

Uplift Education
Financial Statements
Year Ended June 30, 2019



uplifteducation

CONTENTS

Page

Certificate of Board	i
Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Cash Flows.....	8
Statements of Functional Expenses	9
Notes to Financial Statements	10
Supplementary Information	
Schedule of Schools	28
Schedules of Expenses.....	29
Schedules of Cash and Capital Assets	30
Budgetary Comparison Schedule	31
Notes to the Budgetary Comparison Schedule	32
Series 2012 Bonds – Debt Service Requirements.....	33
Series 2013 Bonds – Debt Service Requirements.....	34
Series 2014 Bonds – Debt Service Requirements.....	35
Series 2015 Bonds – Debt Service Requirements.....	36
Series 2016 Bonds – Debt Service Requirements.....	37
Series 2017A Bonds – Debt Service Requirements	38
Series 2017B Bonds – Debt Service Requirements.....	39
Series 2018 Bonds – Debt Service Requirements	40

CONTENTS

Page

Compliance and Internal Control Section

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 <i>Government Auditing Standards</i>	41
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	43
Schedule of Findings and Questioned Costs	45
Schedule of Expenditures of Federal Awards	49
Notes to the Schedule of Expenditures of Federal Awards	50

Certificate of Board

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

<u>Uplift Education</u>	<u>Dallas</u>	<u>057-803</u>
Name of Charter School	County	Co.-Dist. No.

We, the undersigned, certify that the attached Financial and Compliance Reports of the above named charter school were reviewed and approved (disapproved) for the year ended June 30, 2019, at a meeting of the governing body of said charter schools on the 21st day of November, 2019.



Signature of Uplift Education
Board Secretary



Signature of Uplift Education
Board Chair



uplifteducation

Independent Auditor's Report

To the Board of Governors of
Uplift Education

Report on the Financial Statements

We have audited the accompanying financial statements of Uplift Education (the School), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uplift Education as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Board of Governors of
Uplift Education

Emphasis of Matter

Adoption of New Accounting Standards

As discussed in Note 2 to the financial statements, the School adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, and ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. 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 accompanying supplementary information, as listed in the table of contents, is presented for additional analysis and is not a required part of the financial statements.

The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by 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)*, and is also not a required part of the basic financial statements.

The accompanying supplementary information and 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 accompanying supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2019, 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 solely 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 the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 21, 2019

Financial Statements



uplifteducation

Uplift Education
 Statements of Financial Position
 As of June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 45,689,710	\$ 47,278,492
Restricted cash and cash equivalents	45,281,600	97,929,891
Investments	664,873	608,958
Due from governments	32,888,437	26,212,779
Current portion of contributions receivable, net	1,433,333	1,852,381
Other current assets	336,897	310,130
	Total current assets	174,192,631
Land lease rights	370,016	405,632
Non-current portion of contributions receivable, net	863,600	866,614
Capital assets, net	341,803,723	289,867,397
	TOTAL ASSETS	\$ 465,332,274
	\$ 469,332,189	\$ 465,332,274
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,063,976	\$ 11,172,041
Accrued expenses	7,161,696	6,717,373
Deferred revenue	2,465,109	74,399
Funds held for student and parent groups	1,788,138	1,912,322
Current portion of long-term debt, net	6,180,816	4,933,599
	Total current liabilities	24,809,734
Deferred rent	926,422	1,525,868
Non-current portion of long-term debt, net	386,563,651	391,899,821
	TOTAL LIABILITIES	418,235,423
	415,149,808	418,235,423
NET ASSETS		
Without donor restrictions	17,240,539	16,087,323
With donor restrictions	36,941,842	31,009,528
	TOTAL NET ASSETS	47,096,851
	\$ 469,332,189	\$ 465,332,274

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

Uplift Education
 Statements of Activities
 For the Years Ended June 30, 2019 and 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>
REVENUES			
Local support:			
5700 Revenues from local sources	\$ 6,550,633	\$ 5,672,181	\$ 12,222,814
Total local support	6,550,633	5,672,181	12,222,814
State program revenues:			
5810 Foundation school program	-	173,326,429	173,326,429
5820 Other state aid	-	1,061,530	1,061,530
Total state program revenues	-	174,387,959	174,387,959
Federal program revenues:			
IDEA - Part B formula	-	2,658,990	2,658,990
IDEA - Part B preschool	-	17,703	17,703
IDEA - High cost	-	69,534	69,534
National school lunch/breakfast program	-	8,797,204	8,797,204
ESEA, Title I, Part A	-	6,334,651	6,334,651
ESEA, Title II, Part A	-	579,051	579,051
ESEA, Title III, Part A	-	548,357	548,357
ESEA, Title IV, Part A	-	409,907	409,907
ESEA, Pre-K grant	-	3,003	3,003
ESEA, School improvement grant	-	234,575	234,575
Career/technical basis grant	-	284,789	284,789
Charter replication grant	-	2,309,766	2,309,766
Total federal program revenues	-	22,247,530	22,247,530
Net assets released from restrictions:			
Restrictions satisfied from payments	195,083,339	(195,083,339)	-
Total revenues	\$ 201,633,972	\$ 7,224,331	\$ 208,858,303

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

Uplift Education
 Statements of Activities – Continued
 For the Years Ended June 30, 2019 and 2018

EXPENSES	Without Donor Restrictions	With Donor Restrictions	2019 Total
Program services:			
11 Instruction and instructional related services	\$ 97,313,527	\$ -	\$ 97,313,527
12 Instructional resources and media services	326,417	-	326,417
13 Curriculum and instructional staff development	4,726,732	-	4,726,732
21 Instructional leadership	8,696,999	-	8,696,999
23 School leadership	11,444,892	-	11,444,892
Supporting services:			
31 Guidance, counseling, and evaluation services	9,860,388	-	9,860,388
32 Social work services	263,219	-	263,219
33 Health services	1,721,906	-	1,721,906
34 Student transportation	51,045	-	51,045
35 Food services	8,746,065	-	8,746,065
36 Cocurricular/extracurricular activities	529,261	-	529,261
41 General administration	8,943,592	-	8,943,592
51 Plant maintenance and operations	27,346,828	-	27,346,828
52 Security services	1,691,737	-	1,691,737
53 Data processing services	2,706,432	-	2,706,432
61 Community services	749,988	-	749,988
71 Debt service	14,599,834	-	14,599,834
81 Fund raising	2,053,911	-	2,053,911
Total expenses	<u>201,772,773</u>	<u>-</u>	<u>201,772,773</u>
Change in Net Assets	(138,801)	7,224,331	7,085,530
NET ASSETS, BEGINNING OF YEAR	16,087,323	31,009,528	47,096,851
Cumulative Effect of Change in Accounting Principle	1,292,017	(1,292,017)	-
NET ASSETS, END OF YEAR	<u>\$ 17,240,539</u>	<u>\$ 36,941,842</u>	<u>\$ 54,182,381</u>

