for the present value of the below market lease.

In May 2010, the School entered into a 240 month lease for 13,000 square feet of space in a building situated at 2020 North Lamar, Dallas, Texas. The lease was amended in June 2011 and again in November 2012 cumulatively increasing the square footage to 34,150. Other lease terms were unchanged. Base rent was \$11 per square foot through June 2015, increases to \$13 per square foot for the period July 2015 – June 2020, increases to \$15 per square foot for the period July 2020 – June 2025, and increases to \$17 per square foot thereafter.

In September 2012, the School entered into a 90 month lease for 12,110 square feet of space in a building situated at 1825 Market Center Boulevard, Dallas, Texas. The lease was amended effective January 1, 2014 and the square footage increased to 20,666. Other lease terms were unchanged. There was free rent for the initial six months, \$14 per square foot for the next twelve months; the base rent then increases 50 cents per square foot for each year thereafter.

Schedule lease payments for all leases are as follows:

<u>Lease Year</u>	<u>Annual Base Lease</u>
2016	\$ 854,811
2017	865,144
2018	875,477
2019	885,810
2020	866,005
Thereafter	<u>10,739,390</u>
Total	<u>\$ 15,086,637</u>

Rent expense was approximately \$750,000 during 2015.

**UPLIFT EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14. 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 15. ECONOMIC DEPENDENCY

During the year ended June 30, 2015, the School recognized revenue of \$109,415,416 from the TEA and federal government. This amount constitutes approximately 87% of total revenues earned for the year ended June 30, 2015. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the charter school to continue to provide the current level of services to its students.

NOTE 16. EVALUATION OF SUBSEQUENT EVENTS

The School evaluated its financial statements for subsequent events through December 27, 2015, 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 December 4, 2015, the School entered into a loan agreement with BBVA Compass for a term loan not to exceed \$7,000,000 with a draw period of 24 months. Proceeds of the loan will be used to fund capital projects or refinance up to \$3,000,000 of taxable working capital loans. The note accrues interest at One-Month LIBOR plus 3 percent. After the expiration of the draw period, the School will make monthly payments of principal and interest based on a 20-year amortization period. This note was 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.

SUPPLEMENTARY INFORMATION



uplifteducation

**UPLIFT EDUCATION
SCHEDULE OF SCHOOLS BY CHARTER
AS OF JUNE 30, 2015**

Charter Schools

Uplift Education - Hampton Preparatory School

Uplift Hampton Preparatory High School
Uplift Hampton Preparatory Middle School
Uplift Hampton Preparatory Primary School

Uplift Education - North Hills Preparatory School

Uplift North Hills Preparatory High School
Uplift North Hills Preparatory Middle School
Uplift North Hills Preparatory Primary School
Uplift Infinity Preparatory High School
Uplift Infinity Preparatory Middle School
Uplift Infinity Preparatory Primary School
Uplift Grand Preparatory Middle School
Uplift Grand Preparatory Primary School

Uplift Education - Peak Preparatory School

Uplift Peak Preparatory High School
Uplift Peak Preparatory Middle School
Uplift Peak Preparatory Primary School
Uplift Luna Preparatory High School
Uplift Luna Preparatory Middle School
Uplift Luna Preparatory Primary School
Uplift Pinnacle Preparatory Primary School

Uplift Education - Summit International Preparatory School

Uplift Summit International Preparatory High School
Uplift Summit International Preparatory Middle School
Uplift Summit International Preparatory Primary School
Uplift Meridian Preparatory Primary School
Uplift Mighty Preparatory High School
Uplift Mighty Preparatory Middle School
Uplift Mighty Preparatory Primary School

Uplift Education - Williams Preparatory School

Uplift Williams Preparatory High School
Uplift Williams Preparatory Middle School
Uplift Williams Preparatory Primary School
Uplift Heights Preparatory Upper School
Uplift Heights Preparatory Middle School
Uplift Heights Preparatory Primary School
Uplift Triumph Preparatory Primary School

UPLIFT EDUCATION
STATEMENT OF FINANCIAL POSITION FOR INDIVIDUAL SCHOOLS
JUNE 30, 2015

	<u>Hampton Preparatory School</u>	<u>North Hills Preparatory School</u>	<u>Peak Preparatory School</u>	<u>Summit International Prep. School</u>	<u>Williams Preparatory School</u>	<u>Central Management Office</u>	<u>Total - Uplift Education</u>
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ (4,416,850)	\$ 13,910,469	\$ 4,958,262	\$ 12,452,093	\$ 14,015,357	\$ (16,006,083)	\$ 24,913,248
Restricted cash and cash equivalents	4,302,043	6,546,162	16,133,540	13,598,650	4,180,260	32,687,431	77,448,086
Investments	-	161,092	9,779	-	436,934	-	607,805
Due from State	1,771,094	3,851,446	4,659,159	4,219,636	5,186,891	-	19,688,226
Other assets	2,081	280,685	45,469	25,564	20,500	16,322	390,621
Total current assets	1,658,368	24,749,854	25,806,209	30,295,943	23,839,942	16,697,670	123,047,986
Land lease rights	-	-	-	-	462,825	-	462,825
Capital assets, net	23,661,391	47,302,631	31,533,495	48,185,084	51,704,119	660,693	203,047,413
Unamortized bond cost	914,754	2,538,306	873,682	1,778,061	1,872,314	88,888	8,066,005
TOTAL ASSETS	\$ 26,234,513	\$ 74,590,791	\$ 58,213,386	\$ 80,259,088	\$ 77,879,200	\$ 17,447,251	\$ 334,624,229
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 1,412,110	\$ 909,765	\$ 992,538	\$ 2,511,459	\$ 3,919,825	\$ 201,502	\$ 9,947,199
Accrued expense	659,626	2,954,489	1,814,157	940,052	1,674,078	204,664	8,247,066
Funds held for student and parent groups	54,409	962,654	300,107	135,692	283,569	-	1,736,431
Current portion of long-term debt	420,000	476,000	448,000	728,000	728,000	-	2,800,000
Total current liabilities	2,546,145	5,302,908	3,554,802	4,315,203	6,605,472	406,166	22,730,696
Deferred rent	-	-	798,353	478,800	-	203,328	1,480,481
Long term debt	25,328,034	63,108,833	47,488,789	73,165,439	60,871,333	6,380,324	276,342,752
TOTAL LIABILITIES	27,874,179	68,411,741	51,841,944	77,959,442	67,476,805	6,989,818	300,553,929
NET ASSETS							
Unrestricted	(1,639,666)	5,674,391	6,371,442	2,215,657	10,402,395	(1,905,974)	21,118,245
Temporarily restricted	-	504,659	-	83,989	-	12,363,407	12,952,055
TOTAL NET ASSETS	(1,639,666)	6,179,050	6,371,442	2,299,646	10,402,395	10,457,433	34,070,300
TOTAL LIABILITIES AND NET ASSETS	\$ 26,234,513	\$ 74,590,791	\$ 58,213,386	\$ 80,259,088	\$ 77,879,200	\$ 17,447,251	\$ 334,624,229

**UPLIFT EDUCATION
STATEMENT OF ACTIVITIES FOR INDIVIDUAL SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015**

	Hampton Preparatory School			North Hills Preparatory School		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Local support:						
5740 Other revenue from local sources	\$ 397,753	\$ -	\$ 397,753	\$ 335,255	\$ 504,659	\$ 839,914
Total local support	397,753	-	397,753	335,255	504,659	839,914
State program revenues:						
5810 Foundation school program	9,594,855	-	9,594,855	20,969,826	-	20,969,826
5820 State program revenue	67,691	-	67,691	176,559	-	176,559
Total state program revenues	9,662,546	-	9,662,546	21,146,385	-	21,146,385
Federal program revenues						
5920 Federal revenue distributed by Texas Education Agency	-	517,688	517,688	-	805,751	805,751
5930 Federal revenue distributed by other state of Texas government agencies	-	260,047	260,047	-	169,661	169,661
5940 Federal revenues distributed directly by the Federal government	-	135,552	135,552	-	-	-
Total federal program revenues	-	913,287	913,287	-	975,412	975,412
Net assets released from restriction:						
Restriction satisfied by payments	913,287	(913,287)	-	975,412	(975,412)	-
Total revenues	10,973,586	-	10,973,586	22,457,052	504,659	22,961,711
EXPENSES						
11 Instruction and instructional related services	5,321,107	-	5,321,107	12,111,289	-	12,111,289
12 Instructional resources and media services	-	-	-	136,126	-	136,126
13 Curriculum and instructional staff development	259,044	-	259,044	513,048	-	513,048
21 Instructional leadership	510,198	-	510,198	867,714	-	867,714
23 School leadership	848,869	-	848,869	1,675,650	-	1,675,650
31 Guidance, counseling and evaluation services	392,775	-	392,775	874,869	-	874,869
32 Social work services	-	-	-	-	-	-
33 Health services	56,912	-	56,912	273,142	-	273,142
34 Student transportation	-	-	-	-	-	-
35 Food services	763,920	-	763,920	723,535	-	723,535
36 Cocurricular/extracurricular activities	83,320	-	83,320	63,654	-	63,654
41 General administration	498,950	-	498,950	1,189,225	-	1,189,225
51 Plant maintenance and operations	1,723,435	-	1,723,435	3,320,338	-	3,320,338
52 Security services	113,285	-	113,285	125,250	-	125,250
53 Data processing services	159,666	-	159,666	367,616	-	367,616
61 Community services	24,928	-	24,928	138,893	-	138,893
71 Debt service	1,307,955	-	1,307,955	1,714,945	-	1,714,945
81 Fund raising	34,842	-	34,842	74,421	-	74,421
Total expenses	12,099,206	-	12,099,206	24,169,715	-	24,169,715
Change in Net Assets	(1,125,620)	-	(1,125,620)	(1,712,663)	504,659	(1,208,004)
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	(514,046)	-	(514,046)	7,387,054	-	7,387,054
NET ASSETS, END OF YEAR	<u>\$ (1,639,666)</u>	<u>\$ -</u>	<u>\$ (1,639,666)</u>	<u>\$ 5,674,391</u>	<u>\$ 504,659</u>	<u>\$ 6,179,050</u>

