

**RESPONSIVE EDUCATION
SOLUTIONS**

Consolidated Financial Report for the Year Ended

August 31, 2016

RESPONSIVE EDUCATION SOLUTIONS

Annual Financial Report
For the Year Ended August 31, 2016

TABLE OF CONTENTS

Certificate of Board

Independent Auditor’s Report..... 1

Financial Statements:

 Statement of Financial Position..... 5

 Statement of Activities 6

 Statement of Cash Flows..... 8

 Notes to Financial Statements..... 9

Supplementary Information:

 Statement of Financial Position by Charter 26

 Statement of Activities by Charter 28

 Statement of Cash Flows by Charter..... 32

 Schedule of Expenses by Charter..... 35

 Schedule of Capital Assets by Charter 36

 Budgetary Comparison Schedule by Charter..... 38

Compliance and Internal Control Section:

 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 43

 Report on Compliance for Each Major Program and
 on Internal Control Over Compliance required by OMB Circular A-133..... 45

 Schedule of Findings and Questioned Costs 47

 Schedule of Expenditure of Federal Awards 48

CERTIFICATE OF BOARD

TEXAS COLLEGE PREPARATORY ACADEMIES
DISTRICT NUMBER: 221801

AND

PREMIER HIGH SCHOOLS
DISTRICT NUMBER: 072801

FEDERAL EIN: 75-2748762

We, the undersigned, certify that the attached financial reports of Responsive Education Solutions were reviewed and ___ approved ___ disapproved for the year ended August 31, 2016, at a meeting of the Governing Body of such charter school on the ____ day of _____, 2017.

Signature of Board Secretary

Signature of Board President

If the auditor's report was disapproved, the reason(s) therefore is/are (attach list if necessary):

EVANS, PINGLETON and HOWARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
8950 GARY BURNS DRIVE, SUITE D
FRISCO, TEXAS 75034
972-335-9754/FAX 972-335-9758

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Responsive Education Solutions
Lewisville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Responsive Education Solutions (a nonprofit organization), which comprise the statement of financial position as of August 31, 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.

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 Responsive Education Solutions as of August 31, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is 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 January 20, 2017, on our consideration of Responsive Education Solutions' 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 Responsive Education Solutions' internal control over financial reporting and compliance.

Evans, Pingleton and Howard, PLLC

Evans, Pingleton and Howard, PLLC
Frisco, TX
January 20, 2017

FINANCIAL STATEMENTS

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RESPONSIVE EDUCATION SOLUTIONS
Statement of Financial Position
August 31, 2016

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 67,105,039
Due from State	2,583,996
Other Receivables	64,540,766
Inventory	577,192
Prepaid Expenses	<u>82,355</u>
Total Current Assets	<u>134,889,348</u>

Property & Equipment:

Land	20,767,922
Buildings & Improvements	65,565,371
Vehicles	198,708
Furniture & Equipment	8,343,889
Leasehold Improvements	1,901,831
Library Books & Media	663,941
Construction in Progress	9,305,913
Accumulated Depreciation	<u>(10,954,516)</u>
Total Net Property & Equipment	<u>95,793,059</u>

Other Assets:

Other Assets	<u>2,508,098</u>
Total Other Assets	<u>2,508,098</u>

TOTAL ASSETS \$ 233,190,505

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$ 2,665,864
Other Payables	27,114,002
Accrued Wages & Other Benefits Payable	4,043,452
Accrued Expenses	6,867,090
Due to State	-
Current Portion of Long Term Debt	478,330
Deferred Revenues	<u>1,243,138</u>
Total Current Liabilities	<u>42,411,876</u>

Long-Term Liabilities:

Notes Payable	7,455,887
Bonds Payable	127,785,000
Premium on Bonds Payable	<u>6,107,071</u>
Total Long-Term Liabilities	<u>141,347,958</u>

Net Assets:

Unrestricted	12,753,492
Temporarily Restricted	<u>36,677,179</u>
Total Net Assets	<u>49,430,671</u>

TOTAL LIABILITIES & NET ASSETS \$ 233,190,505

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Statement of Activities
For the Year Ended August 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE & OTHER SUPPORT			
Local Support:			
Revenue from Local Sources	4,097,909	-	4,097,909
Total Local Support	<u>4,097,909</u>	<u>-</u>	<u>4,097,909</u>
State Program Revenues			
State Foundation Program	-	142,653,807	142,653,807
Other State Aid	-	151,759	151,759
Total State Program Revenues	<u>-</u>	<u>142,805,566</u>	<u>142,805,566</u>
Federal Program Revenues			
Breakfast Program	-	332,812	332,812
National School Lunch	-	1,158,910	1,158,910
Title I, Part A	-	2,273,587	2,273,587
IDEA-Part B Formula	-	2,567,461	2,567,461
Title II, Part A	-	607,678	607,678
Title V, Part B, Public Charter Schools	-	345,068	345,068
Title III, Part A, ELA	-	120,447	120,447
Total Federal Program Revenues	<u>-</u>	<u>7,405,963</u>	<u>7,405,963</u>
Net Assets Released from Restrictions	149,140,622	(149,140,622)	-
Total Revenue & Other Support	<u>\$ 153,238,531</u>	<u>1,070,907</u>	<u>154,309,438</u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Statement of Activities
For the Year Ended August 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
EXPENSES			
Program Services:			
11 Instruction	97,266,925	-	97,266,925
12 Instructional Resources & Media Svcs	1,550	-	1,550
13 Curriculum Dev. & Instr Staff Dev.	4,122,639	-	4,122,639
21 Instructional Leadership	3,838,337	-	3,838,337
23 School Leadership	14,254,929	-	14,254,929
Support Services:			
31 Guidance, Counseling & Eval Svcs	478,092	-	478,092
32 Social Work Services	22,541	-	22,541
33 Health Services	431,497	-	431,497
34 Student (Pupil) Transportation	63,042	-	63,042
35 Food Services	2,320,149	-	2,320,149
36 Cocurricular/Extracurricular Activities	228,515	-	228,515
41 General Administration	7,132,872	-	7,132,872
51 Plant Maintenance & Operations	10,355,559	-	10,355,559
52 Security & Monitoring Services	89,703	-	89,703
53 Data Processing Services	2,511,050	-	2,511,050
61 Community Services	297,402	-	297,402
71 Debt Service	3,302,336	-	3,302,336
81 Fundraising	1,419,829	-	1,419,829
	-	-	-
Total Expenses	<u>148,136,967</u>	<u>-</u>	<u>148,136,967</u>
Change in Net Assets	5,101,564	1,070,907	6,172,471
Net Assets, Beginning of Year	<u>7,651,928</u>	<u>35,606,272</u>	<u>43,258,200</u>
Net Assets, End of Year	<u>\$ 12,753,492</u>	<u>36,677,179</u>	<u>49,430,671</u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Statement of Cash Flows
For the Year Ended August 31, 2016

