UPLIFT EDUCATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

uplifteducation

C O N T E N T S

C O N T E N T S
(Continued)

CERTIFICATE OF BOARD

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

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

We, the undersigned, certify that the attached Financial and Compliance Reports of the above named charter school were reviewed and (X) approved (__) disapproved for the year ended June 30, 2016, at a meeting of the governing body of said charter schools on the 21st day of December, 2016.

Signature of Uplift Education
Board Secretary

Signature of Uplift Education
Board President

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of
Uplift Education

Report on the Financial Statements

We have audited the accompanying financial statements of Uplift Education (the School), which comprise the statement of financial position as of June 30, 2016, 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.

AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL
WEAVER AND TIDWELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS
12221 MERIT DRIVE, SUITE 1400, DALLAS, TX 75251
P: 972.490.1970 F: 972.702.8321

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, 2016, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the June 30, 2015 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2016, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Weaver and Tidwell L.L.P.
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 21, 2016

uplifteducation

FINANCIAL STATEMENTS

UPLIFT EDUCATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2016

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 30,140,162
Restricted cash and cash equivalents	45,993,006
Investments	534,809
Due from governments	20,272,487
Contributions receivable, net	833,333
Other current assets	345,971
Total current assets	98,119,768
Land lease rights	443,111
Contributions receivable	1,372,422
Unamortized financing cost	7,307,514
Capital assets, net	227,280,121
TOTAL ASSETS	$ 334,522,936

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 7,815,523
Accrued expenses	7,030,998
Funds held for student and parent groups	1,854,925
Current portion of long-term debt	3,516,690
Total current liabilities	20,218,136
Deferred rent	1,318,329
Non-current portion of long-term debt	271,812,074
TOTAL LIABILITIES	293,348,539
NET ASSETS	
Unrestricted	21,922,288
Temporarily restricted	19,252,109
TOTAL NET ASSETS	41,174,397
TOTAL LIABILITIES AND NET ASSETS	$ 334,522,936

The Notes to the Financial Statements are an integral part of this statement.

UPLIFT EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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

The Notes to Financial Statements are an integral part of this statement.

UPLIFT EDUCATION
STATEMENT OF ACTIVITIES – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
EXPENSES			
Program services:			
11 Instruction and instructional related services	$ 63,597,962	$ -	$ 63,597,962
12 Instructional resources and media services	350,075	-	350,075
13 Curriculum and instructional staff development	4,617,598	-	4,617,598
21 Instructional leadership	6,597,200	-	6,597,200
23 School leadership	8,755,179	-	8,755,179
Supporting services:			
31 Guidance, counseling, and evaluation services	4,899,975	-	4,899,975
32 Social work services	8,478	-	8,478
33 Health services	1,162,132	-	1,162,132
34 Student transportation	2,662	-	2,662
35 Food services	7,018,273	-	7,018,273
36 Cocurricular/extracurricular activities	541,378	-	541,378
41 General administration	4,130,823	-	4,130,823
51 Plant maintenance and operations	18,993,086	-	18,993,086
52 Security services	940,442	-	940,442
53 Data processing services	2,993,166	-	2,993,166
61 Community services	602,172	-	602,172
71 Debt service	11,593,567	-	11,593,567
81 Fund raising	1,197,046	-	1,197,046
Total expenses	138,001,214	-	138,001,214
Change in Net Assets	(1,525,443)	4,686,376	3,160,933
NET ASSETS, BEGINNING OF YEAR	21,118,245	12,952,055	34,070,300
PRIOR PERIOD ADJUSTMENT (SEE NOTE 3)	2,329,486	1,613,678	3,943,164
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	23,447,731	14,565,733	38,013,464
NET ASSETS, END OF YEAR	$ 21,922,288	$ 19,252,109	$ 41,174,397

The Notes to Financial Statements are an integral part of this statement.