UPLIFT EDUCATION
STATEMENT OF ACTIVITIES FOR INDIVIDUAL SCHOOLS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015

	Peak Preparatory School			Summit International Prep. School		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Local support:						
5740 Other revenue from local sources	\$ 786,855	\$ -	\$ 786,855	\$ 593,108	\$ (173,825)	\$ 419,283
Total local support	786,855	-	786,855	593,108	(173,825)	419,283
State program revenues:						
5810 Foundation school program	21,126,652	-	21,126,652	22,607,670	-	22,607,670
5820 State program revenue	100,712	-	100,712	73,193	-	73,193
Total state program revenues	21,227,364	-	21,227,364	22,680,863	-	22,680,863
Federal program revenues						
5920 Federal revenue distributed by Texas Education Agency	-	1,819,548	1,819,548	-	1,704,250	1,704,250
5930 Federal revenue distributed by other state of Texas government agencies	-	967,199	967,199	-	655,006	655,006
5940 Federal revenues distributed directly by the Federal government	-	154,572	154,572	-	160,503	160,503
Total federal program revenues	-	2,941,319	2,941,319	-	2,519,759	2,519,759
Net assets released from restriction:						
Restriction satisfied by payments	2,941,319	(2,941,319)	-	2,519,759	(2,519,759)	-
Total revenues	24,955,538	-	24,955,538	25,793,730	(173,825)	25,619,905
EXPENSES						
11 Instruction and instructional related services	12,783,662	-	12,783,662	10,732,490	-	10,732,490
12 Instructional resources and media services	87,558	-	87,558	20,211	-	20,211
13 Curriculum and instructional staff development	556,910	-	556,910	551,843	-	551,843
21 Instructional leadership	822,994	-	822,994	943,824	-	943,824
23 School leadership	1,790,601	-	1,790,601	1,568,004	-	1,568,004
31 Guidance, counseling and evaluation services	931,639	-	931,639	677,450	-	677,450
32 Social work services	-	-	-	-	-	-
33 Health services	212,263	-	212,263	231,822	-	231,822
34 Student transportation	6,766	-	6,766	56	-	56
34 Food services	1,855,913	-	1,855,913	1,285,005	-	1,285,005
36 Cocurricular/extracurricular activities	52,593	-	52,593	26,096	-	26,096
41 General administration	1,070,862	-	1,070,862	976,782	-	976,782
51 Plant maintenance and operations	3,661,699	-	3,661,699	3,149,836	-	3,149,836
52 Security services	174,641	-	174,641	43,379	-	43,379
53 Data processing services	382,070	-	382,070	424,327	-	424,327
61 Community services	174,132	-	174,132	58,130	-	58,130
71 Debt service	871,730	-	871,730	3,624,432	-	3,624,432
81 Fund raising	77,760	-	77,760	70,997	-	70,997
Total expenses	25,513,793	-	25,513,793	24,384,684	-	24,384,684
Change in Net Assets	(558,255)	-	(558,255)	1,409,046	(173,825)	1,235,221
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	6,929,697	-	6,929,697	806,611	257,814	1,064,425
NET ASSETS, END OF YEAR	<u>\$ 6,371,442</u>	<u>\$ -</u>	<u>\$ 6,371,442</u>	<u>\$ 2,215,657</u>	<u>\$ 83,989</u>	<u>\$ 2,299,646</u>

UPLIFT EDUCATION
STATEMENT OF ACTIVITIES FOR INDIVIDUAL SCHOOLS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015

	Williams Preparatory School			Central Management Office		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Local support:						
5740 Other revenue from local sources	\$ 651,958	\$ -	\$ 651,958	\$ -	\$ 13,095,830	\$ 13,095,830
Total local support	651,958	-	651,958	-	13,095,830	13,095,830
State program revenues:						
5810 Foundation school program	23,965,788	-	23,965,788	-	-	-
5820 State program revenue	178,882	-	178,882	-	-	-
Total state program revenues	24,144,670	-	24,144,670	-	-	-
Federal program revenues:						
5920 Federal revenue distributed by Texas Education Agency	-	1,633,286	1,633,286	-	-	-
5930 Federal revenue distributed by other state of Texas government agencies	-	1,354,253	1,354,253	-	-	-
5940 Federal revenues distributed directly by the Federal government	-	145,701	145,701	-	70,571	70,571
Total federal program revenues	-	3,133,240	3,133,240	-	70,571	70,571
Net assets released from restriction:						
Restriction satisfied by payments	3,133,240	(3,133,240)	-	5,942,209	(5,942,209)	-
Total revenues	27,929,868	-	27,929,868	5,942,209	7,224,192	13,166,401
EXPENSES						
11 Instruction and instructional related services	12,375,147	-	12,375,147	26,734	-	26,734
12 Instructional resources and media services	118,627	-	118,627	-	-	-
13 Curriculum and instructional staff development	606,382	-	606,382	247,211	-	247,211
21 Instructional leadership	828,595	-	828,595	-	-	-
23 School leadership	1,653,926	-	1,653,926	-	-	-
31 Guidance, counseling and evaluation services	747,465	-	747,465	261,340	-	261,340
32 Social work services	-	-	-	-	-	-
33 Health services	280,775	-	280,775	-	-	-
34 Student transportation	-	-	-	-	-	-
35 Food services	1,637,090	-	1,637,090	20,109	-	20,109
36 Cocurricular/extracurricular activities	55,893	-	55,893	-	-	-
41 General administration	1,048,013	-	1,048,013	2,005,487	-	2,005,487
51 Plant maintenance and operations	2,911,853	-	2,911,853	562,964	-	562,964
52 Security services	128,254	-	128,254	190	-	190
53 Data processing services	501,027	-	501,027	282,682	-	282,682
61 Community services	117,355	-	117,355	-	-	-
71 Debt service	2,181,804	-	2,181,804	55,175	-	55,175
81 Fund raising	81,140	-	81,140	7,458	-	7,458
Total expenses	25,273,346	-	25,273,346	3,469,350	-	3,469,350
Change in Net Assets	2,656,522	-	2,656,522	2,472,859	7,224,192	9,697,051
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	7,745,873	-	7,745,873	(4,378,833)	5,139,215	760,382
NET ASSETS, END OF YEAR	<u>\$ 10,402,395</u>	<u>\$ -</u>	<u>\$ 10,402,395</u>	<u>\$ (1,905,974)</u>	<u>\$ 12,363,407</u>	<u>\$ 10,457,433</u>

**UPLIFT EDUCATION
STATEMENT OF ACTIVITIES FOR INDIVIDUAL SCHOOLS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015**

	Total - Uplift Education		
	Unrestricted	Temporarily Restricted	Total
REVENUES			
Local support:			
5740 Other revenue from local sources	\$ 2,764,929	\$ 13,426,664	\$ 16,191,593
Total local support	2,764,929	13,426,664	16,191,593
State program revenues:			
5810 Foundation school program	98,264,791	-	98,264,791
5820 State program revenue	597,037	-	597,037
Total state program revenues	98,861,828	-	98,861,828
Federal program revenues			
5920 Federal revenue distributed by Texas Education Agency	-	6,480,523	6,480,523
5930 Federal revenue distributed by other state of Texas government agencies	-	3,406,166	3,406,166
5940 Federal revenues distributed directly by the Federal government	-	666,899	666,899
Total federal program revenues	-	10,553,588	10,553,588
Net assets released from restriction:			
Restriction satisfied by payments	16,425,226	(16,425,226)	-
Total revenues	118,051,983	7,555,026	125,607,009
EXPENSES			
11 Instruction and instructional related services	53,350,429	-	53,350,429
12 Instructional resources and media services	362,522	-	362,522
13 Curriculum and instructional staff development	2,734,438	-	2,734,438
21 Instructional leadership	3,973,325	-	3,973,325
23 School leadership	7,537,050	-	7,537,050
31 Guidance, counseling and evaluation services	3,885,538	-	3,885,538
32 Social work services	-	-	-
33 Health services	1,054,914	-	1,054,914
34 Student transportation	6,822	-	6,822
35 Food services	6,285,572	-	6,285,572
36 Cocurricular/extracurricular activities	281,556	-	281,556
41 General administration	6,789,319	-	6,789,319
51 Plant maintenance and operations	15,330,125	-	15,330,125
52 Security services	584,999	-	584,999
53 Data processing services	2,117,388	-	2,117,388
61 Community services	513,438	-	513,438
71 Debt service	9,756,041	-	9,756,041
81 Fund raising	346,618	-	346,618
Total expenses	114,910,094	-	114,910,094
Change in Net Assets	3,141,889	7,555,026	10,696,915
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	17,976,356	5,397,029	23,373,385
NET ASSETS, END OF YEAR	<u>\$ 21,118,245</u>	<u>\$ 12,952,055</u>	<u>\$ 34,070,300</u>



