IDEA Public Schools, Inc.

Consolidated Financial Report
June 30, 2017

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

This Page Intentionally Left Blank.

Contents

This Page Intentionally Left Blank.

Board of Directors

Thomas E. Torkelson, Executive Chairman

Bill Martin, Chairman

Reba Cardenas McNair, Chairman Elect

Al Lopez, Secretary, Austin Regional Board Chair

David Guerra, Treasurer

Eric Ziehe, Member

Gabe Puente, Member

Bert Garcia, Member

Ryan Vaughn, Member

Xenia Garza, Member

David Earl, Member

David Handly, San Antonio Regional Board Chair

Chief Executive Officer

Thomas E. Torkelson

President and Superintendent

JoAnn Gama

Chief Financial Officer

Wyatt J. Truscheit

This Page Intentionally Left Blank.

IDEA Public Schools, Inc.
Federal Employer Identification Number: 74-2948339

Certificate of Board

We, the undersigned, certify that the attached financial and compliance report of the above-named charter holder was reviewed and (check one) __✓__ approved _____ disapproved for the year ended June 30, 2017, at a meeting of the governing body of the charter holder on the 8th day of September, 2017.

Signature of Board Secretary

Signature of Board President

If the governing body of the charter holder disapproved the independent auditor's report, the reason(s) for disapproving it is (are): (attach list as necessary)

This Page Intentionally Left Blank.

RSM US LLP

Independent Auditor's Report

To the Board of Directors
IDEA Public Schools, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of IDEA Public Schools, Inc. (the School), which comprise the consolidated statement of financial position as of June 30, 2017, the related consolidated statement of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the School as of June 30, 2017, 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 an opinion on the consolidated financial statements as a whole. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 August 25, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Other Matter
The financial statements of IDEA Public Schools, Inc. as of and for the year ended June 30, 2016, were audited by other auditors, whose report dated August 12, 2016, expressed an unmodified opinion on those statements.

RSM US LLP

San Antonio, Texas
August 25, 2017

Financial Statements

IDEA Public Schools, Inc.

Exhibit A-1 Consolidated Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	**$ 96,034,815**	$ 80,454,187
Cash and cash equivalents—restricted	**29,114,610**	24,923,115
Due from government agencies	**39,802,011**	35,407,854
Other receivables	**405,129**	245,189
Certificates of deposit	**4,000,000**	134,743
Inventories	**113,641**	124,590
Prepaid expenses	**1,646,228**	446,822
Other current assets	**385,210**	213,769
Total current assets	**171,501,644**	141,950,269
Property and equipment:		
Land and improvements	**49,910,789**	37,731,129
Buildings and improvements	**343,196,032**	244,580,903
Leasehold improvements	**2,939,264**	2,913,247
Vehicles	**10,676,710**	8,934,259
Furniture and equipment	**11,515,619**	7,155,518
Construction in progress	**125,884,278**	114,514,317
Total property and equipment	**544,122,692**	415,829,373
Less accumulated depreciation and amortization	**62,928,072**	46,141,058
Net property and equipment	**481,194,620**	369,688,315
Other assets:		
Cash and cash equivalents—noncurrent—restricted	**27,476,276**	38,457,826
Total other assets	**27,476,276**	38,457,826
Total assets	**$ 680,172,540**	$ 550,096,410

See notes to consolidated financial statements.

	2017	2016
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 23,593,886**	$ 19,267,419
Accrued wages payable	**15,312,435**	10,775,456
Accrued payroll expenses	**3,965,706**	3,227,867
Accrued interest payable	**9,407,186**	8,227,841
Accrued expenses	**5,187,876**	9,125,198
Deferred revenues	**7,490,036**	6,704,585
Other liabilities	**232,130**	196,810
Notes payable—current portion	**15,160,929**	7,937,603
Bonds payable—current portion	**7,315,000**	5,860,000
Capital leases payable—current portion	**469,831**	659,414
Total current liabilities	**88,135,015**	71,982,193
Long-term liabilities:		
Bonds payable	**443,550,000**	370,320,000
Bond and other debt issuance costs, net	**(8,431,018)**	(7,518,532)
Premium on issuance of bonds, net of amortization	**34,192,750**	16,099,737
Notes payable	**3,880,318**	1,645,754
Capital leases payable	**3,341,553**	644,346
Total long-term liabilities	**476,533,603**	381,191,305
Total liabilities	**564,668,618**	453,173,498
Net assets:		
Unrestricted	**1,360,428**	439,951
Temporarily restricted	**114,143,494**	96,482,961
Total net assets	**115,503,922**	96,922,912
Total liabilities and net assets	**$ 680,172,540**	$ 550,096,410