Cash Flows from Operating Activities:	
Cash from Local Sources	\$ 4,097,909
Cash from State Programs	142,712,768
Cash from Federal Programs	7,405,964
Cash Paid to Suppliers	(91,163,335)
Cash Paid to Employees	(75,975,269)
Cash Paid for Interest Expense	(426,849)
Net Cash Provided/(Used) by Operating Activities	<u>(13,348,812)</u>
Cash Flows from Investing Activities:	
Purchase of Property & Equipment	(26,887,948)
Gain on sale of Capital Assets	-
Net Cash Provided/(Used) by Investing Activities	<u>(26,887,948)</u>
Cash Flows from Financing Activities:	
Proceeds from New Debt	68,029,649
Payments on Debt	(535,028)
Net Cash Provided/(Used) by Financing Activities	<u>67,494,621</u>
Net Increase/(Decrease) in Cash	27,257,861
Cash at Beginning of Year	<u>39,847,178</u>
Cash at End of Year	<u>\$ 67,105,039</u>
Reconciliation of Change in Net Assets to Net Cash Provided/(Used) by Operating Activities	
Change in Net Assets	\$ 6,172,471
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:	
Depreciation	2,599,615
(Increase)/Decrease in Operating Assets	
Due from State	(728,437)
Inventory	(127,265)
Prepaid Expenses	(22,158)
Other Receivables	(27,372,875)
Other Assets	(1,074,175)
Increase/(Decrease) in Operating Liabilities	
Accounts Payable	726,919
Other Payables	(1,144,588)
Due to State	-
Accrued Wages and Benefits Payable	1,942,074
Deferred Revenue	(515,197)
Accrued Expenses	4,951,666
Net Adjustments	<u>(19,521,283)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (13,348,812)</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities

Responsive Education Solutions, Inc. a Texas non-profit corporation (The Organization), is recognized as an organization exempt from federal income taxes under 501(c)(3) of the Internal Revenue Service. The Organization is authorized to operate open enrollment charter schools (The Schools) in the states of Texas and Arkansas through the following agencies: The Texas Education Agency – Office of the Commissioner, and the Arkansas Department of Education Charter Authorizing Panel.

The Organization provides curricula and operates schools for students in grades K-5 through elementary schools (doing business as Vista Academies of Texas), intermediate schools (doing business as Quest Middle Schools), high schools (doing business as Premier High Schools and iSchool High), expanded-grade schools (Classical Academies, grades K-12; Texas Virtual Academy, grades 3-12; ResponsiveEd Virtual Academy, grades 3-12), an autism school (Foundation School for Autism), as well as school administrative services.

On July 1, 2014, the organization completed a charter management agreement with ResponsiveEd School Services to operate back-office functions. This agreement allows the organization to focus on providing a high quality education to its students. This agreement was terminated as of 1/1/2016 for the Texas Charter Schools.

B. Accounting Policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter Schools Chart of Accounts*, a module of the Texas Education Agency Financial Accountability Resource Guide. The significant accounting policies are as follows:

To insure observance of limitations and restrictions placed on the use of resources available to the School, the accounts are maintained in accordance with the principles of fund accounting during the year. Resources for various purposes are classified into funds according to their nature and purposes. Separate accounts are maintained for each fund; however, the accompanying statements of financial position and of activities focus on the organization as a whole and reports the amounts of its total assets, liabilities, net assets and changes in net assets in accordance with the Financial Accounting Standards Board.

The statement of financial position reports the amounts of each of three classes of net assets: temporarily restricted, unrestricted net assets and permanently restricted net assets (currently zero).

- Temporarily restricted net assets result from contributions and other inflows of assets that are limited by donor imposed stipulations that can be fulfilled and removed by actions of the School pursuant to those stipulations.

When a donor restriction expires, that is, when a stipulated 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.

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Accounting Policies (continued)

- Unrestricted net assets are the remaining part of the School's net assets that is neither permanently restricted nor temporarily restricted by donor imposed stipulations. Property and equipment are included in unrestricted net assets.
- Permanently restricted net assets result from contributions and other inflows of assets that are required to be maintained in perpetuity with only the income to be used for the School's activities due to donor-imposed restrictions.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents are comprised of cash on hand and in banks including highly liquid investments with original maturities of three months or less.

D. Fixed Assets and Depreciation

All assets acquired with a value of \$5,000 or greater are recorded as fixed assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at the time of acquisition. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight line basis.

E. Revenues

Each school's revenues from the State of Texas available school fund are earned based on reported attendance.

Contributions received are recognized as revenue in the period received and are reported as either restricted or unrestricted support.

- Contributions with donor imposed restrictions are reported as restricted support. Restricted support increases temporarily restricted net assets.
- Contributions without donor imposed restrictions are reported as unrestricted support. Unrestricted support increases unrestricted net assets.

Government grant contracts that are entered into by the Organization are recognized as revenue when services are rendered or when expenses in connection with those services are incurred.

F. Donated Goods and Services

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in kind contributions and expenses of a like amount.

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Sick Leave, Personal Leave and Vacation

All employees earn five days of paid sick leave annually. However, unused balances are not paid at termination. Therefore, there is no liability accrued on the financial statements. All employees earn two days of paid personal leave per year that is paid no later than the last paycheck of the school year. Therefore, there is no liability accrued on the financial statements. Accrued wages payable includes an accrual for accumulated liability for employee vacation time.

H. Estimates

In preparation of the financial statements and in conformity with generally accepted accounting principles, management's estimated useful lives of asset classes were used in the calculation of depreciation.

I. Functional Allocation of Expenses

The expense of the various programs and other activities has been presented on a functional basis in the statement of activities. Accordingly, certain expenses and supporting service costs have been allocated among the various programs.

J. Basis of Consolidation

The General Purpose financial statements are presented on an entity-wide consolidated basis including operations of the Organization not affiliated with any certain charter operation. Certain intercompany transactions are eliminated in the consolidation process because including them would make the overall financial statement presentation misleading.

2. INVENTORY

At August 31, 2016 the Organization had on hand curriculum inventory of original costs totaling \$577,192.