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

Uplift Education
 Statements of Activities – Continued
 For the Years Ended June 30, 2019 and 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>
REVENUES			
Local support:			
5700 Revenues from local sources	\$ 5,509,546	\$ 8,391,873	\$ 13,901,419
Total local support	5,509,546	8,391,873	13,901,419
State program revenues:			
5810 Foundation school program	-	153,636,293	153,636,293
5820 Other state aid	-	450,977	450,977
Total state program revenues	-	154,087,270	154,087,270
Federal program revenues:			
IDEA - Part B formula	-	2,199,165	2,199,165
National school lunch/breakfast program	-	7,276,597	7,276,597
ESEA, Title I, Part A	-	4,716,123	4,716,123
ESEA, Title II, Part A	-	672,911	672,911
ESEA, Title III, Part A	-	538,550	538,550
ESEA, Title IV, Part A	-	32,377	32,377
ESEA, Pre-K grant	-	318,675	318,675
ESEA, School improvement grant	-	124,150	124,150
Career/technical basis grant	-	235,973	235,973
Charter replication grant	-	3,431,046	3,431,046
Total federal program revenues	-	19,545,567	19,545,567
Net assets released from restrictions:			
Restrictions satisfied from payments	173,986,220	(173,986,220)	-
Total revenues	\$ 179,495,766	\$ 8,038,490	\$ 187,534,256

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

Uplift Education
 Statements of Activities – Continued
 For the Years Ended June 30, 2019 and 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>
EXPENSES			
Program services:			
11 Instruction and instructional related services	\$ 83,883,167	\$ -	\$ 83,883,167
12 Instructional resources and media services	672,178	-	672,178
13 Curriculum and instructional staff development	5,080,773	-	5,080,773
21 Instructional leadership	7,366,564	-	7,366,564
23 School leadership	10,161,775	-	10,161,775
Supporting services:			
31 Guidance, counseling, and evaluation services	7,972,673	-	7,972,673
32 Social work services	39,606	-	39,606
33 Health services	1,421,701	-	1,421,701
34 Student transportation	43,243	-	43,243
35 Food services	7,937,053	-	7,937,053
36 Cocurricular/extracurricular activities	566,435	-	566,435
41 General administration	7,129,922	-	7,129,922
51 Plant maintenance and operations	24,528,338	-	24,528,338
52 Security services	1,375,703	-	1,375,703
53 Data processing services	2,642,065	-	2,642,065
61 Community services	684,031	-	684,031
71 Debt service	13,491,260	-	13,491,260
81 Fund raising	1,649,360	-	1,649,360
Total expenses	<u>176,645,847</u>	<u>-</u>	<u>176,645,847</u>
Change in Net Assets	2,849,919	8,038,490	10,888,409
NET ASSETS, BEGINNING OF YEAR	<u>13,237,404</u>	<u>22,971,038</u>	<u>36,208,442</u>
NET ASSETS, END OF YEAR	<u>\$ 16,087,323</u>	<u>\$ 31,009,528</u>	<u>\$ 47,096,851</u>

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

Uplift Education
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	\$ 7,085,530	\$ 10,888,409
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,611,078	9,869,357
Amortization of financing costs	400,485	375,576
Amortization of bond premium	(880,849)	(711,067)
(Increase) decrease in assets:		
Investments	(55,915)	(53,299)
Due from governments	(6,675,658)	(3,837,694)
Contributions receivable	422,062	206,669
Land lease rights	35,616	18,422
Other assets	(26,767)	1,042,808
Increase (decrease) in liabilities:		
Accounts payable	(3,724,116)	1,095,920
Accrued expenses	2,820,786	417,992
Funds held for student and parent groups	(124,184)	261,766
Deferred rent	(599,446)	(1,939)
Net cash provided by operating activities	10,288,622	19,572,920
INVESTING ACTIVITIES		
Purchase of capital assets	(58,805,796)	(37,892,853)
Proceeds from disposal of capital assets	14,640	-
Change in restricted cash	52,648,291	(32,657,556)
Net cash used in investing activities	(6,142,865)	(70,550,409)
FINANCING ACTIVITIES		
Proceeds from bond issuance	-	64,830,000
Proceeds from notes payable	1,799,000	1,987,286
Premium on issuance of long term debt	-	4,815,818
Cash paid for debt issuance costs	(156,253)	(2,615,058)
Payments on long-term debt	(4,990,000)	(4,020,000)
Payments on notes payable	(2,387,286)	(1,987,286)
Net cash (used in) provided by financing activities	(5,734,539)	63,010,760
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,588,782)	12,033,271
CASH AND CASH EQUIVALENTS, beginning of year	47,278,492	35,245,221
CASH AND CASH EQUIVALENTS, end of year	\$ 45,689,710	\$ 47,278,492
NON-CASH ACTIVITIES		
Capital expenditures (including retainage) included in accounts payable	\$ 2,616,051	\$ 1,615,242
Non-cash portion of purchase price of land	\$ 2,140,197	\$ -