See notes to consolidated financial statements.

IDEA Public Schools, Inc.

Exhibit A-2 Consolidated Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Local support:			
Contributions	$ 1,608,714	$ 2,684,824	$ 4,293,538
Grants	-	11,870,942	11,870,942
Food service	-	1,019,478	1,019,478
Other revenues	400,433	6,495,387	6,895,820
Total local support	2,009,147	22,070,631	24,079,778
State program revenues:			
Foundation School Program	-	248,565,042	248,565,042
Other state aid	-	4,054,979	4,054,979
Total state program revenues	-	252,620,021	252,620,021
Federal program revenues:			
ESEA Title I—Part A	-	8,218,535	8,218,535
ESEA Title I—Part A—Priority and Focus School	-	38,039	38,039
ESEA Title II—Part A Teacher/Principal Training	-	1,662,432	1,662,432
ESEA Title III—Part A Language Acquisition	-	726,738	726,738
IDEA B Formula—Special Education	-	3,154,468	3,154,468
IDEA—Part B Special Education Preschool Grants	-	1,276	1,276
ESEA Title V—Part B Charter Schools	-	6,243,533	6,243,533
ESEA Title V—Part C Charter Schools	-	49,794	49,794
HEA Title IV—Part A GEAR-UP—Connect2College	-	1,408,312	1,408,312
ARRA ESEA Race To The Top—District Grants	-	7,131,316	7,131,316
ESEA Title V—Part D Fund for the Improvement of Education	-	318,024	318,024
Twenty—First Century Community Learning Centers	-	3,309,259	3,309,259
Child Nutrition	-	21,541,133	21,541,133
SSA, Title XIX—School Health and Related Services	-	1,162,197	1,162,197
School Improvement Grants	-	1,110,205	1,110,205
Total federal program revenues	-	56,075,261	56,075,261
Net assets released from restrictions:			
Restrictions satisfied by payments	313,105,380	(313,105,380)	-
Total revenues and other support	315,114,527	17,660,533	332,775,060

(Continued)

IDEA Public Schools, Inc.

Exhibit A-2 Consolidated Statement of Activities (Continued)
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services:			
Instructional and instructional-related services	$ 139,340,956	$ -	$ 139,340,956
Instructional and school leadership	41,205,523		41,205,523
Total program services	180,546,479	-	180,546,479
Support services:			
Administrative support services	18,231,679	-	18,231,679
Ancillary services	298,373	-	298,373
Support services—nonstudent based	39,973,507	-	39,973,507
Support services—student (pupil)	49,102,755	-	49,102,755
Debt service	15,623,286	-	15,623,286
Fundraising	1,988,748	-	1,988,748
Total support services	125,218,348	-	125,218,348
Total expenses	305,764,827	-	305,764,827
Loss on extinguishment of debt	(8,429,223)	-	(8,429,223)
Change in net assets	920,477	17,660,533	18,581,010
Net assets at beginning of year	439,951	96,482,961	96,922,912
Net assets at end of year	$ 1,360,428	$ 114,143,494	$ 115,503,922

See notes to consolidated financial statements.

IDEA Public Schools, Inc.