<u>Entity</u>	<u>Curriculum</u>
TCPA	\$ 15,934
Premier	3,110
501(c)(3)	<u>558,148</u>
Totals	<u>\$ 577,192</u>

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

3. CAPITAL ASSETS

The Charters and 501(c)(3) had the following capital asset activity in 2016:

TCPA	Balance at 8/31/15	Additions	Retirements	Balance at 8/31/16
Land	\$ 9,988,974	6,808,539	-	\$ 16,797,513
Buildings & Improvements	31,237,976	19,894,978	-	51,132,954
Vehicles	17,471	-	-	17,471
Furniture & Equipment	3,178,342	1,175,633	-	4,353,975
Leasehold Improvements	800,685	236,534	-	1,037,219
Licenses & Media	380,539	-	-	380,539
Construction in Progress	14,047,962	9,164,308	(13,949,774)	9,262,496
Total Historical Cost	<u>59,651,949</u>	<u>37,279,992</u>	<u>(13,949,774)</u>	<u>82,982,167</u>
Less:				
Accumulated Depreciation	(3,755,660)	(1,791,246)	-	(5,546,906)
Total TCPA Capital Assets	<u>\$ 55,896,289</u>	<u>35,488,746</u>	<u>(13,949,774)</u>	<u>77,435,261</u>
Premier				
Land	\$ 753,073	641,836	-	1,394,909
Buildings & Improvements	3,607,014	2,069,638	-	5,676,652
Vehicles	6,303	-	-	6,303
Furniture & Equipment	2,495,891	725,469	-	3,221,360
Leasehold Improvements	810,429	54,183	-	864,612
Licenses & Media	204,716	-	-	204,716
Construction in Progress	-	43,417	-	43,417
Total Historical Cost	<u>7,877,426</u>	<u>3,534,543</u>	<u>-</u>	<u>11,411,969</u>
Less:				
Accumulated Depreciation	(3,610,874)	(386,604)	-	(3,997,478)
Total Premier Capital Assets	<u>\$ 4,266,552</u>	<u>3,147,939</u>	<u>-</u>	<u>7,414,491</u>
501(c)(3)				
Land	\$ 2,575,500	-	-	2,575,500
Buildings & Improvements	8,755,765	-	-	8,755,765
Vehicles	174,934	-	-	174,934
Furniture & Equipment	745,367	23,187	-	768,554
Licenses & Media	78,686	-	-	78,686
Total Historical Cost	<u>12,330,252</u>	<u>23,187</u>	<u>-</u>	<u>12,353,439</u>
Less:				
Accumulated Depreciation	(988,367)	(421,765)	-	(1,410,132)
Total 501(c)(3) Capital Assets	<u>\$ 11,341,885</u>	<u>(398,578)</u>	<u>-</u>	<u>10,943,307</u>
Grand Total Historical Cost	79,859,627	40,837,722	(13,949,774)	106,747,575
Grand Total Accum Depreciation	(8,354,901)	(2,599,615)	-	(10,954,516)
Grand Total Net Capital Assets	<u>\$ 71,504,726</u>	<u>38,238,107</u>	<u>(13,949,774)</u>	<u>\$ 95,793,059</u>

Depreciation expense for the year ended August 31, 2016 was \$2,599,615.

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

Plan Description

The School participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. There is not a collective-bargaining agreement.

Funding Policy

Under provisions of State law, plan members are required to contribute 7.2% of their annual covered salary and the State of Texas contributes an amount equal to 6.8% of the Schools covered payroll. The Schools employees contributions to the System for the year ending August 31, 2016 were \$4,810,537 and were equal to the required State of Texas' contributions for the year.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Charter Schools are legally separate entities from the State and each other. Assets contributed by one Charter School may be used for the benefit of another Charter School. Unfunded pension obligations get passed along to other plan participants. There is no penalty for leaving the TRS system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan:

Total Plan Assets	\$	133,485,187,642
Accumulated Benefit Obligations	\$	166,452,924,504
Percentage of the Plan that is funded		80.19%

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

4. DEFINED BENEFIT PENSION PLAN *(continued)*

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer Contributions	\$ 1,120,986	\$ 575,978

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

4. DEFINED BENEFIT PENSION PLAN *(continued)*

Contributions *(continued)*

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Asset Valuation Method	5 Year Smoothed Market
Discount Rate	8%
Long-Term Expected Investment Rate of Return	8%
Salary Increases	3.5% - 9.5%
Payroll Growth Rate	2.50%
Inflation Rate	2.50%

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

4. DEFINED BENEFIT PENSION PLAN *(continued)*

Actuarial Assumptions *(continued)*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

4. DEFINED BENEFIT PENSION PLAN *(continued)*

Discount Rate *(continued)*

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation	-	-	2%
Alpha	-	-	1%
Total	<u>100.0%</u>	<u>-</u>	<u>8.7%</u>

* *The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

5. HEALTH CARE COVERAGE

Employees of the Organization are covered by a group insurance plan with TRS Active Care. The Organization pays the employee's premium (approximately \$250) and the employee pays the premiums for dependent coverage through payroll deductions through a Cafeteria Plan. See Note 6 for a summary of Section 125 Cafeteria Plan coverage.

6. SECTION 125 CAFETERIA PLAN

The Organization has adopted a "cafeteria plan" within the meaning of Section 125(a) of the Internal Revenue Code which allows employees to choose among certain "tax free" benefits in lieu of taxable compensation. The choices include medical insurance premium, dental and vision insurance premium, cancer insurance premium, disability insurance premium, voluntary term life insurance premium and accidental death & dismemberment (AD&D) insurance premium among others. The company pays \$25.88 towards the dental premium and \$2.08 toward the life premium and the AD&D premium. The employees' portion of the costs to provide any of these benefits are paid by the employees from payroll deductions.

7. DUE FROM STATE

At August 31, 2016, the Organization was to receive \$2,583,996 in entitlements as follows:

Federal Grant Revenue	<u>\$ 2,583,996</u>
Total Due From State	<u><u>\$ 2,583,996</u></u>

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements For the Year Ended August 31, 2016

8. OPERATING LEASES

The following is a summary of operating lease obligations and terms for the year ended August 31, 2016:

BRAND	CAMPUS	ADDRESS	CITY	STATE	LEASE EXPIRE DATE	MONTHLY BASE RENT	NNN (OpExp) per Lease	TOTAL MONTHLY
Premier	American Youth Works - Austin II	1901 East Ben White Blvd.	Austin	Texas	6/30/2017	\$70 ADA (pay on est. 70 students)		\$4,809
Classical	Austin - Mueller	1504 East 51st St.	Austin	Texas	6/30/2019	\$15,750		\$15,750
Premier	Austin-North	1835-A Kramer Ln. Ste. 500 & 600	Austin	Texas	6/30/2017	\$20,184	\$6,183	\$26,368
Premier	Austin-South	1701 West Ben White Ste. 100A	Austin	Texas	7/31/2017	\$14,635	\$4,200	\$18,836
	Austin TASA Office	406 E 11th St	Austin	Texas	12/31/2017	\$675 office \$100 parking \$100 Comm. Svcs.		\$775
Classical	Beaumont	10255 Eastex Freeway, Ste. 100	Beaumont	Texas	6/30/2018	Greater of: \$65 ADA for 1-200 \$70 ADA for 201+ OR \$2,000.00		\$11,355
Premier	Brenham Miracle Farm	10802 FM 2621	Brenham	Texas	N/A	\$0		\$0
Premier	Brownsville	15 Lakeshore Dr.	Brownsville	Texas	6/30/2017	\$5,000		\$5,000
Premier	Brownwood-Early	819 Early Blvd.	Early	Texas	4/1/2017	\$2,100		\$2,100
Classical	Carrollton	2400 North Josey Ln.	Carrollton	Texas	6/30/2018	\$25,000		\$25,000
Classical	Clay Academy	3303 Potter's House Way	Dallas	Texas	6/30/2020	\$21,224		\$21,224
Classical	Crockett	1303 East Houston Ave.	Crockett	Texas	6/30/2018	\$70 ADA		\$11,304
Classical	Dallas	7300 Bruton Rd.	Dallas	Texas	6/30/2017	ADA rent basis: 1-50=\$4,000 51-100=\$6,000 101-150=\$8,000 151-200=\$10,000 201-250=\$12,000 251-275=\$13,000 276-300=\$14,000		\$12,000
Premier	Dayton	1709 Country Club Rd. 611	Dayton	Texas	6/30/2017	1-70 ADA \$40 71-80 ADA \$50 81-100 ADA \$60 100+ ADA \$65 or \$2,000/mo min.		\$3,840
Premier	Del Rio	1530 Hwy 90	Del Rio	Texas	8/31/2017	\$6,500		\$6,500
Classical	Denton	4420 Country Club Rd.	Denton	Texas	7/31/2017	\$6,280	\$2,410	\$8,690
Classical	Edinburg	2110 South McColl Rd.	Edinburg	Texas	6/30/2022	Greater of: \$75.00 ADA or \$2,000.00		\$17,985
Premier	East El Paso	8720 Gateway East Blvd Ste. E	El Paso	Texas	6/30/2020	\$14,890	\$4,163	\$19,053
Premier	El Paso	1035 Belvidere Ste. 103 & 116	El Paso	Texas	6/30/2018	\$8,963	\$1,820	\$11,135
Premier	Fort Worth	6411 Camp Bowie #B	Fort Worth	Texas	6/30/2021	\$9,427	\$3,090	\$12,517
Founders Classical	Founders Classical Academy of Dallas	8510 Military Parkway, Pathway of Life Church	Dallas	Texas	6/30/2018	\$78 ADA or \$2,500 min.		\$18,416
Founders Classical	Founders Classical Academy of Mesquite	790 Windbell Circle	Mesquite	Texas	6/30/2018	\$78 ADA or \$2,500 min.		\$25,046
Classical	Garland	3024 Anita Dr.	Garland	Texas	6/30/2018	\$23,375	\$1,265	\$24,640
Premier	Granbury	919 East Hwy 377 Ste. 1	Granbury	Texas	6/30/2017	\$9,750	\$1,873	\$11,623
Premier	Houston-Cornerstone	14314 Walters Rd	Houston	Texas	6/30/2019	Greater of \$65 ADA or \$3,500.00		\$9,500
Classical	Houston-Fallbrook	12512 Walters Rd	Houston	Texas	6/30/2019	Greater of \$73 ADA or \$15,000.00		\$30,000
Classical	Humble	901 Wilson Rd.	Humble	Texas	6/30/2018	Greater of: \$70 ADA or \$2,000.00		\$19,236
Classical	Huntsville	2407 Sam Houston Ave. Ste. B	Huntsville	Texas	6/30/2017	ADA \$70		\$16,702
Premier	Huntsville	2407 Sam Houston Ave. Ste. C	Huntsville	Texas	6/30/2017	ADA \$70		\$4,515
Premier	Irving-South	1081 West Shady Grove Rd.	Irving	Texas	6/30/2017	Greater of: \$70.00 ADA or \$2,000.00		\$4,270
iSchool	iSchool at Montgomery	3232 College Park Dr. Ste. 212	The Woodlands	Texas	7/31/2021	\$31,073		\$31,073
iSchool	iSchool at University Park	20515 State Highway 249 UP Code 1301	Houston	Texas	6/30/2019	\$41,610		\$41,610
Classical	Jasper	1501B South Wheeler	Jasper	Texas	6/30/2018	\$70.00 ADA or \$4,000.00 Min.		\$12,103

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

8. OPERATING LEASES (continued)

Premier	Lindale	17141 Hwy 110 North	Lindale	Texas	Ongoing	\$0		\$0
Premier	Lubbock	2002 West Loop 289 Ste. 121	Lubbock	Texas	6/30/2018	\$16,853		\$16,853
Premier	Midland	4320 West Illinois Ste. A	Midland	Texas	6/30/2023	\$12,987	\$4,912	\$17,900
Premier	Mission	1203 St. Claire St.	Mission	Texas	6/30/2017	\$12,000	\$4,696	\$16,696
Premier	New Braunfels	1928 South Seguin Ave Ste. 100, 101 and 102	New Braunfels	Texas	6/30/2018	\$7,703	\$2,707	\$10,410
Premier	Palmview	406 West Veterans Blvd.	Palmview	Texas	6/30/2017	\$11,500	\$500	\$12,000
Classical	Pasadena	6109 Fairmont Parkway	Pasadena	Texas	6/30/2019	Greater of: \$75 ADA or \$2,000.00		\$14,648
Premier	Pharr / McAllen	200 East Expressway 83 Ste. E	Pharr	Texas	6/30/2018	\$8,224		\$8,224
Premier	Pflugerville	Cedars Center 616 FM 685, Suite 204B	Pflugerville	Texas	6/30/2020	\$10,620		\$10,620
Classical	Richardson	2101 East Renner Rd.	Richardson	Texas	6/30/2017	Greater of: \$60 ADA or \$2,000.00		\$11,160
Premier	Richardson	1111 Digital Dr. Ste. 101	Richardson	Texas	6/30/2017	\$11,608	\$783	\$12,391
Premier	San Antonio	8220 Windsor Cross (also: 4941 Walzem Rd., Ste 8220)	San Antonio	Texas	6/30/2023	\$13,494	\$2,805	\$16,298
Premier	San Juan	1202 East Business Hwy 83	San Juan	Texas	6/30/2018	\$16,215		\$16,215
Foundation	The Foundation School of Autism	2235 Thousand Oaks Ste. 130	San Antonio	Texas	6/30/2018	\$6,300	\$4,058	\$10,358
Premier	Texarkana	3448 Summerhill Rd	Texarkana	Texas	6/30/2021	\$10,000	\$1,871	\$11,871
Classical	The Woodlands	6565 Research Forest Dr.	The Woodlands	Texas	6/30/2019	\$77.00 ADA or \$4,000.00		\$22,700
Classical	Tyler	3105 University Blvd. Ste. B	Tyler	Texas	6/30/2017	\$70.00 ADA or \$2,000.00		\$20,965
Classical	Willis	202 South Thomason St.	Willis	Texas	6/30/2017	1-100 ADA \$60 101-225 ADA \$70 226-300 ADA \$80 Min. = \$4,000/mo Max = \$25,000/mo		\$9,184