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**UPLIFT EDUCATION
STATEMENT OF CASH FLOWS FOR INDIVIDUAL SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015**

	Hampton Preparatory School	North Hills Preparatory School
CASH FLOWS FROM OPERATING ACTIVITIES		
Local support	\$ 397,753	\$ 839,914
State program revenue	9,120,973	19,907,671
Federal program revenue	913,287	975,412
Cash paid to employees	(6,842,919)	(14,327,686)
Cash paid to suppliers	(2,170,916)	(4,906,362)
Interest payments	<u>(1,307,955)</u>	<u>(1,714,945)</u>
Net cash provided by operating activities	<u>110,223</u>	<u>774,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(3,581,772)	(9,112,165)
Disposal of capital assets	101,777	-
Purchase of investments	-	(3,785)
Sale of investments	-	52,854
Change in restricted cash	<u>1,260,621</u>	<u>710,640</u>
Net cash used by investing activities	<u>(2,219,374)</u>	<u>(8,352,456)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bond issuance	-	50,307,500
Proceeds from note payable	-	-
Premium on issuance of long term debt	-	1,382,752
Long-term debt issuance cost	-	(1,276,231)
Bond payments	(3,103,516)	(23,931,319)
Note payments	-	(5,000,000)
Funds held for student and parent groups	<u>(43,595)</u>	<u>(40,306)</u>
Net cash provided (used in) financing activities	<u>(3,147,111)</u>	<u>21,442,396</u>
Net increase in cash and cash equivalents	<u>(5,256,262)</u>	<u>13,863,944</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>839,412</u>	<u>46,525</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ (4,416,850)</u>	<u>\$ 13,910,469</u>
RECONCILIATION OF REVENUES OVER/UNDER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ (1,125,620)	\$ (1,208,004)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	862,804	1,269,931
Amortization	36,396	59,015
(Increase) Decrease in assets:		
Due from state	(541,573)	(1,238,714)
Other assets	17,936	(148,977)
Increase (Decrease) in liabilities:		
Accounts payable	763,981	1,064,612
Accrued liabilities	96,299	976,141
Deferred rent	-	-
Net cash provided by operating activities	<u>\$ 110,223</u>	<u>\$ 774,004</u>

The total amounts above include capital expenditures of \$8,291,241 that are also included in accounts payable at June 30, 2015.

Peak Preparatory School	Summit International Preparatory School	Williams Preparatory School	Central Management Office	Total Uplift Education
\$ 786,855	\$ 419,283	\$ 651,958	\$ 13,095,830	\$ 16,191,593
19,949,387	22,457,169	23,107,751	-	94,542,951
2,941,319	2,519,759	3,133,240	70,571	10,553,588
(15,418,707)	(14,141,087)	(15,182,905)	(137,631)	(66,050,935)
(6,396,986)	(3,954,975)	(2,388,742)	(2,607,618)	(22,425,599)
(871,730)	(3,624,432)	(2,181,804)	(55,175)	(9,756,041)
<u>990,138</u>	<u>3,675,717</u>	<u>7,139,498</u>	<u>10,365,977</u>	<u>23,055,557</u>
(3,516,792)	(9,298,496)	(14,049,019)	-	(39,558,244)
-	-	-	-	101,777
-	-	(51,234)	-	(55,019)
24,118	-	48,181	-	125,153
(11,422,657)	(5,706,523)	4,019,580	(32,987,431)	(44,125,770)
<u>(14,915,331)</u>	<u>(15,005,019)</u>	<u>(10,032,492)</u>	<u>(32,987,431)</u>	<u>(83,512,103)</u>
7,350,000	11,025,000	16,537,500	300,000	85,520,000
-	-	-	3,600,000	3,600,000
-	-	-	-	1,382,752
(229,961)	(344,941)	(517,411)	-	(2,368,544)
11,449,889	12,823,489	451,133	(19,676)	(2,330,000)
-	-	-	-	(5,000,000)
<u>39,052</u>	<u>12,255</u>	<u>7,991</u>	<u>-</u>	<u>(24,603)</u>
<u>18,608,980</u>	<u>23,515,803</u>	<u>16,479,213</u>	<u>3,880,324</u>	<u>80,779,605</u>
4,683,787	12,186,501	13,586,219	(18,741,130)	20,323,059
<u>274,475</u>	<u>265,592</u>	<u>429,138</u>	<u>2,735,047</u>	<u>4,590,189</u>
<u>\$ 4,958,262</u>	<u>\$ 12,452,093</u>	<u>\$ 14,015,357</u>	<u>\$ (16,006,083)</u>	<u>\$ 24,913,248</u>
\$ (558,255)	\$ 1,235,221	\$ 2,656,522	\$ 9,697,051	\$ 10,696,915
1,081,322	1,384,078	1,216,829	64,312	5,879,276
47,368	65,856	71,306	3,202	283,143
(1,277,977)	(223,694)	(1,036,919)	-	(4,318,877)
15,431	57,221	12,296	505,179	459,086
975,855	1,455,650	3,819,692	(29,215)	8,050,575
623,018	(324,715)	399,772	136,314	1,906,829
83,376	26,100	-	(10,866)	98,610
<u>\$ 990,138</u>	<u>\$ 3,675,717</u>	<u>\$ 7,139,498</u>	<u>\$ 10,365,977</u>	<u>\$ 23,055,557</u>

**UPLIFT EDUCATION
SCHEDULE OF EXPENSES FOR INDIVIDUAL SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015**

	Hampton Preparatory School	North Hills Preparatory School	Peak Preparatory School	Summit International Preparatory School	Williams Preparatory School	Central Management Office
EXPENSES						
6100 Payroll costs	\$ 7,263,605	\$ 16,956,032	\$ 17,116,054	\$ 14,713,981	\$ 16,499,440	\$ 132,436
6200 Professional and contracted services	1,134,992	1,550,951	2,857,023	1,705,431	1,895,049	1,460,543
6300 Supplies and material	1,221,049	1,891,881	2,940,490	2,226,177	2,965,245	652,756
6400 Other operating costs	1,171,605	1,882,199	1,728,496	2,114,663	1,731,808	1,142,238
6500 Debt costs	1,307,955	1,888,652	871,730	3,624,432	2,181,804	81,377
Total expenses	\$ 12,099,206	\$ 24,169,715	\$ 25,513,793	\$ 24,384,684	\$ 25,273,346	\$ 3,469,350

**UPLIFT EDUCATION
SCHEDULE OF CAPITAL ASSETS
HAMPTON PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

<u>Description</u>	<u>Date Acquired</u>	<u>Ownership Interest</u>			<u>Total</u>
		<u>Local</u>	<u>State</u>	<u>Federal</u>	
1100 Cash		\$ -	\$ (4,416,850)	\$ -	\$ (4,416,850)
1510 Land					
7.6 acres, 8915 Hampton St.	7/1/2007	-	993,696	-	993,696
9.97 acres, Stoneridge Business Park #2	4/9/2010	-	-	-	-
		-	1,069,721	-	1,069,721
Total land		-	2,063,417	-	2,063,417
1520 Buildings and Improvements					
Building - 8915 Hampton St.					
Purchase	7/1/2007	-	7,460,626	-	7,460,626
Improvements	7/1/2008	-	357,957	-	357,957
Improvements	6/30/2010	-	102,894	-	102,894
Improvements	6/30/2011	-	1,627,373	-	1,627,373
Improvements	6/30/2012	-	555,883	-	555,883
Improvements	6/30/2013	-	140,664	-	140,664
Cafenasium	6/30/2013	-	3,600,692	-	3,600,692
Primary building	6/30/2014	-	7,251,517	-	7,251,517
Primary building	6/30/2015	-	952,444	-	952,444
Total building and improvements		-	22,050,050	-	22,050,050
1530 Furniture and Equipment					
Classroom equipment		-	210,202	-	210,202
Total furniture and equipment		-	210,202	-	210,202
Total capital assets		<u>\$ -</u>	<u>\$ 19,906,819</u>	<u>\$ -</u>	<u>\$ 19,906,819</u>