UPLIFT EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING ACTIVITIES	
Local support	$ 9,793,940
State program revenues	118,903,567
Federal program revenues	13,059,125
Cash received from student and parent groups	118,494
Cash paid to employees	(88,605,877)
Cash paid to suppliers	(36,396,442)
Interest payments	
Bonds	(11,013,866)
Notes	(368,710)
Net cash provided by operating activities	5,490,231
INVESTING ACTIVITIES	
Purchase of capital assets	(29,053,926)
Disposal of capital assets	72,741
Proceeds from sale of investments	52,173
Change in restricted cash	31,455,080
Net cash provided by investing activities	2,526,068
FINANCING ACTIVITIES	
Payments on long-term debt	(2,813,988)
Net cash used in financing activities	(2,813,988)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,202,311
CASH AND CASH EQUIVALENTS, beginning of year	24,937,851
CASH AND CASH EQUIVALENTS, end of year	$ 30,140,162
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in net assets	$ 3,160,933
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,442,097
Amortization	382,277
Non-cash loan forgiveness	(1,000,000)
Unrealized loss on investments	20,823
(Increase) Decrease in assets:	
Investments	52,173
Due from governments	(584,261)
Contributions receivable	2,157,923
Other assets	44,650
Increase (Decrease) in liabilities:	
Accounts payable	(4,825,294)
Accrued expense	(1,392,417)
Funds held for student and parent groups	118,494
Deferred rent	(87,167)
Net cash provided by operating activities	$ 5,490,231
NON-CASH ACTIVITIES	
Capital expenditures included in accounts payable	$ 2,693,618
Loan forgiveness	$ 1,000,000

The Notes to Financial Statements are an integral part of this statement.

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.

As of July 1, 2015, the School consolidated from five charters down to one.

The School operated 16 campuses serving approximately 13,500 students during this fiscal year. Uplift is rated BBB- by Standard & Poor's.

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.

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

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

Cash and Cash Equivalents

At June 30, 2016, cash and cash equivalent consists of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. Cash and cash equivalents are reported at cost which approximates fair value. The School maintains cash balances at various financial institutions, which at times may exceed federally insured limits. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Indenture requirements of bond financing (see Note 10) provide for the establishment and maintenance of various bank accounts with trustees. The indenture terms limit the use of these funds to the construction of plant facilities and payment of principal and interest to bond holders. Restricted cash is comprised of cash equivalents and is recorded at cost, which approximates fair value.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value of Financial Instruments

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

Contributions Receivable

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

Capital Assets

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets – Continued

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 $308,546 as of June 30, 2016.

Financing Costs

Costs of obtaining long-term bank and bond financing are recorded as financing costs and are deferred and amortized using the interest method over the related bond period. Amortization expense is included in debt service in the accompanying statement of activities.

Deferred Rent

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

Donated Services and Property

During the year ended June 30, 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, a substantial number of individuals have donated significant amounts of their time in the School's programs and supporting services. Donations of property and equipment are recorded at the estimated fair value as of the date the contribution is received.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Tax Status – Continued

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, 2016, there were no interest or penalties recorded or included in the financial statements. The School is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The School's informational returns are generally subject to examination for three years after the later of the due date or date of filing. As a result, the School is no longer subject to income tax examinations by tax authorities for years prior to 2013.

Federal Funding

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

Functional Allocation of Expenses

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

NOTE 3. PRIOR PERIOD ADJUSTMENT

The School has restated its 2015 financial statements to correct errors related to: 1) the recording of contributions receivable, and 2) the method used for amortization of financing costs. Previously, the School had not recorded contributions receivable related to unconditional promises by its donors to make future donations. In addition, the School had previously used the straight-line method for amortizing financing costs and has switched to the interest method for fiscal year 2016 and forward. As the prior period financial statements have not been presented herein, the restatement has been cumulatively effected as an adjustment to the School's net assets balances as of July 1, 2015, increasing the previously reported ending balance of $34,070,300 at June 30, 2015 by $3,943,164 to $38,013,464, as shown below. This restatement has been reflected in the statement of activities.

	As Originally Reported	As Adjusted	Effect of Change
Contributions receivable	$ -	$ 4,363,678	$ 4,363,678
Unamortized financing cost	8,066,005	7,645,491	(420,514)
Unrestricted net assets	21,118,245	23,447,731	2,329,486
Temporarily restricted net assets	12,952,055	14,565,733	1,613,678

NOTE 4. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents were restricted as follows as of June 30, 2016:

Construction	$ 26,262,396
Debt service	19,468,442
Other	262,168
	$ 45,993,006

NOTE 5. INVESTMENTS

Investments are stated at fair value and are as follows as of June 30, 2016:

Mutual Funds:		
US equity funds	$	320,496
International equity funds		44,520
US fixed income		150,677
International fixed income		19,116
	$	534,809

Disclosures about Fair Value of Financial Instruments

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

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

NOTE 5. INVESTMENTS – CONTINUED

The following table presents the fair value measurements of assets 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, 2016:

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

NOTE 6. DUE FROM GOVERNMENTS

Amounts due from state consist of the following as of June 30, 2016:

Texas Education Agency -	
Foundation School Program revenue	$ 17,781,093
Federal grant revenue	2,491,394
Due from governments	$ 20,272,487

NOTE 7. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of contributions towards the School's capital campaign and other initiatives. The net present value of contributions receivable consist of the following as of June 30, 2016:

Amounts expected to be collected in:

Less than one year	$ 875,000
One to five years	1,550,000
	2,425,000
Less: discount to present value (discount rate of 5%)	(219,245)
Contributions receivable, net	$ 2,205,755

NOTE 8. CAPITAL ASSETS

Capital assets consist of the following as of June 30, 2016:

1520 Building and improvements	$ 200,984,220
1530 Furniture and fixtures	6,050,213
Depreciable assets	207,034,433
1571 Less accumulated depreciation	(30,305,966)
Total depreciable assets	176,728,467
1510 Land	28,250,781
1580 Construction in progress	22,300,873
Capital assets, net	$ 227,280,121

During 2016, the School capitalized $1,923,312 of interest, which is included in capital additions.

For the year ended June 30, 2016, $7,442,097 was charged to depreciation expense, which is included in plant maintenance and operations in the accompanying statement of activities.

NOTE 9. FINANCING COST

The cost of issuing bank debt and bonds is being amortized over the life of the debt. Financing costs consist of the following as of June 30, 2016:

Financing Cost	Accumulated Amortization	Unamortized Financing Cost	Current Year Amortization
$ 8,979,544	$ (1,672,030)	$ 7,307,514	$ (382,277)

For the year ended June 30, 2016, $382,277 was charged to amortization expense and is included in debt service in the accompanying statement of activities.

NOTE 10. LONG-TERM DEBT

Amounts owed as long-term debt were as follows as of June 30, 2016:

	Interest Rate	Total	Current Portion
Bonds payable:			
Series 2007 A&B bonds	5.350 - 5.875%	$ 8,735,000	$ 220,000
Series 2010 A&B bonds	4.300 - 6.250%	53,825,000	675,000
Series 2012 bonds	4.875 - 8.000%	78,240,000	1,285,000
Series 2013 bonds	3.100 - 4.400%	42,940,000	705,000
Series 2014 bonds	3.375 - 4.600%	41,750,000	590,000
Series 2015 bonds	4.000 - 5.000%	43,470,000	-
Bonds payable:		268,960,000	3,475,000
Plus: Series 2015 bond premium		1,382,752	-
Total bonds payable:		270,342,752	3,475,000
Notes payable:			
Charter School Growth Fund	1.000 - 3.250%	3,000,000	-
NexBank	5.000%	1,986,012	41,690
Total notes payable:		4,986,012	41,690
Total long-term debt		$ 275,328,764	$ 3,516,690

NOTE 10. LONG-TERM DEBT – CONTINUED

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. The bonds mature serially each December beginning in 2008 until 2037.

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. The bonds mature serially each December 1st starting 2012 until 2046.

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

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

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

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

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

Interest paid for the fiscal year ended June 30, 2016 was $11,382,576 of which $1,923,312 was capitalized.

NOTE 10. 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, 2016, the School was in compliance with this covenant and all other applicable covenants contained in the Supplemental Master Trust Indentures and loan agreement.

Notes Payable

The School received a $4,000,000 loan as part of a Charter School Growth Fund (CSGF) loan and grant program. Proceeds of the loan were used for general support of the School. The note accrues interest at 3.25%. On December 18, 2015, CSGF forgave, in the form of a contribution to the School, $1,000,000 of the outstanding loan balance. The loan matures on July 1, 2020, and is not collateralized.

The School has a $1,986,012 loan with NexBank SSB. Proceeds of the loan were used to fund capital projects and working capital. The note accrues interest at 5%. Beginning in March 2016, the School began making monthly payments of principal and interest based on a 25-year amortization period.

On December 1, 2015, the School entered into a loan agreement with BBVA Compass Bank for a term loan not to exceed $7,000,000 with a draw period expiring December 1, 2017. No amounts have been funded on the loan. Proceeds of the loan may be used to fund capital projects and refinance the NexBank SSB loan. The note accrues interest at one-month LIBOR plus 3%. The Schools pays a 25 basis point fee on the committed but undrawn balance.