FUTURE MINIMUM LEASE PAYMENTS

Future minimum lease payments under the leases above are as follows:

8/31/2017	\$	8,282,836
8/31/2018		5,719,031
8/31/2019		3,244,575
8/31/2020		1,800,709
Thereafter		2,144,103
	<u>\$</u>	<u>21,191,254</u>

9. OTHER PAYABLES

The detail of Other Payables for the entities is as follows:

Description	TCPA	Premier	501(c)(3)	Total
Revenue Share K12	\$ 20,465,524	6,633,941	-	\$ 27,099,465
Other Misc Payables	-	-	14,537	14,537
Totals	<u>\$ 20,465,524</u>	<u>6,633,941</u>	<u>14,537</u>	<u>\$ 27,114,002</u>

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

10. COMMITMENTS AND CONTINGENCIES

The Organization receives funds through federal programs which are governed by various rules and regulations of the grantor. Expenses charged to the grant program are subject to audit and adjustment by the grantor agency. In the opinion of management, there are no contingent liabilities relating to compliance with rules and regulations governing the grants; therefore, no provision has been made in the accompanying financial statements for such contingencies.

11. ECONOMIC DEPENDENCY

During the year the Schools received the majority of its revenues from the Texas Education Agency and the Federal Government through a Charter Agreement. The loss of this Charter Agreement would have a material effect on the ability of the Schools to continue to provide the current level of services to its students.

12. NOTES PAYABLE

On August 1, 2016, the School issued Series 2016 Education Revenue Bonds with a par amount of \$63,820,000. The proceeds are being used for the construction and updating of educational facilities. The bonds were issued at a premium of \$4,209,649 with an initial interest rate of 5% and a term of 30 years.

Long Term Debt activity for the year ended August 31, 2016 was as follows:

	Balance at 8/31/15	Additions	Retirements	Balance at 8/31/16	Current Portion
TCPA					
Series 2015A Education Rev Bonds	\$ 52,150,000	-	-	52,150,000	-
Series 2016 Education Rev Bonds	-	63,820,000	-	63,820,000	-
Premium on Bonds Payable	1,860,777	4,209,649	(64,165)	6,006,261	-
Sub-Total	<u>\$ 54,010,777</u>	<u>68,029,649</u>	<u>(64,165)</u>	<u>121,976,261</u>	<u>-</u>
Premier					
Series 2015B Education Rev Bonds	\$ 11,815,000	-	-	11,815,000	-
Premium on Bonds Payable	104,410	-	(3,600)	100,810	-
Sub-Total	<u>\$ 11,919,410</u>	<u>-</u>	<u>(3,600)</u>	<u>11,915,810</u>	<u>-</u>
501(c)(3)					
NorthStar Bank (Lakeway)	\$ 3,155,090	-	(173,563)	2,981,527	187,609
NorthStar Bank (700 Parker Sq)	2,118,346	-	(112,031)	2,006,315	120,000
NorthStar Bank (Little Rock)	3,104,195	-	(157,820)	2,946,375	170,721
Sub-Total	<u>8,377,631</u>	<u>-</u>	<u>(443,414)</u>	<u>7,934,217</u>	<u>478,330</u>
Long Term Debt Totals	<u>\$ 74,307,818</u>	<u>68,029,649</u>	<u>(511,179)</u>	<u>141,826,288</u>	<u>478,330</u>

RESPONSIVE EDUCATION SOLUTIONS

Notes to Financial Statements
For the Year Ended August 31, 2016

12. NOTES PAYABLE *(continued)*

Future debt requirements are as follows:

<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,723,672	5,288,720	7,012,392
2018	2,994,683	5,294,262	8,288,944
2019	3,101,826	5,237,619	8,339,444
2020	3,215,428	5,122,866	8,338,294
2021	3,335,569	5,003,175	8,338,744
Thereafter	121,348,040	64,113,353	185,461,392
Total	<u>\$ 135,719,217</u>	<u>90,059,995</u>	<u>225,779,212</u>

13. TEMPORARILY RESTRICTED NET ASSETS

At August, 31 2016, the Organization had temporarily restricted net assets of \$36,677,179. These funds represent funds that are restricted as to their expendability in certain Federal, State and Local programs. The funds are not free to be expended in any way the Organization desires. The temporarily restricted funds at year end are as follows:

State Foundation Program	<u>\$ 36,677,179</u>
Total	<u>\$ 36,677,179</u>

14. CASH DEPOSIT RISK

The Organization's bank holds collateral to insure bank deposit balances of all state and federal funds that exceed Federal Deposit Insurance Corporation (FDIC) limits. At August 31, 2016, local fund deposit balances were fully covered by FDIC insurance and collateralization held by the bank.

15. SUBSEQUENT EVENTS

The School has evaluated subsequent events through January 20, 2017, the date which the financial statements were available to be issued.

16. ADMINISTRATIVE FEES

For the year ended August 31, 2016, TCPA paid \$11,994,126 and Premier paid \$5,367,473 in administrative fees to Responsive Education Solutions, Inc., the 501(c)(3) charter holder. These numbers have been eliminated from the combined Statement of Activities on pages 6 & 7.

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COMBINING SCHEDULES

RESPONSIVE EDUCATION SOLUTIONS
Statement of Financial Position by Charter
August 31, 2016

	<u>Texas College Preparatory Academies</u>	<u>Premier High Schools</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 37,830,863	21,511,722	59,342,585
Due from State	1,758,495	825,501	2,583,996
Other Receivables	57,946,971	5,306,969	63,253,940
Inventory	15,934	3,110	19,044
Prepaid Expenses	16,457	59,532	75,989
Total Current Assets	<u>97,568,720</u>	<u>27,706,834</u>	<u>125,275,554</u>
Property & Equipment:			
Land	16,797,513	1,394,909	18,192,422
Building & Improvements	51,132,954	5,676,652	56,809,606
Vehicles	17,471	6,303	23,774
Furniture & Equipment	4,353,975	3,221,360	7,575,335
Leasehold Improvements	1,037,219	864,612	1,901,831
Library Books & Media	380,539	204,716	585,255
Construction in Progress	9,262,496	43,417	9,305,913
Accumulated Depreciation	(5,546,906)	(3,997,478)	(9,544,384)
Total Property & Equipment	<u>77,435,261</u>	<u>7,414,491</u>	<u>84,849,752</u>
Other Assets:			
Other Assets	2,239,595	232,529	2,472,124
Total Other Assets	<u>2,239,595</u>	<u>232,529</u>	<u>2,472,124</u>
Total Assets	<u><u>\$ 177,243,576</u></u>	<u><u>35,353,854</u></u>	<u><u>212,597,430</u></u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Statement of Financial Position by Charter
August 31, 2016