**UPLIFT EDUCATION
SCHEDULE OF CAPITAL ASSETS
NORTH HILLS PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

Description	Date Acquired	Ownership Interest			Total
		Local	State	Federal	
1100 Cash		\$ -	\$ 13,910,469	\$ -	\$ 13,910,469
1510 Land					
606 E. Royal Lane, Irving, TX	1/1/1999	-	1,090,301	-	1,090,301
6.9 acres, 606 E. Royal Lane, Irving, TX	10/15/2006	-	839,112	-	839,112
5.75 acres, 606 E. Royal Lane, Irving, TX	11/3/2007	-	1,227,078	-	1,227,078
Infinity - South MacArthur, Irving, TX	5/16/2011	-	5,895,435	-	5,895,435
Grand Campus Land	6/30/2014	-	1,900,000	-	1,900,000
Total land		-	10,951,926	-	10,951,926
1520 Buildings and Improvements					
Building improvements	7/1/1997	147,759	147,759	-	295,518
Building improvements	6/30/1999	7,195	7,195	-	14,390
Building improvements	12/31/2000	26,447	26,446	-	52,893
Building - 606 E. Royal Lane, Irving, TX	1/1/1999	1,909,812	1,909,813	-	3,819,625
Parking lot paving	8/15/2002	-	61,565	-	61,565
Sport flooring	8/12/2002	-	27,530	-	27,530
Building - 606 E. Royal Lane, Irving, TX	10/24/2002	-	220,000	972,465	1,192,465
Primary building	4/27/2007	-	6,754,177	-	6,754,177
Building improvements	7/1/2008	-	245,973	-	245,973
Building improvements	6/30/2010	-	117,159	-	117,159
Building improvements	6/30/2011	-	108,801	-	108,801
Building improvements	6/30/2012	-	6,149,921	-	6,149,921
Infinity renovation	6/30/2014	-	2,488,257	-	2,488,257
Student activity center	6/30/2014	-	333,697	-	333,697
Grand campus	6/30/2014	-	2,725,000	-	2,725,000
Student activity center	6/30/2014	-	2,699,277	-	2,699,277
Infinity renovation	6/30/2014	-	6,140,150	-	6,140,150
Infinity renovation	6/30/2015	-	1,263,450	-	1,263,450
North Hills SAC - Gym	6/30/2015	-	12,753	-	12,753
Total building and improvements		2,091,213	31,438,923	972,465	34,502,601
1520 Construction in Progress		-	6,463,279	-	6,463,279
1539 Furniture and Equipment					
Locker	10/24/2002	-	7,425	-	7,425
Classroom Equipment	12/31/2010	-	192,914	-	192,914
Classroom Equipment	6/29/2012	-	74,337	-	74,337
Classroom Equipment	8/1/2014	-	333,869	-	333,869
2007 Chevrolet 2500 Pickup Truck	8/31/2014	-	21,499	-	21,499
Total furniture and equipment		-	630,044	-	630,044
Total capital assets		<u>\$ 2,091,213</u>	<u>\$ 63,394,641</u>	<u>\$ 972,465</u>	<u>\$ 66,458,319</u>

**UPLIFT EDUCATION
SCHEDULE OF CAPITAL ASSETS
PEAK PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

Description	Date Acquired	Ownership Interest			Total
		Local	State	Federal	
1100 Cash		\$ -	\$ 4,958,262	\$ -	\$ 4,958,262
1510 Land					
Peak - Wynnewood Bank Plaza	5/16/2011	-	490,081	-	490,081
Total land		-	490,081	-	490,081
1520 Buildings and Improvements					
Building - 4629 Live Oak St.	8/31/2004	-	1,575,220	-	1,575,220
Fencing - 4629 Live Oak St.	8/31/2004	-	16,600	-	16,600
Building Rehab. - Brian St.	5/3/2007	-	1,026,547	-	1,026,547
Building and improvements	7/1/2008	-	5,784,669	-	5,784,669
Leureate Prep/ School renovation	6/30/2011	-	1,931,498	-	1,931,498
Pinnacle - Wynnewood Bank Plaza	5/16/2011	-	1,009,919	-	1,009,919
Peak Prep. School renovation	6/30/2011	-	281,956	-	281,956
Building improvements	6/30/2012	-	2,254,059	-	2,254,059
Portables	5/11/2012	-	403,526	-	403,526
Luna Primary renovation	6/30/2013	-	612,512	-	612,512
Primary School	6/30/2013	-	5,635,455	-	5,635,455
Pinnacle renovation	6/30/2013	-	821,808	-	821,808
Middle School renovation	6/30/2014	-	2,115,321	-	2,115,321
Primary School renovation	6/30/2014	-	532,647	-	532,647
Building - 4605 Live Oak St.	6/30/2015	-	4,675,818	-	4,675,818
Total building and improvements		-	28,677,555	-	28,677,555
1530 Furniture and Equipment					
Classroom Equipment	6/2/2004	-	17,615	-	17,615
Classroom Equipment	7/1/2008	-	187,194	-	187,194
Classroom Equipment	12/31/2010	-	2,581	-	2,581
2012 Chevrolet bus	8/11/2011	-	41,487	-	41,487
2008 Eldorado van	10/13/2011	-	59,179	-	59,179
Classroom Equipment	7/11/2011	-	45,524	-	45,524
Classroom Equipment	6/30/2013	-	46,420	-	46,420
Classroom Equipment	7/1/2014	-	732,344	-	732,344
Total furniture and equipment		-	1,132,344	-	1,132,344
Total capital assets		\$ -	\$ 35,258,242	\$ -	\$ 35,258,242

**UPLIFT EDUCATION
SCHEDULE OF CAPITAL ASSETS
SUMMIT INTERNATIONAL PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

<u>Description</u>	<u>Date Acquired</u>	<u>Ownership Interest</u>			<u>Total</u>
		<u>Local</u>	<u>State</u>	<u>Federal</u>	
1100 Cash		\$ -	\$ 12,452,093	\$ -	\$ 12,452,093
1510 Land					
3700 Wichita St., Ft. Worth, TX	3/30/2012	-	1,550,061	-	1,550,061
1801 Beach St., Ft. Worth, TX	3/21/2012	-	259,043	-	259,043
Total land		-	1,809,104	-	1,809,104
1520 Buildings and Improvements					
Building	7/1/2007	-	529,419	-	529,419
Building	6/30/2009	-	690,900	-	690,900
Building improvements	6/30/2011	-	353,884	-	353,884
1801 Beach St., Ft. Worth, TX	3/21/2012	-	3,777,944	-	3,777,944
3700 Wichita St., Ft. Worth, TX	3/30/2012	-	2,565,788	-	2,565,788
Building improvements	6/30/2012	-	9,902,100	-	9,902,100
2625 Elm, Dallas, TX	6/30/2012	-	5,986,101	-	5,986,101
Summit Middle School	6/30/2013	-	2,265,893	-	2,265,893
Summit Secondary School	6/30/2013	-	2,625,483	-	2,625,483
Summit Primary School	6/30/2013	-	5,198,352	-	5,198,352
Meridian Primary School	6/30/2013	-	3,279,085	-	3,279,085
Classroom renovation	6/30/2014	-	2,520,202	-	2,520,202
Mighty	7/1/2014	-	1,022,130	-	1,022,130
Total building and improvements		-	40,717,281	-	40,717,281
1530 Furniture and Equipment					
Classroom Equipment	7/1/2011	-	202,962	-	202,962
Classroom Equipment	6/30/2013	-	7,240	-	7,240
Classroom Equipment	6/30/2014	-	-	74,832	74,832
Classroom Equipment	7/1/2014	-	33,768	-	33,768
Total furniture and equipment		-	243,970	74,832	318,802
Total capital assets		\$ -	\$ 55,222,448	\$ 74,832	\$ 55,297,280

**UPLIFT EDUCATION
SCHEDULE OF CAPITAL ASSETS
WILLIAMS PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

<u>Description</u>	<u>Date Acquired</u>	<u>Ownership Interest</u>			<u>Total</u>
		<u>Local</u>	<u>State</u>	<u>Federal</u>	
1100 Cash		\$ -	\$ 14,015,357	\$ -	\$ 14,015,357
1510 Land					
12.9 acres, 1750 Viceroy	5/3/2007	-	4,383,415	-	4,383,415
9411/939 Hargrove	12/21/2012	-	2,090,136	-	2,090,136
Total land		-	6,473,551	-	6,473,551
1520 Buildings and Improvements					
Purchase	5/3/2007	-	3,754,075	-	3,754,075
Building improvements	7/1/2008	-	2,305,416	-	2,305,416
Building improvements	6/30/2010	-	96,648	-	96,648
Height Preparatory School	6/30/2011	-	2,521,592	-	2,521,592
Building improvements	6/30/2011	-	894,398	-	894,398
Primary building	6/30/2012	-	9,834,313	-	9,834,313
Portables/renovations	6/30/2012	-	622,171	-	622,171
Primary renovation	6/30/2013	-	361,851	-	361,851
Williams renovation	6/30/2013	-	317,030	-	317,030
Williams Primary School	6/30/2013	-	3,004,522	-	3,004,522
Heights Secondary School	6/30/2013	-	6,717,451	-	6,717,451
Triumph Primary renovation	6/30/2014	-	1,371,432	-	1,371,432
Middle school renovation	6/30/2014	-	3,423,316	-	3,423,316
Heights Building	7/1/2014	-	217,941	-	217,941
Total building and improvements		-	35,442,156	-	35,442,156
1530 Furniture and Equipment					
Classroom Equipment	12/31/2010	-	23,546	-	23,546
Classroom Equipment	7/1/2011	-	110,047	-	110,047
Solar project	12/31/2011	-	59,095	-	59,095
Classroom Equipment	6/30/2013	-	45,280	-	45,280
Total furniture and equipment		-	237,968	-	237,968
Total capital assets		\$ -	\$ 56,169,032	\$ -	\$ 56,169,032