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

NOTE 10. LONG-TERM DEBT – CONTINUED

Scheduled maturities of long-term debt are as follows at June 30, 2016:

Fiscal Year End	Principal	Interest	Total
2017	$ 3,516,690	$ 13,808,502	$ 17,325,192
2018	4,523,854	13,614,633	18,138,487
2019	5,426,130	13,424,754	18,850,884
2020	5,588,524	13,200,053	18,788,577
2021	5,101,042	13,475,292	18,576,334
Thereafter	249,789,772	209,998,010	459,787,782
	273,946,012	277,521,244	551,467,256
Add amount representing premium	1,382,752	-	1,382,752
	$ 275,328,764	$ 277,521,244	$ 552,850,008

NOTE 11. 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.

NOTE 11. PENSION PLAN OBLIGATION – 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	$149,780,061,824	
Accumulated Benefit Obligations	$163,887,375,172	
% Funded	78.43%	
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, 2016	$1,820,960 (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, 2016		
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	2015	2016
• Member	6.7%	7.2%
• 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 12. TEMPORARILY RESTRICTED NET ASSETS

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

Private grants and contracts	$ 10,610,865
Foundation School Program	109,016,422
Federally funded educational programs	13,059,125
Total	$ 132,686,412

Temporarily restricted net assets consisted of the following at June 30, 2016:

Foundation School Program	$ 10,463,065
Summer Feeding Program	8,343
Temporarily restricted donations	6,574,946
Contributions receivable, net	2,205,755
Total temporarily restricted net assets	$ 19,252,109

NOTE 13. LEASES

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

NOTE 13. LEASES – CONTINUED

Scheduled lease payments for all leases are as follows as of June 30, 2016:

Lease Year		Annual Base Lease
2017		$ 1,375,826
2018		1,372,833
2019		1,187,814
2020		1,022,567
2021		592,160
Thereafter		10,102,140
	Total	$ 15,653,340

Rent expense was $1,897,718 during 2016.

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, 2016, the School recognized revenue of $132,546,953 from the TEA and federal government. This amount constitutes approximately 94% of total revenues earned for the year ended June 30, 2016. 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 21, 2016, 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 July 7, 2016, the School issued $42,980,000 of Series 2016 Education Revenue Bonds, of which $42,600,000 was tax-exempt and $380,000 was taxable. Proceeds of the bonds were used to finance the acquisition and expansion of and improvements to facilities and to complete an advance refunding of the outstanding Series 2007 bonds. The Series 2016 bonds mature serially each June 1st, starting 2017 until 2052, with interest ranging from 2.75% to 5.0%.

SUPPLEMENTARY INFORMATION

uplifteducation

UPLIFT EDUCATION
SCHEDULE OF SCHOOLS
AS OF JUNE 30, 2016

Charter Schools Operated by Uplift Education:

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

UPLIFT EDUCATION
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

		2016
EXPENSES		
6100	Payroll costs	$ 87,140,490
6200	Professional and contracted services	14,209,946
6300	Supplies and material	13,063,899
6400	Other operating costs	11,960,210
6500	Debt costs	11,626,669
	Total expenses	$ 138,001,214

UPLIFT EDUCATION
SCHEDULE OF CASH AND CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