	<u>Texas College Preparatory Academies</u>	<u>Premier High Schools</u>	<u>Total</u>
LIABILITIES & NET ASSETS			
Current Liabilities:			
Accounts Payable	\$ 2,003,697	137,558	2,141,255
Other Liabilities	20,465,524	6,633,941	27,099,465
Accrued Wages Payable	2,285,211	887,984	3,173,195
Accrued Benefits Payable	784,627	318,573	1,103,200
Accrued Expenses	833,833	42,733	876,566
Current Portion of Long Term Debt	-	-	-
Deferred Revenue	-	1,243,138	1,243,138
Total Current Liabilities	<u>26,372,892</u>	<u>9,263,927</u>	<u>35,636,819</u>
Long-Term Liabilities:			
Bonds Payable	115,970,000	11,815,000	127,785,000
Premium on Bonds Payable	6,006,261	100,810	6,107,071
Total Long Term Liabilities	<u>121,976,261</u>	<u>11,915,810</u>	<u>133,892,071</u>
Net Assets:			
Unrestricted	4,884,014	1,507,347	6,391,361
Temporarily Restricted	24,010,409	12,666,770	36,677,179
Total Net Assets	<u>28,894,423</u>	<u>14,174,117</u>	<u>43,068,540</u>
 Total Liabilities & Net Assets	 <u>\$ 177,243,576</u>	 <u>35,353,854</u>	 <u>212,597,430</u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Statement of Activities by Charter
For the Year Ended August 31, 2016

	Texas College Preparatory Academies		
	Unrestricted	Temporarily Restricted	Total
REVENUE & OTHER SUPPORT			
Local Support:			
5742 Interest Income	\$ 127,139	-	127,139
5743 Rent Income	-	-	-
5744 Gifts & Bequests	109,346	-	109,346
5747 ERate Refund	118,434	-	118,434
5748 Curriculum Sales	27,133	-	27,133
5749 Other Revenue	687,584	-	687,584
5751 Food Service Fees	100,814	-	100,814
5755 Enterprising Services Revenue	66,276	-	66,276
5759 Cocurricular Enterprising Services	40,863	-	40,863
5769 Miscellaneous Revenues	421,619	-	421,619
Total Local Support	1,699,208	-	1,699,208
State Program Revenues:			
5811 Per Capita Apportionment		2,454,499	2,454,499
5812 State Foundation Program	-	95,393,805	95,393,805
5829 Instructional Materials Allotment	-	132,249	132,249
5829 Breakfast Program Matching	-	3,610	3,610
Total State Program Revenues	-	97,984,163	97,984,163
Federal Program Revenues:			
5921 Breakfast Program	-	187,007	187,007
5922 National School Lunch	-	790,896	790,896
5929 Title I, Part A	-	1,465,818	1,465,818
5929 IDEA-Part B Formula	-	1,894,479	1,894,479
5929 Title II, Part A	-	464,701	464,701
5929 Public Charter Schools	-	-	-
5929 Title III, Part A, ELA	-	79,308	79,308
Total Federal Program Revenues	-	4,882,209	4,882,209
Net Assets Released from Restrictions	101,625,570	(101,625,570)	-
Total Revenue & Other Support	103,324,778	1,240,802	104,565,580

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Statement of Activities by Charter
For the Year Ended August 31, 2016

<u>Premier High Schools</u>			<u>TOTAL</u>		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
26,941	-	26,941	154,080	-	154,080
-	-	-	-	-	-
71,978	-	71,978	181,324	-	181,324
162,401	-	162,401	280,835	-	280,835
14,615	-	14,615	41,748	-	41,748
28,521	-	28,521	716,105	-	716,105
14,818	-	14,818	115,632	-	115,632
3,709	-	3,709	69,985	-	69,985
150	-	150	41,013	-	41,013
587,576	-	587,576	1,009,195	-	1,009,195
<u>910,709</u>	<u>-</u>	<u>910,709</u>	<u>2,609,917</u>	<u>-</u>	<u>2,609,917</u>
-	544,944	544,944	-	2,999,443	2,999,443
-	44,260,559	44,260,559	-	139,654,363	139,654,363
-	12,500	12,500	-	144,749	144,749
-	3,400	3,400	-	7,010	7,010
<u>-</u>	<u>44,821,403</u>	<u>44,821,403</u>	<u>-</u>	<u>142,805,565</u>	<u>142,805,565</u>
-	145,805	145,805	-	332,812	332,812
-	368,014	368,014	-	1,158,910	1,158,910
-	807,769	807,769	-	2,273,587	2,273,587
-	672,982	672,982	-	2,567,461	2,567,461
-	142,977	142,977	-	607,678	607,678
-	345,068	345,068	-	345,068	345,068
-	41,139	41,139	-	120,447	120,447
<u>-</u>	<u>2,523,754</u>	<u>2,523,754</u>	<u>-</u>	<u>7,405,963</u>	<u>7,405,963</u>
47,515,052	(47,515,052)	-	149,140,622	(149,140,622)	-
<u>48,425,761</u>	<u>(169,895)</u>	<u>48,255,866</u>	<u>151,750,539</u>	<u>1,070,906</u>	<u>152,821,445</u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS

Statement of Activities by Entity
For the Year Ended August 31, 2016
continued

	<u>Texas College Preparatory Academies</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
EXPENSES			
11 Instruction	\$ 66,828,479	-	66,828,479
12 Instructional Resources & Media Services	1,229	-	1,229
13 Curriculum Dev. & Instructional Staff Dev.	4,506,686	-	4,506,686
21 Instructional Leadership	2,767,944	-	2,767,944
23 School Leadership	8,402,505	-	8,402,505
31 Guidance, Counseling & Evaluation Services	393,399	-	393,399
32 Social Work Services	-	-	-
33 Health Services	310,194	-	310,194
34 Student (Pupil) Transportation	9,313	-	9,313
35 Food Services	1,452,212	-	1,452,212
36 Cocurricular/Extracurricular Activities	217,873	-	217,873
41 General Administration	4,876,535	-	4,876,535
51 Plant Maintenance & Operations	7,363,645	-	7,363,645
52 Security & Monitoring Services	21,916	-	21,916
53 Data Processing Services	1,597,649	-	1,597,649
61 Community Services	296,823	-	296,823
71 Debt Service	2,390,430	-	2,390,430
81 Fundraising	188,738	-	188,738
Total Expenses	<u>101,625,570</u>	<u>-</u>	<u>101,625,570</u>
Change in Net Assets	1,699,208	1,240,802	2,940,010
Net Assets, Beginning of Year	<u>3,184,806</u>	<u>22,769,607</u>	<u>25,954,413</u>
Net Assets, End of Year	<u>\$ 4,884,014</u>	<u>24,010,409</u>	<u>28,894,423</u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Statement of Activities by Entity
For the Year Ended August 31, 2016
continued