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

Uplift Education

Statements of Functional Expenses

For the Years Ended June 30, 2019 and 2018

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt Costs	2019 Total
Program services						
10 - Instruction and instructional-related	\$ 87,564,093	\$ 5,066,803	\$ 8,904,110	\$ 831,670	\$ -	\$ 102,366,676
20 - Instructional and school leadership	19,039,761	673,036	107,026	322,068	-	20,141,891
Supporting services						
30 - Support services - student	13,446,185	1,097,806	5,833,272	794,621	-	21,171,884
40 - Administrative support services	6,629,584	1,912,352	9,755	391,901	-	8,943,592
50 - Support services - non-student based	6,904,424	10,072,823	1,898,010	12,869,740	-	31,744,997
60 - Ancillary services	627,940	42,805	4,964	74,279	-	749,988
70 - Debt service	-	-	-	-	14,599,834	14,599,834
80 - Fund raising	649,084	856,985	11,083	536,759	-	2,053,911
Total expenses	\$ 134,861,071	\$ 19,722,610	\$ 16,768,220	\$ 15,821,038	\$ 14,599,834	\$ 201,772,773

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt Costs	2018 Total
Program services						
10 - Instruction and instructional-related	\$ 73,460,983	\$ 5,640,475	\$ 8,435,278	\$ 2,099,382	\$ -	\$ 89,636,118
20 - Instructional and school leadership	17,060,801	97,377	109,172	260,989	-	17,528,339
Supporting services						
30 - Support services - student	11,428,018	1,033,520	4,911,356	607,817	-	17,980,711
40 - Administrative support services	5,371,340	1,296,803	10,163	451,616	-	7,129,922
50 - Support services - non-student based	6,310,123	10,091,666	1,223,955	10,920,362	-	28,546,106
60 - Ancillary services	603,216	50,596	12,308	17,911	-	684,031
70 - Debt service	-	-	-	-	13,491,260	13,491,260
80 - Fund raising	631,653	765,699	7,700	244,308	-	1,649,360
Total expenses	\$ 114,866,134	\$ 18,976,136	\$ 14,709,932	\$ 14,602,385	\$ 13,491,260	\$ 176,645,847

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

Uplift Education

Notes to Financial Statements

Note 1. Background

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

The School operated 19 campuses serving approximately 18,500 students during fiscal year 2019. Uplift is rated BBB- by Standard & Poor's.

The charter holder had no material non-charter activities.

Note 2. Summary of Significant Accounting Policies

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

Adoption of Accounting Standards

The School adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* effective July 1, 2018, using the full retrospective method. Based on the School's review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. Adoption of this ASU had no impact on total beginning net assets but resulted in additional disclosures and changes in presentation.

The School adopted the amendments of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. These amendments have been applied on a retrospective basis to the financial statements for the year ended June 30, 2018. Adoption of this ASU resulted in reclassification of previously reported activities and net assets to conform to the 2019 presentation but had no impact on total net assets or total changes in net assets for 2018. However, in 2019, net assets without donor restrictions increased by \$1,292,017 and net assets with donor restrictions decreased by \$1,292,017. Reclassification is required to conform to the new standard because restrictions on capital assets may no longer be released as those assets are depreciated.

The School adopted the amendments of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU No. 2018-08 was adopted on a prospective basis and impacted the evaluation of revenue recognition of certain grants and contributions in the 2019 fiscal year.

Uplift Education

Notes to Financial Statements

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the School for fiscal year 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The School is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor-imposed restrictions.

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

Net Assets Without Donor Restrictions are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Net Assets With Donor Restrictions are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

In prior years, the School presented statements of cash flow using both the direct and indirect methodologies. Beginning with the current fiscal year, the School will present the statements of cash flow using only the indirect method.

Cash and Cash Equivalents

Cash and cash equivalent consists of cash on hand and all highly liquid investments purchased with an

Uplift Education

Notes to Financial Statements

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

Restricted Cash

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

Fair Value of Financial Instruments

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

Contributions Receivable

Contributions receivable represent unconditional promises to give and are included in the financial statements as contributions receivable and recognized as revenue in the period pledged. Contributions are recorded after being discounted to the anticipated net present value of the future cash flows. In addition, management evaluates payment history and market conditions to estimate allowances for doubtful contributions. Based on their experience with the organizations who have outstanding contributions, as of June 30, 2019 and 2018, management has not recorded an allowance for doubtful contributions. Changes in the fair value of contributions receivable are reported in the statements of activities as contribution revenue.

Capital Assets

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

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

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

Uplift Education

Notes to Financial Statements

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

Capital assets purchased with grant funds are owned by the School while used in the program for which it was purchased or in other future School programs. However, the various funding sources have a reversionary interest in the capital assets purchased with grant funds. Its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. As of June 30, 2019 and 2018, the net book value of the grant-funded property and equipment was \$2,115,208 and \$2,130,419, respectively.

Financing Costs

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

Deferred Rent

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

Donated Services and Property

During the years ended June 30, 2019 and 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, a substantial number of individuals have donated significant amounts of their time in the School's programs and supporting services. Donations of property and equipment are recorded at the estimated fair value as of the date the contribution is received. During the years ended June 30, 2019 and 2018, the School received no donations of property and equipment.

Income Tax Status

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

The School does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the years ended June 30, 2019 and 2018, 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.

Uplift Education

Notes to Financial Statements

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 2016.

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. With donor restriction 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 net assets with donor restrictions.

Functional Allocation of Expenses

Expenses are reported by their functional classification as program services or supporting services. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the School exists. Supporting services are not directly identifiable with specific program activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are charged directly either to program services or supporting services based on actual time worked in each area. Information technology costs are allocated based on whether the costs are associated with program services or supporting services. The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities.

Note 3. Restricted Cash and Cash Equivalents

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

	2019	2018
Construction	\$ 24,788,025	\$ 76,003,268
Debt service	20,199,796	21,629,129
Other	293,779	297,494
	\$ 45,281,600	\$ 97,929,891

Uplift Education

Notes to Financial Statements

Note 4. Investments

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

Mutual Funds:	2019	2018
US equity funds	\$ 442,407	\$ 398,248
International equity funds	135,444	128,266
US fixed income	63,356	60,008
International fixed income	23,666	22,436
	\$ 664,873	\$ 608,958

Disclosures about Fair Value of Financial Instruments

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

Investments – Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models (Level 2), quoted prices of investments with similar characteristics (Level 2) or discounted cash flows or other valuation methodologies (Level 3). The School did not have, at June 30, 2019 or 2018, or at any time during the year, any investments classified as Level 2 or Level 3. The School's investments in mutual funds and exchange traded funds reported as level 1 are determined by reference to quoted market prices in principal active markets for identical assets as of the valuation date.