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

UPLIFT EDUCATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance From Final
	Original	Final (see Note 1)	Amounts	Budget
REVENUES				
Local support				
5740 Other revenues from local sources[3]	$ 9,442,662	$ 11,516,022	$ 8,615,194	$ (2,900,828)
Total local support	9,442,662	11,516,022	8,615,194	(2,900,828)
State Program Revenues				
5810 Foundation School Program Act revenues	113,055,278	117,784,389	118,644,480	860,091
5820 State program revenues distributed by Texas Education Agency	827,988	827,988	843,348	15,360
Total state program revenues	113,883,266	118,612,377	119,487,828	875,451
Federal program revenues				
5920 Federal revenues distributed by Texas Education Agency	8,802,190	8,072,656	7,702,435	(370,221)
5930 Federal revenues distributed by other State of Texas government agencies	4,267,147	3,840,502	4,186,826	346,324
5940 Federal revenues distributed directly from the federal government	548,750	989,131	1,169,864	180,733
Total federal program revenues	13,618,087	12,902,289	13,059,125	156,836
Total revenues	136,944,015	143,030,688	141,162,147	(1,868,541)
EXPENSES				
11 Instruction	63,614,495	63,558,400	63,597,962	(39,562)
12 Instructional resources	346,639	320,628	350,075	(29,447)
13 Curriculum and instructional staff development	4,185,110	4,347,742	4,617,598	(269,856)
21 Instructional leadership	6,482,782	6,243,590	6,597,200	(353,610)
23 School leadership	8,632,150	8,280,430	8,755,179	(474,749)
31 Guidance, counseling and evaluation services	5,327,672	5,067,346	4,899,975	167,371
32 Social work services	11,000	9,423	8,478	945
33 Health services	1,275,329	1,179,808	1,162,132	17,676
34 Student transportation	24,133	3,695	2,662	1,033
35 Food services	6,566,053	7,060,174	7,018,273	41,901
36 Cocurricular/extracurricular activities	305,245	555,711	541,378	14,333
41 General administration	4,717,238	4,786,119	4,130,823	655,296
51 Plant maintenance and operations[1]	11,290,551	19,016,373	18,993,086	23,287
52 Security and monitoring services	706,163	918,705	940,442	(21,737)
53 Data processing services	2,775,276	2,770,575	2,993,166	(222,591)
61 Community services[2]	413,122	512,268	602,172	(89,904)
71 Debt service[1]	11,272,412	11,564,300	11,593,567	(29,267)
81 Fund raising	1,275,773	1,110,403	1,197,046	(86,643)
Total expenses	129,221,143	137,305,690	138,001,214	(695,524)
Change in net assets	$ 7,722,872	$ 5,724,998	$ 3,160,933	$ (2,564,065)

UPLIFT EDUCATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1:

The School's adopted budgets did not include Depreciation and Bond Cost Amortization expenses that are now being included in the budget numbers above. Depreciation expense of $7,442,097 is included in Function 51, Plant maintenance & operations, and bond cost amortization expense of $382,277 is included in Function 71, Debt service.

NOTE 2:

During fiscal year 2016, the School moved some expenses from campuses to the central office to create a more efficient process and better coordinate the spending with vendors. In the course of this process of centralizing these expenses, the School underestimated by approximately $90,000, or 0.1% of total expenses, creating a negative variance in Function 61, Community services of 17.6%.

NOTE 3:

As described in the notes to the financial statements, specifically Note 3 – Prior Period Adjustment, the School changed its method of accounting for contributions receivable. This change resulted in a lower amount of local revenue in fiscal year 2016 as compared to local revenue in the final adopted budget.

uplifteducation

UPLIFT EDUCATION
SERIES 2007 BONDS
DEBT SERVICE REQUIREMENTS

Fiscal Year End	Principal	Interest	Totals
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	$ 8,735,000	$ 6,422,332	$ 15,157,332

UPLIFT EDUCATION
SERIES 2010 BONDS
DEBT SERVICE REQUIREMENTS

Fiscal Year End	Principal	Interest	Totals
2017	$ 675,000	$ 3,248,145	$ 3,923,145
2018	710,000	3,213,398	3,923,398
2019	750,000	3,171,788	3,921,788
2020	795,000	3,127,755	3,922,755
2021	840,000	3,081,158	3,921,158
2022	890,000	3,031,853	3,921,853
2023	945,000	2,979,555	3,924,555
2024	1,000,000	2,924,123	3,924,123
2025	1,060,000	2,865,413	3,925,413
2026	1,120,000	2,803,283	3,923,283
2027	1,190,000	2,735,663	3,925,663
2028	1,260,000	2,662,163	3,922,163
2029	1,340,000	2,584,163	3,924,163
2030	1,420,000	2,501,363	3,921,363
2031	1,510,000	2,413,463	3,923,463
2032	1,605,000	2,319,009	3,924,009
2033	1,705,000	2,217,641	3,922,641
2034	1,815,000	2,109,841	3,924,841
2035	1,930,000	1,995,150	3,925,150
2036	2,050,000	1,873,263	3,923,263
2037	2,180,000	1,743,719	3,923,719
2038	2,315,000	1,606,059	3,921,059
2039	2,465,000	1,459,672	3,924,672
2040	2,620,000	1,303,944	3,923,944
2041	2,785,000	1,138,416	3,923,416
2042	2,960,000	960,625	3,920,625
2043	3,155,000	769,531	3,924,531
2044	3,355,000	566,094	3,921,094
2045	3,575,000	349,531	3,924,531
2046	3,805,000	118,905	3,923,905
Total	$ 53,825,000	$ 63,874,686	$ 117,699,686