**UPLIFT EDUCATION
SCHEDULE OF CAPITAL ASSETS
CENTRAL MANAGEMENT OFFICE
AS OF JUNE 30, 2015**

<u>Description</u>	<u>Date Acquired</u>	<u>Ownership Interest</u>			<u>Total</u>
		<u>Local</u>	<u>State</u>	<u>Federal</u>	
1100 Cash		\$ (16,006,083)	\$ -	\$ -	\$ (16,006,083)
1520 Buildings and Improvements					
Renovations	6/30/2012	29,711	-	-	29,711
Renovations	6/30/2013	318,045	-	-	318,045
Renovations	6/30/2014	42,858	-	-	42,858
Total building and improvements		390,614	-	-	390,614
1530 Furniture and Equipment					
Furniture	6/30/2013	19,690	-	-	19,690
Furniture	6/30/2014	344,659	-	-	344,659
Total furniture and equipment		364,349	-	-	364,349
Total capital assets		<u>\$ (15,251,120)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,251,120)</u>

**UPLIFT EDUCATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
HAMPTON PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local support				
5740 Other revenues from local sources	\$ 39,764	\$ 39,752	\$ 397,753	\$ 358,001
Total local support	39,764	39,752	397,753	358,001
State Program Revenues				
5810 Foundation School Program Act revenues	9,569,045	9,041,699	9,594,855	553,156
5820 State program revenues distributed by Texas Education Agency	70,075	77,267	67,691	(9,576)
Total state program revenues	9,639,120	9,118,966	9,662,546	543,580
Federal program revenues				
5920 Federal revenues distributed by Texas Education Agency	577,544	587,988	517,688	(70,300)
5930 Federal revenues distributed by other State of Texas government agencies	279,934	289,120	260,047	(29,073)
5940 Federal revenues distributed directly from the federal government	148,950	76,135	135,552	59,417
Total federal program revenues	1,006,428	953,243	913,287	(39,956)
Total revenues	10,685,312	10,111,961	10,973,586	861,625
EXPENSES				
11 Instruction	5,235,450	5,286,340	5,321,107	(34,767)
12 Instructional resources	69,218	66,294	-	66,294
13 Curriculum and instructional staff development	276,717	269,790	259,044	10,746
21 Instructional leadership	479,544	466,228	510,198	(43,970)
23 School leadership	779,555	763,916	848,869	(84,953)
31 Guidance, counseling and evaluation services	351,080	326,515	392,775	(66,260)
32 Social work services	-	-	-	-
33 Health services	115,565	112,356	56,912	55,444
34 Student transportation	-	-	-	-
35 Food services	497,641	483,822	763,920	(280,098)
36 Cocurricular/extracurricular activities	59,782	54,617	83,320	(28,703)
41 General administration	535,258	520,395	498,950	21,445
51 Plant maintenance and operations	781,269	826,609	1,723,435	(896,826)
52 Security and monitoring services	65,998	101,768	113,285	(11,517)
53 Data processing services	180,692	175,675	159,666	16,009
61 Community services	-	-	24,928	(24,928)
71 Debt service	1,220,631	1,186,736	1,307,955	(121,219)
81 Fund raising	18,489	17,975	34,842	(16,867)
Total expenses	10,666,889	10,659,036	12,099,206	(1,440,170)
Change in net assets	<u>\$ 18,423</u>	<u>\$ (547,075)</u>	<u>\$ (1,125,620)</u>	<u>\$ 2,301,795</u>

**UPLIFT EDUCATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
NORTH HILLS PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local support				
5740 Other revenues from local sources	\$ 2,217,715	\$ 2,217,031	\$ 839,914	\$ (1,377,117)
Total local support	2,217,715	2,217,031	839,914	(1,377,117)
State Program Revenues				
5810 Foundation School Program Act revenues	20,528,717	20,680,090	20,969,826	289,736
5820 State program revenues distributed by Texas Education Agency	243,076	175,556	176,559	1,003
Total state program revenues	20,771,793	20,855,646	21,146,385	290,739
Federal program revenues				
5920 Federal revenues distributed by Texas Education Agency	724,842	744,908	805,751	60,843
5930 Federal revenues distributed by other State of Texas government agencies	173,589	205,402	169,661	(35,741)
5940 Federal revenues distributed directly from the federal government	-	-	-	-
Total federal program revenues	898,431	950,310	975,412	25,102
Total revenues	23,887,939	24,022,987	22,961,711	(1,061,276)
EXPENSES				
11 Instruction	11,490,523	11,228,322	12,111,289	(882,967)
12 Instructional resources	131,539	128,187	136,126	(7,939)
13 Curriculum and instructional staff development	488,539	532,642	513,048	19,594
21 Instructional leadership	704,613	685,047	867,714	(182,667)
23 School leadership	1,612,158	1,567,391	1,675,650	(108,259)
31 Guidance, counseling and evaluation services	758,872	738,667	874,869	(136,202)
32 Social work services	-	-	-	-
33 Health services	235,648	229,104	273,142	(44,038)
34 Student transportation	-	-	-	-
35 Food services	523,182	582,021	723,535	(141,514)
36 Cocurricular/extracurricular activities	39,426	23,481	63,654	(40,173)
41 General administration	1,569,161	1,525,588	1,189,225	336,363
51 Plant maintenance and operations	1,797,742	1,783,269	3,320,338	(1,537,069)
52 Security and monitoring services	178,655	117,815	125,250	(7,435)
53 Data processing services	391,947	381,063	367,616	13,447
61 Community services	285,833	277,896	138,893	139,003
71 Debt service	2,154,901	2,095,062	1,714,945	380,117
81 Fund raising	40,675	53,787	74,421	(20,634)
Total expenses	22,403,414	21,949,342	24,169,715	(2,220,373)
Change in net assets	\$ 1,484,525	\$ 2,073,645	\$ (1,208,004)	\$ 1,159,097

**UPLIFT EDUCATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
PEAK PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local support				
5740 Other revenues from local sources	\$ 187,724	\$ 187,666	\$ 786,855	\$ 599,189
Total local support	187,724	187,666	786,855	599,189
State Program Revenues				
5810 Foundation School Program Act revenues	23,469,228	23,103,450	21,126,652	(1,976,798)
5820 State program revenues distributed by Texas Education Agency	138,305	196,905	100,712	(96,193)
Total state program revenues	23,607,533	23,300,355	21,227,364	(2,072,991)
Federal program revenues				
5920 Federal revenues distributed by Texas Education Agency	1,648,383	1,667,524	1,819,548	152,024
5930 Federal revenues distributed by other State of Texas government agencies	817,498	900,046	967,199	67,153
5940 Federal revenues distributed directly from the federal government	134,797	77,489	154,572	77,083
Total federal program revenues	2,600,678	2,645,059	2,941,319	296,260
Total revenues	26,395,935	26,133,080	24,955,538	(1,177,542)
EXPENSES				
11 Instruction	11,703,695	11,618,825	12,783,662	(1,164,837)
12 Instructional resources	85,996	87,527	87,558	(31)
13 Curriculum and instructional staff development	535,316	516,296	556,910	(40,614)
21 Instructional leadership	701,959	682,467	822,994	(140,527)
23 School leadership	1,639,295	1,593,775	1,790,601	(196,826)
31 Guidance, counseling and evaluation services	644,078	628,962	931,639	(302,677)
32 Social work services	-	-	-	-
33 Health services	231,239	224,818	212,263	12,555
34 Student transportation	28,239	27,455	6,766	20,689
35 Food services	1,276,875	1,241,418	1,855,913	(614,495)
36 Cocurricular/extracurricular activities	23,117	18,879	52,593	(33,714)
41 General administration	1,433,408	1,393,604	1,070,862	322,742
51 Plant maintenance and operations	2,423,997	2,382,905	3,661,699	(1,278,794)
52 Security and monitoring services	194,553	233,300	174,641	58,659
53 Data processing services	379,751	369,206	382,070	(12,864)
61 Community services	56,305	56,044	174,132	(118,088)
71 Debt service	2,064,466	2,007,139	871,730	1,135,409
81 Fund raising	42,525	41,344	77,760	(36,416)
Total expenses	23,464,814	23,123,964	25,513,793	(2,389,829)
Change in net assets	\$ 2,931,121	\$ 3,009,116	\$ (558,255)	\$ 1,212,287