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

Uplift Education

Notes to Financial Statements

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2019 Fair Value
Mutual Funds:				
US equity funds	\$ 442,407	\$ -	\$ -	\$ 442,407
International equity funds	135,444	-	-	135,444
US fixed income	63,356	-	-	63,356
International fixed income	23,666	-	-	23,666
	<u>\$ 664,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,873</u>

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2018 Fair Value
Mutual Funds:				
US equity funds	\$ 398,248	\$ -	\$ -	\$ 398,248
International equity funds	128,266	-	-	128,266
US fixed income	60,008	-	-	60,008
International fixed income	22,436	-	-	22,436
	<u>\$ 608,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,958</u>

Note 5. Due from Governments

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

	2019	2018
Texas Education Agency - Foundation School Program revenue	\$ 28,439,977	\$ 22,699,656
Federal grant revenue	4,448,460	3,513,123
Due from governments	<u>\$ 32,888,437</u>	<u>\$ 26,212,779</u>

Uplift Education

Notes to Financial Statements

Note 6. Liquidity and Availability of Resources

The School relies on state aid and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities of education, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2019 are as follows:

Financial assets at June 30, 2019:	
Cash and cash equivalents	\$ 45,689,710
Restricted cash	45,281,600
Investments	664,873
Due from governments	32,888,437
Contributions receivable	2,296,933
Total financial assets	126,821,553
 Less financial assets not available for general expenditure:	
Contractually obligated financial assets	(609,985)
Cash restricted for long-term purposes	(45,281,600)
Donor-restricted assets not expected to be satisfied in coming year	(6,163,466)
Contributions receivable due in more than one year	(863,600)
Total financial assets not available for general expenditure	(52,918,651)
Total financial assets available for general expenditure	\$ 73,902,902

Uplift Education

Notes to Financial Statements

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 consists of the following as of June 30:

	2019	2018
Contributions receivable	\$ 2,495,000	\$ 2,945,000
Less: discount to present value (discount rate of 5%)	(198,067)	(226,005)
Contributions receivable, net	\$ 2,296,933	\$ 2,718,995
Current portion of contributions receivable, net	\$ 1,433,333	\$ 1,852,381
Non-current portion of contributions receivable, net	\$ 863,600	\$ 866,614

The School has conditional promises to give contingent upon meeting certain criteria specified by donors. These amounts are not recorded in these financial statements as the conditions have not been met. As of June 30, 2019 and 2018, the amounts of conditional contributions were \$670,000 and \$1,340,000, respectively.

In addition, the School has received payment in advance from donors for various programs resulting in deferred revenue which totaled \$2,465,109 and \$74,399 at June 30, 2019 and 2018, respectively.

As of June 30, 2019, the School has approximately \$2,351,570 of conditional contributions from various government agencies. The contributions will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses are met.

Uplift Education

Notes to Financial Statements

Note 8. Capital Assets

Capital assets consist of the following as of June 30:

	2019	2018
Building and improvements	\$ 308,670,467	\$ 256,755,808
Furniture and fixtures	13,175,302	9,544,524
Depreciable assets	321,845,769	266,300,332
Less accumulated depreciation	(60,288,045)	(48,676,967)
Total depreciable assets	261,557,724	217,623,365
Land	40,220,012	32,572,556
Construction in progress	40,025,987	39,671,476
Capital assets, net	\$ 341,803,723	\$ 289,867,397

For the years ended June 30, 2019 and 2018, the School capitalized interest in the amounts of \$1,557,605 and \$1,559,041, respectively.

For the years ended June 30, 2019 and 2018, the School charged \$11,611,078 and \$9,869,357 to depreciation expense, which is included in plant maintenance and operations in the accompanying statements of activities.

Uplift Education

Notes to Financial Statements

Note 9. Long-Term Debt

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

	Interest Rate	2019	2018
Bonds payable:			
Series 2012 bonds	4.875 - 8.000%	\$ 74,300,000	\$ 75,645,000
Series 2013 bonds	3.100 - 4.400%	40,760,000	41,510,000
Series 2014 bonds	3.375 - 4.600%	39,920,000	40,550,000
Series 2015 bonds	4.000 - 5.000%	42,370,000	42,930,000
Series 2016 bonds	2.750 - 5.000%	41,750,000	42,520,000
Series 2017A bonds	2.000 - 5.000%	72,935,000	73,870,000
Series 2017B bonds	3.000 - 5.000%	25,380,000	25,380,000
Series 2018 bonds	3.000 - 5.000%	39,450,000	39,450,000
Total bonds payable		376,865,000	381,855,000
Bond premium:			
Plus: Series 2015 bond premium		1,149,224	1,206,987
Plus: Series 2016 bond premium		4,580,972	4,828,706
Plus: Series 2017A bond premium		6,543,438	6,914,152
Plus: Series 2017B bond premium		1,581,453	1,656,707
Plus: Series 2018 bond premium		2,973,132	3,102,516
Total bond premium		16,828,219	17,709,068
Notes payable:			
Charter School Growth Fund	1.000 - 3.250%	3,300,000	3,700,000
BBVA Compass Bank	4.560 - 5.022%	-	1,987,286
Roosevelt Property Company, LLC	3.450%	2,140,197	-
Regions Commercial Equipment Finance, LLC	3.932 - 3.969%	1,799,000	-
Total notes payable		7,239,197	5,687,286
Total bonds and notes payable		400,932,416	405,251,354
Unamortized financing cost		(8,187,949)	(8,417,934)
Total long-term debt, net		392,744,467	396,833,420
Less: current portion, net		(6,180,816)	(4,933,599)
Non-current portion, long-term debt, net		\$ 386,563,651	\$ 391,899,821

Uplift Education

Notes to Financial Statements

Series 2012 A, B & Q Bonds

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

Series 2013 A & B Bonds

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

Series 2014 A & B Bonds

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

Series 2015 A & B Bonds

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

Series 2016 A & B Bonds

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

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

Series 2017A Bonds

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

As part of this issuance, the School completed an advance refunding of the outstanding principal amount of \$53,150,000 of Series 2010 A, Education Revenue Bonds, which resulted in a noncash loss of extinguishment of debt of \$10,938,957. As a result of this defeasance, the School will realize a total decrease in debt service payments of \$18,187,115, net of refunding expenses, which resulted in an economic gain of \$10,736,268.