Exhibit A-2 Consolidated Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Local support:			
Contributions	$ 756,824	$ 2,557,972	$ 3,314,796
Grants	-	5,209,807	5,209,807
Food service	-	949,641	949,641
Other revenues	7,178	4,807,624	4,814,802
Total local support	764,002	13,525,044	14,289,046
State program revenues:			
Foundation School Program	-	205,329,975	205,329,975
Other state aid	-	3,807,219	3,807,219
Total state program revenues	-	209,137,194	209,137,194
Federal program revenues:			
ESEA Title I—Part A	-	4,990,361	4,990,361
ESEA Title I—Part A Priority and Focus School	-	28,975	28,975
ESEA Title II—Part A Teacher/Principal Training	-	1,346,661	1,346,661
ESEA Title III—Part A Language Acquisition	-	530,168	530,168
ESEA Title V—Part B Charter Schools	-	3,792,410	3,792,410
ESEA Title V—Part D Fund for the Improvement of Education	-	691,198	691,198
ARRA ESEA Race to the Top—District Grants	-	8,945,424	8,945,424
HEA Title IV—Part A GEAR UP—Connect2College	-	2,145,868	2,145,868
IDEA B Formula—Special Education	-	2,705,454	2,705,454
IDEA B—Special Education—Preschool	-	1,805	1,805
Twenty-First Century Community Learning Centers	-	2,373,477	2,373,477
School Improvement Grants	-	579,519	579,519
Advanced Placement Program	-	31,460	31,460
Child Nutrition	-	16,668,604	16,668,604
SSA, Title XIX—School Health and Related Services	-	911,179	911,179
Total federal program revenues	-	45,742,563	45,742,563
Net assets released from restrictions:			
Restrictions satisfied by payments	247,373,076	(247,373,076)	-
Total revenues and other support	248,137,078	21,031,725	269,168,803

(Continued)

IDEA Public Schools, Inc.

Exhibit A-2 Consolidated Statement of Activities (Continued)
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services:			
Instructional and instructional-related services	$ 115,199,555	$ -	$ 115,199,555
Instructional and school leadership	31,074,477	-	31,074,477
Total program services	146,274,032	-	146,274,032
Support services:			
Administrative support services	13,487,085	-	13,487,085
Ancillary services	415,105	-	415,105
Support services—nonstudent based	40,295,114	-	40,295,114
Support services—student (pupil)	31,596,486	-	31,596,486
Debt service	15,247,506	-	15,247,506
Fundraising	1,394,453	-	1,394,453
Total support services	102,435,749	-	102,435,749
Total expenses	248,709,781	-	248,709,781
Gain on disposal of assets	240,767	-	240,767
Loss on disposal of assets	(128)	-	(128)
Change in net assets	(332,064)	21,031,725	20,699,661
Net assets at beginning of year	772,015	75,451,236	76,223,251
Net assets at end of year	$ 439,951	$ 96,482,961	$ 96,922,912

See notes to consolidated financial statements.

IDEA Public Schools, Inc.

Exhibit A-3 Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 18,581,010	$ 20,699,661
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,362,889	12,176,565
Allowance for doubtful accounts	490,041	698,848
Extinguishment of debt	8,429,223	-
Gain on disposal of assets	-	(240,767)
Loss on disposal of assets	-	128
Changes in current assets and liabilities:		
Due from government agencies	(4,394,157)	(4,592,831)
Other receivables	(905,299)	425,997
Inventories	10,949	(53,082)
Prepaid expenses	(1,199,406)	143,392
Other current assets	(181,441)	82,340
Accounts payable	4,326,467	8,085,543
Accrued wages payable	4,536,979	2,651,770
Accrued payroll expenses	737,839	1,666,743
Accrued interest payable	1,179,345	1,308,270
Accrued expenses	(3,937,322)	431,790
Deferred revenues	785,451	1,324,376
Other liabilities	780,679	(38,565)
Net cash provided by operating activities	42,603,247	44,770,178
Cash flows from investing activities:		
Construction and purchase of property and equipment	(128,293,319)	(100,829,376)
Purchase of certificate of deposit	(4,000,000)	-
Proceeds from certificate of deposit	134,742	(68)
Proceeds from disposal of property and equipment	-	788,702
Investment in notes receivable from graduates	(490,041)	(698,848)
Net cash used in investing activities	(132,648,618)	(100,739,590)
Cash flows from financing activities:		
Proceeds from borrowings of long-term debt	132,430,692	86,281,474
Principal payments on long-term debt	(31,540,260)	(10,611,892)
Payment to escrow for extinguishment of debt, net	(2,054,488)	-
Net cash provided by financing activities	98,835,944	75,669,582
Net increase in cash and cash equivalents	8,790,573	19,700,170
Cash and cash equivalents at beginning of year	143,835,128	124,134,958
Cash and cash equivalents at end of year	$ 152,625,701	$ 143,835,128

(Continued)

IDEA Public Schools, Inc.