**UPLIFT EDUCATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
SUMMIT INTERNATIONAL PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local support				
5740 Other revenues from local sources	\$ 852,486	\$ 852,224	\$ 419,283	\$ (432,941)
Total local support	852,486	852,224	419,283	(432,941)
State Program Revenues				
5810 Foundation School Program Act revenues	20,110,854	20,268,095	22,607,670	2,339,575
5820 State program revenues distributed by Texas Education Agency	211,157	158,606	73,193	(85,413)
Total state program revenues	20,322,011	20,426,701	22,680,863	2,254,162
Federal program revenues				
5920 Federal revenues distributed by Texas Education Agency	1,680,948	1,707,939	1,704,250	(3,689)
5930 Federal revenues distributed by other State of Texas government agencies	637,374	746,537	655,006	(91,531)
5940 Federal revenues distributed directly from the federal government	153,712	79,157	160,503	81,346
Total federal program revenues	2,472,034	2,533,633	2,519,759	(13,874)
Total revenues	23,646,531	23,812,558	25,619,905	1,807,347
EXPENSES				
11 Instruction	11,705,419	11,620,177	10,732,490	887,687
12 Instructional resources	21,979	20,724	20,211	513
13 Curriculum and instructional staff development	570,779	547,511	551,843	(4,332)
21 Instructional leadership	1,001,762	973,945	943,824	30,121
23 School leadership	1,645,590	1,603,400	1,568,004	35,396
31 Guidance, counseling and evaluation services	674,214	627,885	677,450	(49,565)
32 Social work services	-	-	-	-
33 Health services	140,174	136,282	231,822	(95,540)
34 Student transportation	-	-	56	(56)
35 Food services	1,315,131	1,278,612	1,285,005	(6,393)
36 Cocurricular/extracurricular activities	7,930	7,710	26,096	(18,386)
41 General administration	1,336,136	1,299,033	976,782	322,251
51 Plant maintenance and operations	1,760,698	1,828,326	3,149,836	(1,321,510)
52 Security and monitoring services	20,473	48,419	43,379	5,040
53 Data processing services	380,326	369,765	424,327	(54,562)
61 Community services	20,867	26,296	58,130	(31,834)
71 Debt service	2,553,053	2,482,159	3,624,432	(1,142,273)
81 Fund raising	38,827	37,749	70,997	(33,248)
Total expenses	23,193,358	22,907,993	24,384,684	(1,476,691)
Change in net assets	<u>\$ 453,173</u>	<u>\$ 904,565</u>	<u>\$ 1,235,221</u>	<u>\$ 3,284,038</u>

**UPLIFT EDUCATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
WILLIAMS PREPARATORY SCHOOL
AS OF JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local support				
5740 Other revenues from local sources	\$ 361,394	\$ 361,283	\$ 651,958	\$ 290,675
Total local support	361,394	361,283	651,958	290,675
State Program Revenues				
5810 Foundation School Program Act revenues	24,011,744	23,743,121	23,965,788	222,667
5820 State program revenues distributed by Texas Education Agency	158,447	190,650	178,882	(11,768)
Total state program revenues	24,170,191	23,933,771	24,144,670	210,899
Federal program revenues				
5920 Federal revenues distributed by Texas Education Agency	1,709,573	1,739,317	1,633,286	(106,031)
5930 Federal revenues distributed by other State of Texas government agencies	1,029,723	1,232,402	1,354,253	121,851
5940 Federal revenues distributed directly from the federal government	154,276	78,878	145,701	66,823
Total federal program revenues	2,893,572	3,050,597	3,133,240	82,643
Total revenues	27,425,157	27,345,651	27,929,868	584,217
EXPENSES				
11 Instruction	11,939,643	12,134,038	12,375,147	(241,109)
12 Instructional resources	114,549	110,791	118,627	(7,836)
13 Curriculum and instructional staff development	641,667	646,356	606,382	39,974
21 Instructional leadership	891,870	867,104	828,595	38,509
23 School leadership	1,654,941	1,608,986	1,653,926	(44,940)
31 Guidance, counseling and evaluation services	574,180	562,963	747,465	(184,502)
32 Social work services	-	-	-	-
33 Health services	199,691	200,105	280,775	(80,670)
34 Student transportation	-	-	-	-
35 Food services	1,209,721	1,176,129	1,637,090	(460,961)
36 Cocurricular/extracurricular activities	18,859	21,491	55,893	(34,402)
41 General administration	1,213,440	1,179,745	1,048,013	131,732
51 Plant maintenance and operations	1,576,933	1,833,309	2,911,853	(1,078,544)
52 Security and monitoring services	108,125	117,291	128,254	(10,963)
53 Data processing services	397,140	386,112	501,027	(114,915)
61 Community services	476	462	117,355	(116,893)
71 Debt service	3,353,556	3,260,433	2,181,804	1,078,629
81 Fund raising	44,374	43,142	81,140	(37,998)
Total expenses	23,939,165	24,148,457	25,273,346	(1,124,889)
Change in net assets	<u>\$ 3,485,992</u>	<u>\$ 3,197,194</u>	<u>\$ 2,656,522</u>	<u>\$ 1,709,106</u>

**UPLIFT EDUCATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
CENTRAL MANAGEMENT OFFICE
AS OF JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local support				
5740 Other revenues from local sources	\$ 1,175,125	\$ 1,174,762	\$ 13,095,830	\$ 11,921,068
Total local support	1,175,125	1,174,762	13,095,830	11,921,068
State Program Revenues				
5810 Foundation School Program Act revenues	-	-	-	-
5820 State program revenues distributed by Texas Education Agency	-	-	-	-
Total state program revenues	-	-	-	-
Federal program revenues				
5920 Federal revenues distributed by Texas Education Agency	-	-	-	-
5930 Federal revenues distributed by other State of Texas government agencies	-	-	-	-
5940 Federal revenues distributed directly from the federal government	-	-	70,571	70,571
Total federal program revenues	-	-	70,571	70,571
Total revenues	1,175,125	1,174,762	13,166,401	11,991,639
EXPENSES				
11 Instruction	-	-	26,734	(26,734)
12 Instructional resources	-	-	-	-
13 Curriculum and instructional staff development	495,249	487,429	247,211	240,218
21 Instructional leadership	-	-	-	-
23 School leadership	-	-	-	-
31 Guidance, counseling and evaluation services	269,944	262,448	261,340	1,108
32 Social work services	-	-	-	-
33 Health services	-	-	-	-
34 Student transportation	-	-	-	-
35 Food services	50,810	49,399	20,109	29,290
36 Cocurricular/extracurricular activities	-	-	-	-
41 General administration	1,223,028	1,312,623	2,005,487	(692,864)
51 Plant maintenance and operations	728,782	629,129	562,964	66,165
52 Security and monitoring services	-	-	190	(190)
53 Data processing services	226,428	220,141	282,682	(62,541)
61 Community services	-	-	-	-
71 Debt service	566,478	550,748	55,175	495,573
81 Fund raising	12,641	12,290	7,458	4,832
Total expenses	3,573,360	3,524,207	3,469,350	54,857
Change in net assets	<u>\$ (2,398,235)</u>	<u>\$ (2,349,445)</u>	<u>\$ 9,697,051</u>	<u>\$ 11,936,782</u>

**UPLIFT EDUCATION
SERIES 2007 A AND B BONDS
DEBT SERVICE REQUIREMENTS**

Fiscal Year End	Principal	Interest	Totals
2016	\$ 210,000	\$ 512,366	\$ 722,366
2017	220,000	500,864	720,864
2018	235,000	488,693	723,693
2019	245,000	475,363	720,363
2020	260,000	460,844	720,844
2021	275,000	445,463	720,463
2022	290,000	429,219	719,219
2023	310,000	411,969	721,969
2024	330,000	393,569	723,569
2025	350,000	374,019	724,019
2026	370,000	353,319	723,319
2027	390,000	331,469	721,469
2028	415,000	308,325	723,325
2029	440,000	283,469	723,469
2030	465,000	256,884	721,884
2031	490,000	228,831	718,831
2032	520,000	199,163	719,163
2033	555,000	167,584	722,584
2034	590,000	133,950	723,950
2035	625,000	98,259	723,259
2036	660,000	60,513	720,513
2037	700,000	20,563	720,563
Total	<u>\$ 8,945,000</u>	<u>\$ 6,934,698</u>	<u>\$ 15,879,698</u>

**UPLIFT EDUCATION
SERIES 2010 A AND B BONDS
DEBT SERVICE REQUIREMENTS**

Fiscal Year End	Principal	Interest December 1	Interest June 1	Totals
2016	\$ 650,000	\$ 1,637,829	\$ 1,637,829	\$ 3,925,658
2017	675,000	1,624,073	1,624,072	3,923,145
2018	710,000	1,606,699	1,606,699	3,923,398
2019	750,000	1,585,894	1,585,894	3,921,788
2020	795,000	1,563,877	1,563,878	3,922,755
2021	840,000	1,540,579	1,540,579	3,921,158
2022	890,000	1,515,927	1,515,926	3,921,853
2023	945,000	1,489,777	1,489,778	3,924,555
2024	1,000,000	1,462,062	1,462,061	3,924,123
2025	1,060,000	1,432,706	1,432,707	3,925,413
2026	1,120,000	1,401,642	1,401,641	3,923,283
2027	1,190,000	1,367,831	1,367,832	3,925,663
2028	1,260,000	1,331,082	1,331,081	3,922,163
2029	1,340,000	1,292,081	1,292,082	3,924,163
2030	1,420,000	1,250,682	1,250,681	3,921,363
2031	1,510,000	1,206,731	1,206,732	3,923,463
2032	1,605,000	1,159,505	1,159,504	3,924,009
2033	1,705,000	1,108,820	1,108,821	3,922,641
2034	1,815,000	1,054,921	1,054,920	3,924,841
2035	1,930,000	997,575	997,575	3,925,150
2036	2,050,000	936,631	936,632	3,923,263
2037	2,180,000	871,860	871,859	3,923,719
2038	2,315,000	803,029	803,030	3,921,059
2039	2,465,000	729,836	729,836	3,924,672
2040	2,620,000	651,972	651,972	3,923,944
2041	2,785,000	569,208	569,208	3,923,416
2042	2,960,000	480,313	480,312	3,920,625
2043	3,155,000	384,765	384,766	3,924,531
2044	3,355,000	283,047	283,047	3,921,094
2045	3,575,000	174,766	174,765	3,924,531
2046	3,805,000	59,457	59,448	3,923,905
Total	\$ 54,475,000	\$ 33,575,177	\$ 33,575,167	\$ 121,625,344