Series 2017B Bonds

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

Series 2018 Bonds

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

Uplift Education

Notes to Financial Statements

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

Interest paid for the fiscal years ended June 30, 2019 and 2018, was \$15,394,865 and \$13,454,260, respectively, of which the School capitalized \$1,557,605 and \$1,559,041, respectively.

The loan agreements or Supplemental Master Trust Indentures for each of the above issuances establishes a debt service coverage ratio, which stipulates that available revenues for each fiscal year must be equal to at least 1.10 times the annual debt service of the School as of the end of the first fiscal year after the date of issuance and thereafter until the individual bond or notes have been paid in full. During the years ended June 30, 2019 and 2018, the School was in compliance with this covenant and all other applicable covenants contained in the Supplemental Master Trust Indentures and loan agreement.

Notes Payable

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

On March 5, 2018, 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 March 1, 2020. At closing of this loan agreement, the School drew \$1,987,286 on the loan, using proceeds of the loan to pay off the prior loan with BBVA Compass Bank. During the year ended June 30, 2019, the one-month LIBOR plus 2.5% rate at which the School accrued interest on the drawn portion ranged between 4.560% and 5.522%. The School paid a 25 basis point fee on the committed but undrawn balance. The School and BBVA Compass Bank terminated the loan agreement on May 20, 2019.

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

On January 23, 2019, the School completed a transaction to purchase the land at one of its campuses that had previously been leased from Roosevelt Property Company, LLC. As part of the consideration for the purchase of the property, the seller received a Promissory Note that will pay the seller \$100,000 per calendar year to the earlier of 1) the date that Purchaser would no longer have been required to pay property taxes on the property had the Purchaser remained the lessee or 2) August 31, 2057. The implied interest rate of this note is 3.450%, which is estimated to be the School's cost of debt for debt with maturities greater than 30 years.

Uplift Education

Notes to Financial Statements

On June 5, 2019, the School entered into loan agreements with Regions Commercial Equipment Finance, LLC for a term loan not to exceed \$50,000,000 to be used for capital expenditures ("Loan A") and for a term loan not to exceed \$10,000,000 to be used for working capital ("Loan B"). Both loans have draw periods expiring June 1, 2022. On June 27, 2019, the school drew \$1,799,000 on Loan A, using proceeds to purchase real property. The drawn portion of the note accrues interest at one-month LIBOR (London Interbank Offering Rate) plus 1.55%. During the year ended June 30, 2019, the one-month LIBOR plus 1.55% rate at which the School accrued interest on the drawn portion ranged between 3.932% and 3.969%.

Financing Costs

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

	2019	2018
Financing cost	\$ 9,864,466	\$ 9,730,107
Accumulated amortization	(1,676,517)	(1,312,173)
Unamortized financing cost	\$ 8,187,949	\$ 8,417,934

For the years ended June 30, 2019 and 2018, the School recorded \$400,485 and \$375,576, respectively, to amortization expense, which is included in debt service in the accompanying statements of activities.

Scheduled maturities of long-term debt are as follows at June 30, 2019:

Fiscal Year End	Principal	Interest	Total
2020	\$ 6,180,816	\$ 17,462,142	\$ 23,642,958
2021	6,681,812	17,183,414	23,865,226
2022	9,496,840	16,882,155	26,378,995
2023	8,633,902	17,021,553	25,655,455
2024	7,239,998	16,251,853	23,491,851
Thereafter	345,870,829	246,225,865	592,096,694
	384,104,197	331,026,982	715,131,179
Add amount representing premium	16,828,219	-	16,828,219
Less unamortized financing cost	(8,187,949)	-	(8,187,949)
	\$ 392,744,467	\$ 331,026,982	\$ 723,771,449

Uplift Education

Notes to Financial Statements

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.

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	\$176,942,453,923	
Accumulated Benefit Obligations	\$209,611,328,793	
% Funded	74%	
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, 2019	\$3,566,159 (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, 2019

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>2018</u>	<u>2019</u>
· Member	7.70%	7.70%
· Non-Member Contributing Entity (State)	6.80%	6.80%
· Employers	1.50%	1.50%

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

Uplift Education

Notes to Financial Statements

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

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

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	2019	2018
Private grants and contracts	\$ 4,495,895	\$ 7,923,979
Contributions receivable	1,945,000	2,195,000
Foundation School Program	166,551,888	145,448,118
Federally funded educational programs	22,090,556	18,419,123
	<u>\$ 195,083,339</u>	<u>\$ 173,986,220</u>
Total		

Net assets with donor restrictions consisted of the following at June 30:

	2019	2018
Foundation School Program	\$ 27,162,117	\$ 19,373,996
Child Nutrition Program	1,248,774	387,183
Summer Feeding Program	-	43,918
Charter Expansion Grant Program	-	1,292,017
Restricted contributions	6,234,018	7,193,419
Contributions receivable, net	2,296,933	2,718,995
	<u>\$ 36,941,842</u>	<u>\$ 31,009,528</u>
Total net assets with donor restrictions		

Note 12. Leases

The School leases its Dallas and Fort Worth central management office spaces under long-term operating leases that expire in May 2020 and December 2023, respectively. 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 \$370,016 and \$405,632 as of June 30, 2019 and 2018, respectively, to account for the present value of the below market lease. In addition, the School leases copiers and printers under operating lease agreements expiring through November 2022.

Uplift Education

Notes to Financial Statements

Scheduled lease payments for all leases are as follows as of June 30, 2019:

Lease Year	Annual Base Lease
2020	\$ 1,203,196
2021	802,807
2022	772,825
2023	603,576
2024	537,376
Thereafter	3,415,350
Total	\$ 7,335,130

For the years ended June 30, 2019 and 2018, rent expense was \$2,069,540 and \$2,185,358, respectively.