UPLIFT EDUCATION
SERIES 2012 BONDS
DEBT SERVICE REQUIREMENTS

Fiscal Year End	Principal	Interest	Totals
2017	$ 1,285,000	$ 4,303,981	$ 5,588,981
2018	1,310,000	4,214,306	5,524,306
2019	1,345,000	4,122,513	5,467,513
2020	1,375,000	4,028,431	5,403,431
2021	1,405,000	3,932,263	5,337,263
2022	1,430,000	3,834,175	5,264,175
2023	1,465,000	3,733,969	5,198,969
2024	1,560,000	3,629,891	5,189,891
2025	1,595,000	3,521,972	5,116,972
2026	1,630,000	3,411,503	5,041,503
2027	1,670,000	3,298,363	4,968,363
2028	1,730,000	3,195,206	4,925,206
2029	1,815,000	3,101,141	4,916,141
2030	1,900,000	3,002,697	4,902,697
2031	1,990,000	2,899,753	4,889,753
2032	2,085,000	2,791,988	4,876,988
2033	2,185,000	2,679,156	4,864,156
2034	2,295,000	2,558,394	4,853,394
2035	2,410,000	2,433,588	4,843,588
2036	2,535,000	2,306,872	4,841,872
2037	2,670,000	2,173,494	4,843,494
2038	2,810,000	2,033,069	4,843,069
2039	2,960,000	1,885,213	4,845,213
2040	3,115,000	1,729,541	4,844,541
2041	3,280,000	1,565,669	4,845,669
2042	3,450,000	1,393,213	4,843,213
2043	3,635,000	1,211,659	4,846,659
2044	3,825,000	1,018,106	4,843,106
2045	4,030,000	811,913	4,841,913
2046	4,250,000	594,563	4,844,563
2047	4,480,000	365,400	4,845,400
2048	4,720,000	123,900	4,843,900
Total	$ 78,240,000	$ 81,905,902	$ 160,145,902

UPLIFT EDUCATION
SERIES 2013 BONDS
DEBT SERVICE REQUIREMENTS

Fiscal Year End	Principal	Interest	Totals
2017	$ 705,000	$ 881,829	$ 1,586,829
2018	725,000	870,901	1,595,901
2019	750,000	859,664	1,609,664
2020	770,000	848,039	1,618,039
2021	795,000	836,104	1,631,104
2022	820,000	823,782	1,643,782
2023	845,000	811,071	1,656,071
2024	875,000	797,973	1,672,973
2025	910,000	780,693	1,690,693
2026	950,000	762,720	1,712,720
2027	985,000	743,957	1,728,957
2028	1,025,000	724,504	1,749,504
2029	1,070,000	704,260	1,774,260
2030	1,110,000	683,128	1,793,128
2031	1,155,000	661,205	1,816,205
2032	1,200,000	638,394	1,838,394
2033	1,250,000	614,694	1,864,694
2034	1,305,000	590,006	1,895,006
2035	1,360,000	561,622	1,921,622
2036	1,420,000	532,042	1,952,042
2037	1,485,000	501,157	1,986,157
2038	1,550,000	468,859	2,018,859
2039	1,620,000	435,147	2,055,147
2040	1,690,000	399,911	2,089,911
2041	1,770,000	363,154	2,133,154
2042	1,845,000	324,656	2,169,656
2043	1,930,000	284,528	2,214,528
2044	2,015,000	242,550	2,257,550
2045	2,105,000	198,220	2,303,220
2046	2,200,000	151,910	2,351,910
2047	2,300,000	103,510	2,403,510
2048	2,405,000	52,910	2,457,910
Total	$ 42,940,000	$ 18,253,100	$ 61,193,100

UPLIFT EDUCATION
SERIES 2014 BONDS
DEBT SERVICE REQUIREMENTS

Fiscal Year End	Principal	Interest	Totals
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	$ 41,750,000	$ 39,069,404	$ 80,819,404

UPLIFT EDUCATION
SERIES 2015 BONDS
DEBT SERVICE REQUIREMENTS

Fiscal Year End	Principal	Interest	Totals
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	$ 48,559,263	$ 92,029,263

COMPLIANCE AND INTERNAL CONTROL

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Governors of
Uplift Education
Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Uplift Education (the School), which comprise the Statement of Financial Position as of June 30, 2016, 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 21, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2016-001 through 2016-003).