**UPLIFT EDUCATION
SERIES 2012 A, B AND Q BONDS
DEBT SERVICE REQUIREMENTS**

Fiscal Year End	Principal	Interest December 1	Interest June 1	Totals
2016	\$ 1,255,000	\$ 2,839,804	\$ 1,551,934	\$ 5,646,738
2017	1,285,000	2,752,047	1,551,934	5,588,981
2018	1,310,000	2,662,372	1,551,934	5,524,306
2019	1,345,000	2,570,579	1,551,934	5,467,513
2020	1,375,000	2,476,497	1,551,934	5,403,431
2021	1,405,000	2,380,329	1,551,934	5,337,263
2022	1,430,000	2,282,241	1,551,934	5,264,175
2023	1,465,000	2,182,035	1,551,934	5,198,969
2024	1,560,000	2,330,969	1,298,922	5,189,891
2025	1,595,000	2,223,050	1,298,922	5,116,972
2026	1,630,000	2,112,581	1,298,922	5,041,503
2027	1,670,000	1,999,441	1,298,922	4,968,363
2028	1,730,000	1,896,284	1,298,922	4,925,206
2029	1,815,000	1,802,219	1,298,922	4,916,141
2030	1,900,000	1,703,775	1,298,922	4,902,697
2031	1,990,000	1,600,831	1,298,922	4,889,753
2032	2,085,000	1,493,066	1,298,922	4,876,988
2033	2,185,000	1,380,234	1,298,922	4,864,156
2034	2,295,000	1,999,138	559,256	4,853,394
2035	2,410,000	1,874,332	559,256	4,843,588
2036	2,535,000	1,747,616	559,256	4,841,872
2037	2,670,000	1,614,238	559,256	4,843,494
2038	2,810,000	1,473,813	559,256	4,843,069
2039	2,960,000	1,325,957	559,256	4,845,213
2040	3,115,000	1,170,285	559,256	4,844,541
2041	3,280,000	1,006,413	559,256	4,845,669
2042	3,450,000	833,957	559,256	4,843,213
2043	3,635,000	652,403	559,256	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	\$ 79,495,000	\$ 55,300,388	\$ 30,997,252	\$ 165,792,640

**UPLIFT EDUCATION
SERIES 2013 BONDS
DEBT SERVICE REQUIREMENTS**

Fiscal Year End	Principal	Interest December 1	Interest June 1	Totals
2016	\$ 685,000	\$ 888,507	\$ 881,829	\$ 2,455,336
2017	705,000	881,829	870,901	2,457,730
2018	725,000	870,901	859,664	2,455,565
2019	750,000	859,664	848,039	2,457,703
2020	770,000	848,039	836,104	2,454,143
2021	795,000	836,104	823,781	2,454,885
2022	820,000	823,782	811,071	2,454,853
2023	845,000	811,071	797,974	2,454,045
2024	875,000	797,973	780,693	2,453,666
2025	910,000	780,693	762,720	2,453,413
2026	950,000	762,720	743,958	2,456,678
2027	985,000	743,957	724,504	2,453,461
2028	1,025,000	724,504	704,260	2,453,764
2029	1,070,000	704,260	683,128	2,457,388
2030	1,110,000	683,128	661,205	2,454,333
2031	1,155,000	661,205	638,394	2,454,599
2032	1,200,000	638,394	614,694	2,453,088
2033	1,250,000	614,694	590,006	2,454,700
2034	1,305,000	590,006	561,623	2,456,629
2035	1,360,000	561,622	532,043	2,453,665
2036	1,420,000	532,042	501,158	2,453,200
2037	1,485,000	501,157	468,859	2,455,016
2038	1,550,000	468,859	435,146	2,454,005
2039	1,620,000	435,147	399,911	2,455,058
2040	1,690,000	399,911	363,154	2,453,065
2041	1,770,000	363,154	324,656	2,457,810
2042	1,845,000	324,656	284,528	2,454,184
2043	1,930,000	284,528	242,550	2,457,078
2044	2,015,000	242,550	198,220	2,455,770
2045	2,105,000	198,220	151,910	2,455,130
2046	2,200,000	151,910	103,510	2,455,420
2047	2,300,000	103,510	52,910	2,456,420
2048	2,405,000	52,910	-	2,457,910
Total	\$ 43,625,000	\$ 19,141,607	\$ 18,253,103	\$ 81,019,710

**UPLIFT EDUCATION
SERIES 2014 BONDS
DEBT SERVICE REQUIREMENTS**

Fiscal Year End	Principal	Interest	Totals
2016	\$ -	\$ 1,801,851	\$ 1,801,851
2017	590,000	1,789,011	2,379,011
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	<u>\$ 41,750,000</u>	<u>\$ 40,871,255</u>	<u>\$ 82,621,255</u>

**UPLIFT EDUCATION
SERIES 2015 BONDS
DEBT SERVICE REQUIREMENTS**

Fiscal Year End	Principal	Interest	Totals
2016	\$ -	\$ 2,096,557	\$ 2,096,557
2017	-	2,114,175	2,114,175
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	\$ 50,655,820	\$ 94,125,820

COMPLIANCE AND INTERNAL CONTROL



uplifteducation



**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**

Board of Directors
Uplift Education
Irving, 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 (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2015, 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 27, 2015.

Internal Control Over Financial Reporting

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

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 described in the accompanying schedule of findings and questioned costs that we consider material weakness (2015-001 and 2015-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Uplift Education'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-003 to 2015-006.

Uplift Education's Response to Findings

Uplift Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Uplift Education'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 27, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Uplift Education
Irving, Texas

Report on Compliance for Each Major Federal Program

We have audited Uplift Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Uplift Education's major federal programs for the year ended June 30, 2015. Uplift Education'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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Uplift Education'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Uplift Education'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 Uplift Education's compliance.

Opinion on Each Major Federal Program

In our opinion, Uplift Education 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, 2015.

Report on Internal Control over Compliance

Management of Uplift Education is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Uplift Education's internal control over compliance with the 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 OMB Circular A-133, 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 Uplift Education's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-004, 2015-005, 2015-006 to be control deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-003 to be a material weakness.

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

Uplift Education

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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 OMB Circular A-133. 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 27, 2015

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Programs or Cluster</u>
84.027A	Special Education Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Threshold for distinguishing Type A and B programs: \$300,000

Auditee qualified as a low- risk auditee? Yes No

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section II - Financial Statement Findings

Finding 2015-001 Departures from Generally Accepted Accounting Principles Related to A: Lease Accounting and B: Contributed Property

Type of finding: Material Weakness

Criteria

A: Pursuant to FASB ASC 958-605-55-23 and FASB ASC 958-605-25-2, a not for profit entity should recognize the fair value of the use of properties or utilities that are below fair market value, as contribution revenue in the period in which the properties or utilities are received and expenses in the period the properties or utilities are used. Also Generally Accepted Accounting Principles require that operating leases expenses be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property.

B: According to the TEA, capital asset records are necessary to designate accountability for the custody and maintenance of individual items (FASRG Module 10, Section 1.2.4). The School records donated assets at fair market value as of the date of the donation.

Condition

A: During our testing it was discovered that the School has multiple leases that were not accounted for in accordance with FASB regulations. The material issues that we discovered had to do with accounting for leases, including the recognition of deferred rent and the calculation of the present value of rent expense related to a below market leases.

B: Prior to beginning the fiscal 2015 audit, the School identified several donated assets that had not been recorded in the capital asset listing. After consultation with the donor, including review of appraisals, the School proposed a material prior period adjustment to appropriately reflect the donated assets on its Statement of Financial Position. We reviewed and agreed to the prior period adjustment.

Effect

A: The School's liabilities were understated by \$1,381,871, due to straight line rent expenses that were not properly recognized, and the School was not recognizing deferred rent for multiple leases as detailed in Note 13, resulting in a prior period adjustment in the current fiscal year. The School's assets were understated by \$483,402 related to the land lease rights for the Heights Preparatory School, which was a long term below market lease.

B: The School's donated fixed assets were understated by \$6,503,808, net of prior period depreciation, resulting in a prior period adjustment recorded in the current fiscal year.

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section II - Financial Statement Findings – Continued

Finding 2015-001 Departures from Generally Accepted Accounting Principles Related to Lease Accounting and Contributed Property – Continued

Recommendation

Weaver recommends that the School provide training opportunities for individuals in accounting to obtain the necessary skills needed to comply with current Generally Accepted Accounting Principles.

Management Response

To improve our accounting for non-cash real estate-related transactions, Uplift will provide training opportunities for key accounting personnel and will review accounting treatment of future real estate transactions with the audit committee.

Contact: Stacey Lawrence, CFO

Implementation Date: FYE 6/30/2016

Finding 2015-002 Policies and Procedures

Type of finding: Material Weakness

Criteria

Auditing Standards require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. Part of the performance of an audit involves obtaining supporting audit evidence and a review of the Schools accounting policies and procedures.