Note 13. Commitments for Construction and Acquisition of Property and Equipment

At June 30, 2019, the School had commitments of approximately \$20,700,000 for construction and acquisition of property and equipment, all of which are expected to be incurred in fiscal year 2020.

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.

Uplift Education

Notes to Financial Statements

Note 15. Economic Dependency

During the years ended June 30, 2019 and 2018, the School recognized revenue of \$196,635,489 and \$173,632,837, respectively, from the TEA and federal government. For the years ended June 30, 2019 and 2018, this amount constitutes approximately 94% and 93%, respectively, of total revenues earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the School to continue to provide the current level of services to its students.

Note 16. Evaluation of Subsequent Events

The School evaluated its financial statements for subsequent events through November 21, 2019, 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 the following item:

On August 20, 2019, the School issued \$24,760,000 of Series 2019A Education Revenue Bonds, all of which was tax-exempt, and \$66,330,000 of Series 2019B Education Revenue and Refunding Bonds, all of which was taxable. Proceeds of the Series 2019A bonds will be used to finance the acquisition, expansion, and improvements of facilities, while proceeds of the Series 2019B bonds were used to complete an advance refunding of all the School's outstanding Series 2012A bonds. The Series 2019A bonds mature serially each December 1st, starting 2022 until 2055, with interest ranging from 3.00% to 4.00%, and the Series 2019B bonds mature serially each December 1st, starting 2021 until 2048, with interest ranging from 2.05% to 3.45%.

Supplementary Information



uplifteducation

Uplift Education

Schedule of Schools

As of June 30, 2019

Charter Schools Operated by Uplift Education:

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

Uplift Education
Schedules of Expenses
For the Years Ended June 30, 2019 and 2018

EXPENSES	<u>2019</u>	<u>2018</u>
6100 Payroll costs	\$ 134,861,071	\$ 114,866,134
6200 Professional and contracted services	19,722,610	18,976,136
6300 Supplies and material	16,768,220	14,709,932
6400 Other operating costs	15,821,038	14,602,385
6500 Debt costs	<u>14,599,834</u>	<u>13,491,260</u>
Total expenses	<u>\$ 201,772,773</u>	<u>\$ 176,645,847</u>

Uplift Education
Schedules of Cash and Capital Assets
June 30, 2019 and 2018

		Ownership Interest			2019
		Local	State	Federal	Total
1100	Cash	\$ 20,171,159	\$ 24,342,248	\$ 1,176,303	\$ 45,689,710
1510	Land	3,370,906	36,849,106	-	40,220,012
1520	Buildings and improvements	-	308,150,642	519,825	308,670,467
1530	Furniture and equipment	221,803	10,601,075	2,352,424	13,175,302
1580	Construction in progress	3,520,000	36,505,987	-	40,025,987
Total		\$ 27,283,868	\$ 416,449,058	\$ 4,048,552	\$ 447,781,478

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

Uplift Education

Budgetary Comparison Schedule

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget</u>	
	<u>Original</u>	<u>Final (see Note 1)</u>			
REVENUES					
Local support					
5740	Other revenues from local sources ¹	\$ 10,327,180	\$ 9,301,931	\$ 12,222,814	\$ 2,920,883
	Total local support	10,327,180	9,301,931	12,222,814	2,920,883
State Program Revenues					
5810	Foundation School Program Act revenues	173,103,493	172,424,217	173,326,429	902,212
5820	State program revenues distributed by Texas Education Agency	1,111,317	1,025,069	1,061,530	36,461
	Total state program revenues	174,214,810	173,449,286	174,387,959	938,673
Federal program revenues					
5920	Federal revenues distributed by Texas Education Agency ²	17,209,196	22,079,664	19,937,764	(2,141,900)
5940	Federal revenues distributed directly from the federal government ³	3,248,758	1,754,119	2,309,766	555,647
	Total federal program revenues	20,457,954	23,833,783	22,247,530	(1,586,253)
	Total revenues	204,999,944	206,585,000	208,858,303	2,273,303
EXPENSES					
11	Instruction	96,416,720	98,978,281	97,313,527	1,664,754
12	Instructional resources	406,835	340,802	326,417	14,385
13	Curriculum and instructional staff development	4,227,989	4,487,821	4,726,732	(238,911)
21	Instructional leadership	8,471,027	8,318,019	8,696,999	(378,980)
23	School leadership	11,029,998	10,927,090	11,444,892	(517,802)
31	Guidance, counseling and evaluation services	9,987,767	9,766,243	9,860,388	(94,145)
32	Social work services	96,762	271,423	263,219	8,204
33	Health services	1,820,976	1,726,376	1,721,906	4,470
34	Student transportation	58,309	51,735	51,045	690
35	Food services	8,504,230	8,185,648	8,746,065	(560,417)
36	Cocurricular/extracurricular activities	511,565	535,215	529,261	5,954
41	General administration	10,201,991	8,554,458	8,943,592	(389,134)
51	Plant maintenance and operations ⁴	27,043,129	28,166,683	27,346,828	819,855
52	Security and monitoring services	1,812,260	1,752,426	1,691,737	60,689
53	Data processing services	2,938,027	2,644,015	2,706,432	(62,417)
61	Community services	757,321	735,452	749,988	(14,536)
71	Debt service ⁴	15,506,378	15,155,295	14,599,834	555,461
81	Fund raising	2,163,535	1,891,834	2,053,911	(162,077)
	Total expenses	201,954,819	202,488,818	201,772,773	716,045
	Change in net assets	\$ 3,045,125	\$ 4,096,182	\$ 7,085,530	\$ 2,989,348

Uplift Education

Notes to Budgetary Comparison Schedule For the Year Ended June 30, 2019

Note 1:

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

Note 2:

The School's final adopted budget overestimated federal cost reimbursements for one federal program for which the NOGA end date was extended by the Department of Education.

Note 3:

The School's final adopted budget underestimated federal cost reimbursements due to a difference in the timing of the related expenditures from what was originally anticipated.