AN INDEPENDENT MEMBER OF
BAKER TILLY INTERNATIONAL

WEAVER AND TIDWELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

12221 MERIT DRIVE, SUITE 1400, DALLAS, TX 75251
P: 972.490.1970 F: 972.702.8321

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency (2016-004).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The School's Response to Findings

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

Purpose of this Report

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

Weaver and Tidwell L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 21, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Governors of
Uplift Education
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Uplift Education's (the School) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2016. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

AN INDEPENDENT MEMBER OF
BAKER TILLY INTERNATIONAL

WEAVER AND TIDWELL, L.L.P.
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12221 MERIT DRIVE, SUITE 1400, DALLAS, TX 75251
P: 972.490.1970 F: 972.702.8321

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Weaver and Tidwell L.L.P.
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 21, 2016

UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS:

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

- Material weakness(es) identified? __√__Yes ___No

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

Noncompliance material to financial statements noted? ___Yes __√__No

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? ___Yes __√__No

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

An unmodified opinion was issued on compliance for major programs.

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

Identification of major programs:

CFDA Number(s)	Name of Federal Programs or Cluster
84.027A	Special Education Cluster
10.553 and 10.555	Child Nutrition Cluster

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

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

UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Section II - Financial Statement Findings

Finding 2016-001 Closing Procedures

Type of finding: Material Weakness

Criteria

The School maintains an accounting procedures manual that contains various policies or procedures to ensure proper internal control activities are in place. This manual, however, does not address closing procedures.

Condition

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

Effect

Without formal closing procedures, the School does not have a system to ensure that the accounting records are complete and accurate. This results in an increased risk of misstatement due to lack of strict adherence to the School's closing policies.

We noted the following in our testing:

- Bank reconciliations were not completed timely or accurately throughout the year, resulting in a backlog of reconciliations to be completed around the end of the year and errors being made in the process. This caused other areas to need adjustments as a result of corrections made during the bank reconciliation process.

- Investments were not reconciled during the year, causing a difference between the balance per the investment statements and the trial balance, along with the related activity from the year.

- Receivables and related revenues were not reconciled to payments received or amounts reported by the TEA, resulting in adjustments needed for the balances to be in agreement.

- Accounts payable and certain accrued liability accounts were not reconciled to the underlying detail. This resulted in the School's staff being unable to fully support the year-end balance of accounts payable or certain accrued liability accounts.

Section II - Financial Statement Findings – Continued

Finding 2016-001 Closing Procedures – Continued

- Interfund activity (amounts due to and due from) was not properly eliminated at the end of the year.

- A land swap that occurred in 2016 was not recorded, resulting in an adjustment to cash, capital assets, and other assets.

- Funds held for others were not reconciled with underlying campus records, in-transit activity, and bank balances at year end.

- An accrual for June 2016 payroll and supplemental pay was not recorded accurately, resulting in an adjustment to accrued liabilities and related expense.

- Interest payable was not calculated and recorded accurately on certain long-term debt balances, resulting in an adjustment to accrued liabilities and related expense.

Recommendation

To maintain a more efficient and reliable accounting system, we suggest that the School improve its processes to be able to provide more accurate and timely schedule preparation, document location, and account verification. The maintenance of accurate and efficient accounting records throughout the year will help to make this an easier process. This will require proper and thorough training, as well as adequate planning and supervision by management personnel.

Management Response

We will review and improve our policies and procedures to create a more robust year-end close process and fill open positions on our accounting team.

Contact: Stacey Lawrence, CFO, (469) 398-0148

Implementation Date: FYE 6/30/2017

Section II - Financial Statement Findings – Continued

Finding 2016-002 Contributions Receivable

Type of finding: Material Weakness

Criteria

Under U.S. GAAP, organizations should recognize revenue from contributions receivable, also known as a promise to give, on the date of the commitment, if it is unconditional. Given this requirement, an effective accounting department must have controls in place to help guide the development department to ensure such commitments are recorded on the books, and that the receivable is relieved when they are collected.

Condition

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

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

Effect

a) As a material amount of contributions receivable were not recorded by the School, a prior period adjustment was required for the financial statements to be in accordance with U.S. GAAP.

b) The lack of communication between development and accounting results in there being no way for the central management office to verify that money received has been accurately and completely recorded.

Recommendation

We recommend that all unconditional contributions receivable be recorded, as reflected in the fiscal year 2016 financial statements. We also recommend that the contributions receivable schedule be updated on a consistent basis, and this information can be passed on to the development department to ensure the information is consistent. Proper and timely monitoring of this account will be extremely beneficial to the overall financial health of the School.

Management Response

We have changed our accounting method for contributions receivable as recommended.