Exhibit A-3 Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2017 and 2016

		2017		2016
Cash and cash equivalents	**$**	**96,034,815**	$	80,454,187
Cash and cash equivalents—restricted		**29,114,610**		24,923,115
Cash and cash equivalents—noncurrent—restricted		**27,476,276**		38,457,826
Total cash and cash equivalents	**$**	**152,625,701**	$	143,835,128
Supplemental disclosures of cash flow information:				
Cash paid for interest	**$**	**20,774,183**	$	17,805,065
Accrued liabilities related to the purchase of property and equipment	**$**	**12,576,024**	$	15,647,171
Proceeds deposited into escrow for purposes of refunding bonds	**$**	**44,043,157**	$	-
Retirement of existing bonds from escrow	**$**	**(36,670,000)**	$	-

See notes to consolidated financial statements.

This Page Intentionally Left Blank.

Note 1. Organization and Significant Accounting Policies

Organization: IDEA Public Schools, Inc. (charter holder known as IDEA Academy, Inc.) is a not-for-profit Texas corporation formed in June 2000. IDEA Public Schools (the School) operates and does business as Individuals Dedicated to Excellence and Achievement (IDEA) Public Schools. The School is a state authorized, open enrollment charter school. The Contract for Charter granted by the State Board of Education of the state of Texas pursuant to Chapter 12 of the Texas Education Code is effective until July 2025. The School provides educational services to students in grades Pre-K through 12.

IDEA Public Schools, Inc. operated only a single charter school, IDEA Public Schools, and conducted other noncharter activities for the fiscal year ended June 30, 2017, with and through IPS Enterprises, LLC, which is a separate domestic single-member nonprofit limited liability company, wholly owned and governed by its sole member, IDEA Public Schools, and appointed managers for IPS Enterprises, LLC. IPS Enterprises, LLC is a disregarded entity for federal tax purposes. IPS Enterprises LLP is consolidated since IDEA has a direct controlling interest in IPS Enterprises LLP through ownership.

Adopted accounting pronouncement:

Debt issuance costs: In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The School has adopted this accounting pronouncement effective July 1, 2016. Bond issuance costs were reclassified from other assets to long-term liabilities on the statement of financial position.

Recent accounting pronouncements:

Leases: 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 income. The new standard is effective for fiscal years beginning after December 15, 2019, 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.

Revenue recognition: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The School has not yet selected a transition method and is currently evaluating the effects the standard will have on its consolidated financial statements.

Note 1. Organization and Significant Accounting Policies (Continued)

Presentation of financial statements: In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance amends the requirements for financial statements and notes presented by a not-for-profit entity to: (a) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes; (b) present on the face of the statement of activities the amount of the change in either of the two classes of net assets rather than that of the currently required three classes; (c) provide enhanced disclosures in the notes to the financial statements; (d) report investment return net of external and direct internal investment expenses and (e) utilize, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset. The ASU will be effective for the School for the year ending December 31, 2018. Early application is permitted. Retrospective application is required for many provisions of this guidance. The School is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

Basis of presentation: The consolidated financial statements include the accounts of the School and wholly-owned IPS Enterprises, LLC. Intercompany transactions are eliminated in the consolidation process.

The financial statements of the School have been prepared in conformity with U.S. GAAP. The FASB is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows.

Unrestricted: Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted: Temporarily restricted net assets are those resources subject to donor-imposed restrictions that will be satisfied by the actions of the School or the passage of time. As of June 30, 2017 and 2016, temporarily restricted net assets represent the net assets of the food service fund, which must be used for future food service activities; state funds that may be used in the following fiscal year and any unspent state foundation, campus activity and Race to the Top monies.