Note 4:

The School's adopted budgets did not include depreciation, bond cost amortization and bond premium amortization expenses that are now being included in the budget numbers above. Depreciation expense of \$11,611,078 is included in Function 51, Plant maintenance & operations; bond cost amortization expense of \$400,485 is included in Function 71, Debt service; and bond premium amortization expense of (\$880,849) is included in Function 71, Debt service.



uplifteducation

Uplift Education
Series 2012 Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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	<u>\$ 74,300,000</u>	<u>\$ 69,265,102</u>	<u>\$ 143,565,102</u>

Uplift Education
Series 2013 Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2020	\$ 770,000	\$ 1,684,143	\$ 2,454,143
2021	795,000	1,659,885	2,454,885
2022	820,000	1,634,853	2,454,853
2023	845,000	1,609,045	2,454,045
2024	875,000	1,578,666	2,453,666
2025	910,000	1,543,413	2,453,413
2026	950,000	1,506,678	2,456,678
2027	985,000	1,468,461	2,453,461
2028	1,025,000	1,428,764	2,453,764
2029	1,070,000	1,387,388	2,457,388
2030	1,110,000	1,344,333	2,454,333
2031	1,155,000	1,299,599	2,454,599
2032	1,200,000	1,253,088	2,453,088
2033	1,250,000	1,204,700	2,454,700
2034	1,305,000	1,151,629	2,456,629
2035	1,360,000	1,093,665	2,453,665
2036	1,420,000	1,033,200	2,453,200
2037	1,485,000	970,016	2,455,016
2038	1,550,000	904,005	2,454,005
2039	1,620,000	835,058	2,455,058
2040	1,690,000	763,065	2,453,065
2041	1,770,000	687,810	2,457,810
2042	1,845,000	609,184	2,454,184
2043	1,930,000	527,078	2,457,078
2044	2,015,000	440,770	2,455,770
2045	2,105,000	350,130	2,455,130
2046	2,200,000	255,420	2,455,420
2047	2,300,000	156,420	2,456,420
2048	2,405,000	52,910	2,457,910
Total	\$ 40,760,000	\$ 30,433,376	\$ 71,193,376

Uplift Education
Series 2014 Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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>\$ 39,920,000</u>	<u>\$ 33,769,566</u>	<u>\$ 73,689,566</u>

Uplift Education
Series 2015 Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
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	\$ 42,370,000	\$ 42,257,375	\$ 84,627,375

Uplift Education
 Series 2016 Bonds
 Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2020	\$ 790,000	\$ 1,920,038	\$ 2,710,038
2021	810,000	1,898,038	2,708,038
2022	835,000	1,875,419	2,710,419
2023	855,000	1,852,181	2,707,181
2024	880,000	1,828,325	2,708,325
2025	905,000	1,803,781	2,708,781
2026	930,000	1,778,550	2,708,550
2027	955,000	1,752,631	2,707,631
2028	995,000	1,714,625	2,709,625
2029	1,045,000	1,663,625	2,708,625
2030	1,100,000	1,610,000	2,710,000
2031	1,150,000	1,553,750	2,703,750
2032	1,215,000	1,494,625	2,709,625
2033	1,280,000	1,432,250	2,712,250
2034	1,345,000	1,366,625	2,711,625
2035	1,410,000	1,297,750	2,707,750
2036	1,485,000	1,225,375	2,710,375
2037	1,560,000	1,149,250	2,709,250
2038	1,645,000	1,069,125	2,714,125
2039	1,040,000	1,002,000	2,042,000
2040	1,095,000	948,625	2,043,625
2041	1,150,000	892,500	2,042,500
2042	1,210,000	833,500	2,043,500
2043	1,270,000	771,500	2,041,500
2044	1,335,000	706,375	2,041,375
2045	1,405,000	637,875	2,042,875
2046	1,475,000	565,875	2,040,875
2047	1,550,000	490,250	2,040,250
2048	1,630,000	410,750	2,040,750
2049	1,715,000	327,125	2,042,125
2050	1,800,000	239,250	2,039,250
2051	1,895,000	146,875	2,041,875
2052	1,990,000	49,750	2,039,750
Total	\$ 41,750,000	\$ 38,308,213	\$ 80,058,213

Uplift Education
Series 2017A Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2020	\$ 1,235,000	\$ 3,208,313	\$ 4,443,313
2021	1,280,000	3,149,088	4,429,088
2022	1,345,000	3,080,088	4,425,088
2023	1,415,000	3,007,588	4,422,588
2024	1,485,000	2,931,213	4,416,213
2025	1,570,000	2,850,838	4,420,838
2026	1,645,000	2,775,113	4,420,113
2027	1,730,000	2,695,388	4,425,388
2028	1,805,000	2,602,638	4,407,638
2029	1,905,000	2,515,213	4,420,213
2030	1,990,000	2,434,013	4,424,013
2031	2,070,000	2,349,413	4,419,413
2032	2,160,000	2,261,213	4,421,213
2033	2,250,000	2,157,213	4,407,213
2034	2,360,000	2,036,213	4,396,213
2035	2,480,000	1,908,963	4,388,963
2036	2,610,000	1,775,088	4,385,088
2037	2,745,000	1,634,213	4,379,213
2038	2,890,000	1,501,363	4,391,363
2039	3,030,000	1,377,763	4,407,763
2040	3,150,000	1,249,163	4,399,163
2041	3,280,000	1,115,263	4,395,263
2042	3,415,000	975,763	4,390,763
2043	3,560,000	811,313	4,371,313
2044	3,730,000	619,813	4,349,813
2045	3,930,000	418,188	4,348,188
2046	4,135,000	290,688	4,425,688
2047	965,000	241,188	1,206,188
2048	1,015,000	195,844	1,210,844
2049	1,065,000	155,156	1,220,156
2050	1,105,000	112,875	1,217,875
2051	1,150,000	68,906	1,218,906
2052	1,195,000	23,250	1,218,250
2053	1,240,000	-	1,240,000
Total	\$ 72,935,000	\$ 54,528,345	\$ 127,463,345