Contact: Stacey Lawrence, CFO, (469) 398-0148

Implementation Date: FYE 6/30/2016

Section II - Financial Statement Findings – Continued

Finding 2016-003 Accounts Payable Cutoff for Construction Invoices

Type of finding: Material Weakness

Criteria

Accounts payable should include balances due for all goods and services received prior to year-end.

Condition

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

Effect

As a result of the exceptions noted, a material adjustment was recorded to accrue for the items noted.

Recommendation

Proper cutoff is critical for the accuracy of the accrual basis of accounting. We suggest that the School prepare written instructions to be included as a part of the accounting policies and a procedures manual that indicates basic concepts of proper cutoffs and the individuals responsible for accruing payables at the accounting period end.

Management Response

We will provide additional training for accounting staff involved in analysis of year-end construction accounts payable to insure proper accrual.

Contact: Stacey Lawrence, CFO, (469) 398-0148

Implementation Date: FYE 6/30/2017

Section II - Financial Statement Findings – Continued

Finding 2016-004 Bond Costs

Type of finding: Significant Deficiency

Criteria

Under U.S. GAAP, bond costs should be amortized to interest expense over the contractual term of the debt using the effective interest method.

Condition

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

Effect

As the difference in bond amortization under the straight-line and effective interest method is material, a prior period adjustment was recorded.

Recommendation

We recommend that bond costs be accounted for under the effective interest method, as reflected in the fiscal year 2016 financial statements.

Management Response

We have changed our accounting method for bond costs to the effective interest method.

Contact: Stacey Lawrence, CFO, (469) 398-0148

Implementation Date: FYE 6/30/2016

UPLIFT EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary Schedule of Prior Year Findings

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

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.

Management Action Taken

The School provided training opportunities for key accounting personnel and reviewed accounting treatment of real estate transactions with its audit committee.

Current Status of Corrective Action Plan

Corrected

Finding 2015-002 Policies and Procedures

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.

Management Action Taken

The School reviewed its accounting policies and procedures but was not fully staffed on its accounting team in order to fully implement a quarterly close process as anticipated.

Current Status of Corrective Action Plan

Partially corrected; as noted in finding 2016-001, the School has not established policies and procedures related to the closing process.

Section IV – Summary Schedule of Prior Year Findings - Continued

Finding 2015-003 Time and Effort Certifications

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.

Management Action Taken

The School developed a process to ensure timely submission of time and effort certifications.

Current Status of Corrective Action Plan

Corrected

Finding 2015-004 Suspension and Debarment

Condition

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

Management Action Taken

The School implemented a process of checking vendors for suspension or debarment before approving vendors.

Current Status of Corrective Action Plan

Corrected

Section IV – Summary Schedule of Prior Year Findings - Continued

Finding 2015-005 Cash Management - Drawdown Requests

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.

Management Action Taken

The School improved its processes to allow for drawdown requests to be submitted in a more timely fashion.

Current Status of Corrective Action Plan

Corrected

Finding 2015-006 Procurement - Bidding process

Condition

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

Management Action Taken

The School hired a Director of Procurement in October 2016 to improve its procurement processes and better identify instances where competitive procurement is required.

Current Status of Corrective Action Plan

Corrected

UPLIFT EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

United States Department of Education	Federal CFDA Number	Pass Through Entity ID Number	Federal Expenditure
Teacher Incentive Fund	84.385A	S374A100049	$ 990,721
CSP Charter School Expansion Grant	84.282M	U282M150004	179,143
Total United States Department of Education			1,169,864
Passed Through Region 10 ESC			
ESEA, Title I, Part A	84.010A	14610101057950	3,188,224
ESEA, Title II, Part A	84.367A	14694501057950	506,745
ESEA, Title III, Part A, LEP	84.365A	14671001057950	491,857
Total Passed Through Region 10 ESC			4,186,826
Passed Through State Department of Education			
IDEA - Part B, Formula	84.027A	146600010578036000	1,514,823
Career and Technical Education	84.048A	15420006057950	140,322
2015-16 Public Charter School Start-Up Grant	84.282A	155900077110015	346,451
Total Passed Through State Department of Education			2,001,596
United States Department of Agriculture			
Passed Through State Department of Agriculture			
National School Lunch	10.555	71301401	4,540,893
School Breakfast Program	10.553	71401401	1,159,946
Total Passed Through State Department of Agriculture			5,700,839
Total Expenditures of Federal Awards			$ 13,059,125

UPLIFT EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016.

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.

uplift education