<u>Premier High Schools</u>			<u>TOTAL</u>		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
30,255,515	-	30,255,515	97,083,994	-	97,083,994
232	-	232	1,461	-	1,461
2,062,635	-	2,062,635	6,569,321	-	6,569,321
1,447,056	-	1,447,056	4,215,000	-	4,215,000
5,257,223	-	5,257,223	13,659,728	-	13,659,728
84,633	-	84,633	478,032	-	478,032
201	-	201	201	-	201
66,109	-	66,109	376,303	-	376,303
53,729	-	53,729	63,042	-	63,042
760,901	-	760,901	2,213,113	-	2,213,113
10,642	-	10,642	228,515	-	228,515
2,771,928	-	2,771,928	7,648,463	-	7,648,463
2,965,259	-	2,965,259	10,328,904	-	10,328,904
62,873	-	62,873	84,789	-	84,789
759,313	-	759,313	2,356,962	-	2,356,962
579	-	579	297,402	-	297,402
483,072	-	483,072	2,873,502	-	2,873,502
473,156	-	473,156	661,894	-	661,894
<u>47,515,056</u>	<u>-</u>	<u>47,515,056</u>	<u>149,140,626</u>	<u>-</u>	<u>149,140,626</u>
910,705	(169,895)	740,810	2,609,913	1,070,907	3,680,820
<u>596,642</u>	<u>12,836,665</u>	<u>13,433,307</u>	<u>3,781,448</u>	<u>35,606,272</u>	<u>39,387,720</u>
<u>1,507,347</u>	<u>12,666,770</u>	<u>14,174,117</u>	<u>6,391,361</u>	<u>36,677,179</u>	<u>43,068,540</u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Statement of Cash Flows by Charter
August 31, 2016

	Texas College Preparatory Academies	Premier High Schools	TOTAL
Cash Flows from Operating Activities:			
Cash from Local Sources	\$ 1,699,208	910,709	2,609,917
Cash from State Programs	97,984,162	44,728,606	142,712,768
Cash from Federal Programs	4,882,210	2,523,754	7,405,964
Cash Paid to Suppliers	(88,693,771)	(18,182,631)	(106,876,402)
Cash Paid to Employees	(47,748,389)	(18,503,474)	(66,251,863)
Cash Paid for Interest Expense	-	-	-
Net Cash Provided/(Used) by Operating Activities	<u>(31,876,580)</u>	<u>11,476,964</u>	<u>(20,399,616)</u>
Cash Flows from Investing Activities:			
Purchase of Capital Assets	(23,330,218)	(3,534,543)	(26,864,761)
Gain on Sale of Capital Assets	-	-	-
Net Cash Provided/(Used) by Investing Activities	<u>(23,330,218)</u>	<u>(3,534,543)</u>	<u>(26,864,761)</u>
Cash Flows from Financing Activities:			
Proceeds from New Debt	68,029,649	-	68,029,649
Payments on Debt	(64,165)	(3,600)	(67,765)
Net Cash Provided/(Used) by Financing Activities	<u>67,965,484</u>	<u>(3,600)</u>	<u>67,961,884</u>
Net Increase/(Decrease) in Cash	12,758,686	7,938,821	20,697,507
Cash at Beginning of Year	<u>25,072,177</u>	<u>13,572,901</u>	<u>38,645,078</u>
Cash at End of Year	<u>\$ 37,830,863</u>	<u>21,511,722</u>	<u>59,342,585</u>

Reconciliation of Change in Net Assets to Net Cash Provided/(Used) by Operating Activities

Change in Net Assets	\$ 2,940,010	740,810	3,680,820
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	1,791,246	386,604	2,177,850
(Increase)/Decrease in Operating Assets			
Due from State	(635,640)	(92,797)	(728,437)
Inventory	30,011	20,608	50,619
Prepaid Expenses	(18,395)	(8,786)	(27,181)
Other Receivables	(29,164,940)	2,294,136	(26,870,804)
Other Assets	(1,038,962)	(13,128)	(1,052,090)
Increase/(Decrease) in Operating Liabilities			
Accounts Payable	637,928	(186,229)	451,699
Other Payables	(7,778,529)	6,633,941	(1,144,588)
Accrued Wages and Benefits Payable	1,085,416	415,934	1,501,350
Retainage Payable	(515,197)	-	(515,197)
Accrued Expenses	790,472	42,733	833,205
Deferred Revenue	-	1,243,138	1,243,138
Net Adjustments	<u>(34,816,590)</u>	<u>10,736,154</u>	<u>(24,080,436)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (31,876,580)</u>	<u>11,476,964</u>	<u>(20,399,616)</u>

The notes to the financial statements are an integral part of this statement.

SUPPLEMENTARY SCHEDULES

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RESPONSIVE EDUCATION SOLUTIONS
Schedule of Expenses by Charter
For the Year Ended August 31, 2016

	Texas College Preparatory Academies	Premier High Schools	Total
EXPENSES & OTHER LOSSES			
6100 Payroll Costs	\$ 47,748,389	18,503,476	\$ 66,251,865
6200 Professional & Contracted Services	43,652,411	23,709,030	67,361,441
6300 Supplies & Materials	4,447,260	2,700,599	7,147,859
6400 Other Operating Costs	3,387,080	2,118,879	5,505,959
6500 Debt Expense	2,390,430	483,072	2,873,502
	<u>\$ 101,625,570</u>	<u>47,515,056</u>	<u>\$ 149,140,626</u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Schedule of Capital Assets by Charter
August 31, 2016

	Texas College Preparatory Academies			
	Local	Ownership Interest		Total
	State	Federal		
CAPITAL ASSETS				
1100 Cash	\$ -	37,830,863	-	37,830,863
1510 Land	-	16,797,513	-	16,797,513
1520 Buildings & Improvements	-	51,132,954	-	51,132,954
1521 Construction in Progress	-	9,262,496	-	9,262,496
1531 Vehicles	-	17,471	-	17,471
1539 Furniture & Equipment	-	4,353,975	-	4,353,975
1550 Leasehold Improvements	-	1,037,219	-	1,037,219
1569 Licenses & Media	-	380,539	-	380,539
Total Capital Assets	\$ -	120,813,030	-	120,813,030

The notes to the financial statements are an integral part of this statement.

Premier High Schools

Ownership Interest

<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
-	21,511,722	-	21,511,722
-	1,394,909	-	1,394,909
-	5,676,652	-	5,676,652
-	43,417	-	43,417
-	6,303	-	6,303
-	3,221,360	-	3,221,360
-	864,612	-	864,612
-	204,716	-	204,716
-	<u>32,923,691</u>	-	<u>32,923,691</u>

The notes to the financial statements are an integral part of this statement.