According to the TEA, an important element of a strong system of internal control is a charter school's accounting policies and procedures. These may be included as part of a comprehensive manual that identifies the charter school's administrative, accounting, business, contractual, financial, legal, operating, payroll, personnel, and programmatic functions. The accounting policy and procedures manual is an important means of establishing a strong control environment and should be strictly adhered to by charter school personnel (FASRG Module 10, Section 1.5.5).

The School maintains an accounting procedures manual that contains various policies or procedures to ensure proper internal control activities are in place.

Condition

The School does not have formalized policies and procedures for certain accounting processes, and for some of the processes we tested, we noted the School is not following the policies included in their accounting manual.

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section II - Financial Statement Findings – Continued

Finding 2015-002 Policies and Procedures – Continued

Condition – Continued

We noted the following items during our testing:

- The School did not have a formal year-end closing process which led to several items not reconciling to the trial balance provided for the audit. These items included bank reconciliations, accounts receivable ledgers, fixed asset schedules, accounts payable ledgers, and unrecorded revenue from TEA. Also, due to the lack of year-end closing processes, the process to close the books after year-end was untimely.
- The School does not have established controls regarding the cutoff of invoices for construction projects. During our testing we noted material items that were improperly accounted for in the wrong fiscal period.
- During a campus-level observation at Uplift Gradus Preparatory, which opened in the Fall of 2014, it was observed that money received was kept in zip lock bags in a desk drawer instead of a safe, which had not yet been installed, and not deposited on a daily basis as required in the accounting manual.
- Board approval is not required for budget amendments or transfers; rather the Board is informed of projected changes after the changes have been made and transfers can be made without Finance department approval if certain criteria are met. In addition, budget amendments get automatically approved on the TEAMS (Uplifts' general ledger and accounting software system) system without it passing through another level of approval.
- The School only reviews payroll Batch files electronically before the files are uploaded into the banking system for payment.
- The Accounting Supervisor reviews the cash deposit for reasonableness but does not sign off on the deposits prepared by the Staff Accountant. The Accounting Supervisor enters in the batch and also posts the batch into TEAMS and also reconciles the batch to the bank statement.
- All of the School's bank accounts are set in the TEAMS system and any changes that need to be made are made by the Senior Director of Accounting, who also has access to the accounting system.
- The School's Accounting Supervisor enters in the batch for cash receipts and also posts the batch into TEAMS. The Accounting Supervisor also reconciles the batches to the bank statement.

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section II - Financial Statement Findings – Continued

Finding 2015-002 Policies and Procedures – Continued

Effect

The School's policies and procedures are internal control environment are not operating as intended. During our testing for the controls noted above, such controls are not detected, not properly being implemented, or not being consistently followed. This results in an increased risk of misstatement due to lack of strict adherence to the School's policies and procedures and lack of segregation of duties.

Recommendation

Weaver recommends that the School establish policies and procedures for all key accounting cycles. Management should also review the procedures periodically to make sure that the controls are working properly.

Management Response

The School will review its accounting policies and procedures and internally test that the controls are in place and working properly. The School will also establish a quarterly close process to create a repetitive process throughout the year and identify earlier any areas where controls are not working as expected.

Contact: Stacey Lawrence, CFO

Implementation Date: December 2015

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section III - Federal Award Findings and Questioned Costs

Finding 2015-003 Time and Effort Certifications

Major Program: CFDA #84.027A, 10.553, 10.555, 10.559 – Special Education Cluster and Child Nutrition Cluster

Type of finding: Material Weakness and Non-Compliance

Questioned Cost: \$11,502

Criteria

The method of payroll distributions used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Title 2, Code of Federal Regulations (CFR), Section 220(J)(10)).

Condition

Time and effort certifications are not maintained on a consistent basis and as a result, there are missing time and effort certifications for the programs 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

Management intends to develop a process to ensure timely submission of the time and effort certification by December 2015.

Contact: Stacey Lawrence, Chief Financial Officer

Implementation Date: December 2015

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section III - Federal Award Findings and Questioned Costs – Continued

Finding 2015-004 Suspension and Debarment

Major Program: CFDA #84.027A, 10.553, 10.555, 10.559 – Special Education Cluster and Child Nutrition Cluster

Type of finding: Control Deficiency and Non-Compliance

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 selections that we tested, the School did not check for suspension and debarment when selecting new vendors related to federal programs.

Effect

Without proper controls, 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/>.

Management Response

Management has implemented a process of checking vendors for suspension or debarment before approving vendors.

Contact: Stacey Lawrence, Chief Financial Officer

Implementation Date: September 2015

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section III - Federal Award Findings and Questioned Costs – Continued

Finding 2015-005 Cash Management - Drawdown Requests

Major Program: CFDA #84.027A – Special Education Cluster

Type of finding: Control Deficiency and Non-Compliance

Questioned Cost: \$0

Criteria

Grantees in good standing are required to use the Expenditure Reporting (ER) system to record expenditures and request payment. Grantees are strongly encouraged to request payments through ER at least monthly to avoid the impression that activities are not being conducted and/or funds are not being expended. When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

Condition

Drawdown requests are not submitted on a timely and consistent basis. The School had plans to submit reimbursement requests on a quarterly basis but for FY15, they were behind on completing these requests and the first drawdown was not completed until January 2015.

Effect

There is a potential that the School will not receive the funds for grant projects based on requests not being submitted in a timely manner.

Recommendation

Weaver recommends that drawdown requests be submitted on a monthly basis, to ensure payments are received in a timely manner.

Management Response

In August 2015, the Texas Education Agency notified the School of additional training requirements precedent to drawing federal funds. However, the School's repeated requests for more clear guidance on these requirements were not addressed until November 2015. With TEA's guidance in hand, the School is now prepared to submit monthly draw requests. .

Contact: Stacey Lawrence, Chief Financial Officer

Implementation Date: December 2015

**UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section III - Federal Award Findings and Questioned Costs – Continued

Finding 2015-006 Procurement - Bidding process

Major Program: CFDA #84.027A, 10.553, 10.555, 10.559 – Special Education Cluster and Child Nutrition Cluster

Type of finding: Control and Non-Compliance

Questioned Cost: \$0

Criteria

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. In addition, procurement records and files shall include the following at a minimum: (1) basis for contractor selection, (2) justification for lack of competition when competitive bids or offers are not obtained, and (3) basis for award cost or price (Title 2, CFR, Sections 215.43 and 215.46). Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals (Title 44, CFR, Section 13.36).

Condition

During fiscal year 2015, the School required bids only for purchases of goods and services over \$100,000.

Effect

The School is not in compliance with the procurement standards set forth by the Texas Education Code.

Recommendation

Weaver recommends that the organization revise the competitive bidding procedure amount to at least \$50,000. Weaver also recommends that the bid specification and advertisement process be handled by a procurement employee rather than the office manager for the Child Nutrition Program (CNP) and also, the CNP Director should be more involved in the approval processes.

Management Response

Management will hire a Director of Procurement to improve the procurement processes across the organization.

Contact: Stacey Lawrence, Chief Financial Officer

Implementation Date: February 2016

**UPLIFT EDUCATION
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

Section IV – Summary Schedule of Prior Year Findings

- NONE –

Section V – Prior Year Corrective Action Plan

- NONE -

**UPLIFT EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Program Title

Grantor/Program Title	Federal CFDA Number	Pass Through Entity ID Number	Federal Expenditure
<u>United States Department of Education</u>			
<u>Passed Through Region 10 ESC</u>			
ESEA, Title I, Part A	84.010A	14610101057950	2,780,114
ESEA, Title II, Part A	84.367A	14694501057950	422,556
ESEA, Title III, Part A, LEP	84.365A	14671001057950	120,364
ESEA, Title I, Part A - Priority Schools Grant	84.010A	14610112220816000	258,672
Career and Technical Education	84.048A	15420006057950	83,132
Total Passed Through Region 10 ESC			<u>3,664,838</u>
<u>Passed Through State Department of Education</u>			
IDEA - Part B, Formula	84.027A	146600010578036000	300,589
IDEA - Part B, Formula	84.027A	146600010578386000	293,429
IDEA - Part B, Formula	84.027A	146600012208166000	123,364
IDEA - Part B, Formula	84.027A	146600010578426000	236,006
IDEA - Part B, Formula	84.027A	146600010578436000	120,014
			<u>1,073,402</u>
2015-16 Public Charter School Start-Up Grant	84.282A	155900077110015	52,659
2012-14 Public Charter School Start-Up Grant	84.282A	115900307110011	41,768
2012-14 Public Charter School Start-Up Grant	84.282A	125900307110006	28,091
2012-14 Public Charter School Start-Up Grant	84.282A	125900307110007	86,711
			<u>209,229</u>
Total Passed Through State Department of Education			<u>1,282,631</u>
Teach Incentive Fund Grant	84.385A	S374A100049	<u>666,899</u>
<u>United States Department of Agriculture</u>			
<u>Passed Through State Department of Agriculture</u>			
National School Lunch	10.555	71301401	3,910,538
School Breakfast Program	10.553	71401401	1,028,682
Total Passed Through State Department of Agriculture			<u>4,939,220</u>
Total Expenditures of Federal Awards			<u>\$ 10,553,588</u>

**UPLIFT EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015.

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.



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