Uplift Education
Series 2017B Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2020	\$ 340,000	\$ 1,022,275	\$ 1,362,275
2021	355,000	1,011,850	1,366,850
2022	365,000	999,225	1,364,225
2023	380,000	984,325	1,364,325
2024	395,000	968,825	1,363,825
2025	415,000	952,625	1,367,625
2026	430,000	935,725	1,365,725
2027	450,000	915,875	1,365,875
2028	475,000	892,750	1,367,750
2029	495,000	870,975	1,365,975
2030	520,000	850,675	1,370,675
2031	540,000	829,475	1,369,475
2032	560,000	807,475	1,367,475
2033	585,000	784,575	1,369,575
2034	610,000	760,675	1,370,675
2035	635,000	735,775	1,370,775
2036	660,000	709,875	1,369,875
2037	690,000	682,875	1,372,875
2038	720,000	654,675	1,374,675
2039	750,000	621,525	1,371,525
2040	790,000	583,025	1,373,025
2041	830,000	542,525	1,372,525
2042	875,000	499,900	1,374,900
2043	920,000	455,025	1,375,025
2044	965,000	412,725	1,377,725
2045	1,005,000	373,325	1,378,325
2046	1,045,000	332,325	1,377,325
2047	1,090,000	289,625	1,379,625
2048	1,135,000	245,125	1,380,125
2049	1,180,000	201,775	1,381,775
2050	1,225,000	159,688	1,384,688
2051	1,270,000	116,025	1,386,025
2052	1,315,000	70,788	1,385,788
2053	1,365,000	23,888	1,388,888
Total	<u>\$ 25,380,000</u>	<u>\$ 21,297,814</u>	<u>\$ 46,677,814</u>

Uplift Education
Series 2018 Bonds
Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2020	\$ -	\$ 1,792,825	\$ 1,792,825
2021	520,000	1,784,988	2,304,988
2022	535,000	1,769,125	2,304,125
2023	555,000	1,750,000	2,305,000
2024	575,000	1,727,400	2,302,400
2025	605,000	1,700,775	2,305,775
2026	635,000	1,669,775	2,304,775
2027	665,000	1,637,275	2,302,275
2028	700,000	1,603,150	2,303,150
2029	735,000	1,567,275	2,302,275
2030	770,000	1,533,500	2,303,500
2031	800,000	1,502,100	2,302,100
2032	835,000	1,469,400	2,304,400
2033	870,000	1,435,300	2,305,300
2034	905,000	1,399,800	2,304,800
2035	940,000	1,362,900	2,302,900
2036	985,000	1,319,475	2,304,475
2037	1,035,000	1,268,975	2,303,975
2038	1,090,000	1,215,850	2,305,850
2039	1,145,000	1,159,975	2,304,975
2040	1,195,000	1,110,438	2,305,438
2041	1,235,000	1,067,913	2,302,913
2042	1,280,000	1,023,900	2,303,900
2043	1,325,000	978,313	2,303,313
2044	1,375,000	931,063	2,306,063
2045	1,435,000	871,125	2,306,125
2046	1,505,000	797,625	2,302,625
2047	1,585,000	720,375	2,305,375
2048	1,665,000	639,125	2,304,125
2049	1,750,000	553,750	2,303,750
2050	1,840,000	464,000	2,304,000
2051	1,935,000	369,625	2,304,625
2052	2,035,000	270,375	2,305,375
2053	2,140,000	166,000	2,306,000
2054	2,250,000	56,250	2,306,250
Total	\$ 39,450,000	\$ 40,689,740	\$ 80,139,740

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**

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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2019, which included an emphasis paragraph on the implementation of new accounting guidance, Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, and ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Board of Governors of
Uplift Education

Compliance and Other Matters

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

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 21, 2019

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

To the Board of Governors of
Uplift Education
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Uplift Education's (the School) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 21, 2019

Uplift Education

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

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)
84.027A/84.173A
84.010A

Name of Federal Programs or Cluster
Special Education Cluster (IDEA)
Title I, Part A

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

Auditee qualified as a low- risk auditee? ___Yes No

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None noted.

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section III - Federal Award Findings and Questioned Costs

None noted.

Uplift Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section IV – Summary Schedule of Prior Year Findings

Finding 2018-001 Reconciliation of State Funds

Type of finding: Significant Deficiency

Condition

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

Management Action Taken

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

Current Status of Corrective Action Plan

Complete

Uplift Education
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity ID Number</u>	<u>Federal Expenditure</u>
United States Department of Education			
<u>Direct Funding</u>			
CSP Charter School Expansion Grant	84.282M	U282M 150004	\$ 2,309,766
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A	84.010A	19610101057803	5,695,703
		18610101057803	638,948
ESEA, School improvement grant	84.010A	19610123057803	212,700
		18610123057803	<u>21,875</u>
Total ESEA, Title 1			6,569,226
ESEA, Title II, Part A	84.367A	19694501057803	579,051
ESEA, Title III, Part A, LEP	84.365A	19671001057803	548,357
ESEA, Title IV, Part A	84.424A	19680101057803	361,451
		18680101057803	48,456
ESEA, Pre-K grant	93.575	193921017110020	3,003
IDEA - Part B, Formula	84.027A	196600010578036000	2,527,999
		186600010578036000	130,991
IDEA - Part B, Preschool	84.173A	196610010578036610	17,703
IDEA - Part B, High cost	84.027A	196600010578036000	<u>69,534</u>
Total IDEA - Part B			2,746,227
Career and Technical Education	84.048A	19420006057803	259,632
		18420006057803	<u>25,157</u>
Total Passed Through State Department of Education			<u>11,140,560</u>
Total United States Department of Education			13,450,326
United States Department of Agriculture			
<u>Passed Through State Department of Agriculture</u>			
National School Lunch	10.555	71301401	5,653,542
Food Distribution Program (Noncash assistance)	10.555	71301401	687,435
School Breakfast Program	10.553	71401401	<u>2,456,226</u>
Total United States Department of Agriculture			<u>8,797,203</u>
Total Expenditures of Federal Awards			<u>\$22,247,529</u>

Uplift Education

Notes to the Schedule of Expenditures of Federal Awards

Note 1: General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the expenditures for all federal award programs received by the School for the fiscal year ended June 30, 2019.

Note 2: Basis of Accounting

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