RESPONSIVE EDUCATION SOLUTIONS
Budgetary Comparison Schedule by Charter
For the Year Ended August 31, 2016

	Texas College Preparatory Academies			Variance Pos/(Neg) from Final Budget
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUE & OTHER SUPPORT				
Local Support:				
5700 Other Revenue from Local Sources	567,651	1,700,000	1,699,208	(792)
Total Local Revenue	<u>567,651</u>	<u>1,700,000</u>	<u>1,699,208</u>	<u>(792)</u>
State Program Revenue:				
5800 State Program Revenue	112,517,157	98,000,000	97,984,163	(15,837)
Total State Revenue	<u>112,517,157</u>	<u>98,000,000</u>	<u>97,984,163</u>	<u>(15,837)</u>
Federal Program Revenue:				
5900 Federal Program Revenue	948,325	4,900,000	4,882,209	(17,791)
Total Federal Revenue	<u>948,325</u>	<u>4,900,000</u>	<u>4,882,209</u>	<u>(17,791)</u>
Total Revenue & Other Support	<u>114,033,133</u>	<u>104,600,000</u>	<u>104,565,580</u>	<u>(34,420)</u>
EXPENSES				
11 Instruction	79,357,604	66,843,620	66,828,479	15,141
12 Instructional Resources & Media	40,740	35,700	1,229	34,471
13 Curriculum & Instructional Staff Dev.	2,776,026	4,510,852	4,506,686	4,166
21 Instructional Leadership	375,689	2,770,085	2,767,944	2,141
23 School Leadership	16,978,187	8,411,908	8,402,505	9,403
31 Guidance, Counseling & Evaluation	136,386	397,497	393,399	4,098
32 Social Work	42,178	1,960	-	1,960
33 Health Services	229,749	320,601	310,194	10,407
34 Student (Pupil) Transportation	-	9,400	9,313	87
35 Food Services	1,100,057	1,454,203	1,452,212	1,991
36 Cocurricular/Extracurricular Activities	203,700	222,533	217,873	4,660
41 General Administration	141,751	4,877,370	4,876,535	835
51 Plant Maintenance & Operations	8,178,810	7,368,100	7,363,645	4,455
52 Security & Monitoring Services	49,271	43,001	21,916	21,085
53 Data Processing Services	37,265	1,598,163	1,597,649	514
61 Community Services	408,184	304,395	296,823	7,572
71 Debt Service	463,414	2,397,182	2,390,430	6,752
81 Fundraising	-	193,335	188,738	4,597
Total Expenses	<u>110,519,011</u>	<u>101,759,905</u>	<u>101,625,570</u>	<u>134,335</u>
Change in Net Assets	3,514,122	2,840,095	2,940,010	99,915
Net Assets, Beginning of Year	<u>25,954,413</u>	<u>25,954,413</u>	<u>25,954,413</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 29,468,535</u>	<u>28,794,508</u>	<u>28,894,423</u>	

The notes to the financial statements are an integral part of this statement.

Premier High Schools

Budgeted Amounts		Actual Amounts	Variance Pos/(Neg) from Final Budget
Original	Final		
207,911	911,000	910,709	(291)
207,911	911,000	910,709	(291)
31,666,580	45,000,000	44,821,403	(178,597)
31,666,580	45,000,000	44,821,403	(178,597)
770,042	2,525,000	2,523,754	(1,246)
770,042	2,525,000	2,523,754	(1,246)
32,644,533	48,436,000	48,255,866	(180,134)
17,890,297	30,261,620	30,255,515	6,105
39,828	33,600	232	33,368
62,231	2,064,111	2,062,635	1,476
121,841	1,450,006	1,447,056	2,950
6,953,167	5,257,916	5,257,223	693
10,500	85,793	84,633	1,160
41,322	34,860	201	34,659
84,635	78,135	66,109	12,026
126,952	108,637	53,729	54,908
1,185,864	1,186,004	760,901	425,103
39,828	25,600	10,642	14,958
733,573	2,779,242	2,771,928	7,314
3,688,407	2,979,592	2,965,259	14,333
46,549	66,722	62,873	3,849
31,862	762,770	759,313	3,457
39,828	33,600	579	33,021
486,093	484,080	483,072	1,008
10,500	483,396	473,156	10,240
31,593,277	48,175,684	47,515,056	660,628
1,051,256	260,316	740,810	(840,762)
13,433,307	13,433,307	13,433,307	-
14,484,563	13,693,623	14,174,117	

The notes to the financial statements are an integral part of this statement.

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COMPLIANCE AND INTERNAL CONTROL

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EVANS, PINGLETON and HOWARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Responsive Education Solutions
Lewisville, 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 Responsive Education Solutions (a nonprofit organization), which comprise the statement of financial position as of August 31, 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 January 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Responsive Education Solutions' 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 Responsive Education Solutions' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Responsive Education Solutions' financial statements are free from 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Evans, Pingleton and Howard, PLLC

Evans, Pingleton and Howard, PLLC
Frisco, TX
January 20, 2017

EVANS, PINGLETON and HOWARD, PLLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors

Responsive Education Solutions

Lewisville, Texas

Report on Compliance for Each Major Federal Program

We have audited Responsive Education Solutions' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Responsive Education Solutions' major federal programs for the year ended August 31, 2016. Responsive Education Solutions' 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 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 Responsive Education Solutions' 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 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 Responsive Education Solutions' 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 Responsive Education Solutions' compliance.

Opinion on Each Major Federal Program

In our opinion, Responsive Education Solutions, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

Other Matters

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

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

Report on Internal Control over Compliance

Management of the Responsive Education Solutions, 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 Responsive Education Solutions' 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 Responsive Education Solutions' 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.

Evans, Pingleton and Howard, PLLC

Frisco, TX
January 20, 2017

RESPONSIVE EDUCATION SOLUTIONS
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance Material to Financial Statements Noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	No
Identification of Major Programs:	
CFDA 10.553 School Breakfast Program	
CFDA 10.555 School Lunch Program	
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	Yes

RESPONSIVE EDUCATION SOLUTIONS
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2016

	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT of EDUCATION			
Rural Education Achievement Program	84.358A	S358A110010	-
Passed Through State Department of Education			
Title I, Part A Program	84.010A	S010A120043	2,273,587
IDEA-B Program	84.027A	H027A120008	2,567,461
Title III, Part A, LEP	84.365A	S365A120043	120,447
Title II, Part A Program	84.367A	S367A120041	607,678
Title V, Part B, Public Charter Schools	84.365A	U282A100016	345,068
Total U.S. Department of Education			<u>5,914,241</u>
U.S. DEPARTMENT of AGRICULTURE			
Passed Through State Department of Agriculture			
School Breakfast/National School Lunch Programs	10.553 & 10.555	2013IN109946	1,491,722
Total U.S. Department of Agriculture			<u>1,491,722</u>
Total Expenditures of Federal Awards			<u><u>\$ 7,405,963</u></u>