Permanently restricted: Permanently restricted net assets are those resources subject to donor-imposed restriction that will be maintained permanently by the School. The donors of these resources require that the principal be invested in perpetuity and permit the income earned, including unrealized appreciation, to be used, all or in part, for unrestricted or temporarily restricted purposes. As of June 30, 2017 and 2016, the School had no permanently restricted net assets.

Cash and cash equivalents: For financial statement purposes, the School considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted cash: Restricted cash is limited as to use under the terms of the bond indenture. The current and long term portion of restricted cash represents amounts restricted for construction activity and debt service requirements for bonds.

Note 1. Organization and Significant Accounting Policies (Continued)

Due from government agencies: The School considers all government grants and contracts to be contributions. The School recognizes revenue from governmental grants and contracts, as eligible expenditures are incurred. Advances from government agencies are recorded as deferred revenues if the monies are conditioned on an action or future event. Eligible expenditures incurred in excess of grant fund reimbursements are recorded as receivables.

Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of any noncompliance with the terms of the grant or contract.

Other receivables: The School's other receivables primarily represents E-rate and other receivables. The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The School considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded in these financial statements.

Investments: Investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value in the statements of financial position. Unrealized gains and losses are included in the statements of activities.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market (net realizable value).

Notes receivable: Notes receivable represents loans from nonpublic fund sources to graduates of the School that are enrolled in college. The loans are interest free with principal due six months after graduation from college or immediately upon withdrawal from college. Outstanding notes receivable at June 30, 2017 and 2016, totaled $1,804,651 and $1,314,610, respectively. The School considers notes receivable to be fully uncollectible; accordingly, an allowance for doubtful accounts of $1,804,651 and $1,314,610 at June 30, 2017 and 2016, respectively, is recorded in these financial statements.

Revenue recognition: Capitation received, including base capitation, entitlements and special services, is recognized in the period services are provided. Revenues from the state of Texas are earned based on reported attendance. Public and private grants received are recognized in the period received and when the terms of the grant are met. If public and private grant terms are not met revenues are reimbursed to funder. Conditional promises to give are contingent upon the School meeting certain criteria specified by the donors. Revenue from conditional promises to give are not recognized until the condition has been fulfilled, advances received from donors are recorded as deferred revenues until the conditional has been fulfilled.

The School's policy is to report restricted support as temporarily restricted regardless of whether or not the restrictions are met within the same fiscal year.

Depreciation and amortization: Property and equipment are stated at cost. Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

Note 1. Organization and Significant Accounting Policies (Continued)

Depreciation and amortization are calculated on the straight-line method based on the following estimated useful lives of the respective assets:

Asset Classification	Estimated Useful Lives
Buildings and improvements	10-30 years
Leasehold improvements	5-15 years
Vehicles	5 years
Furniture and equipment	3-10 years

Capitalized interest: Interest expense during the construction period is capitalized as part of the cost of property and equipment. Capitalized interest for the year ended June 30, 2017 and 2016, totaled $3,220,196 and $3,738,466, respectively.

Impairment of long-lived assets: The School reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. The School did not recognize an impairment loss during the years ended June 30, 2017 and 2016.

Functional allocation of expenses: The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated services and assets: Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded at the estimated fair market value in the period received.

Contributions of donated noncash assets are recorded at the estimated fair market value in the period received.

Federal income taxes: The School is a nonprofit organization and is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. The School files a Form 990 (Return of Organization Exempt from Income Tax) and, if applicable, unrelated business income (UBI) is reported on Form 990-T. Management has evaluated its material tax positions, which include such matters as the tax exempt status of the School and, if applicable, potential sources of UBI. As of June 30, 2017 and 2016, there were no uncertain tax benefits. No such provision has been made in the accompanying financial statements.

Use of estimates: The preparation of financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Note 1. Organization and Significant Accounting Policies (Continued)

Advertising costs: The School expenses advertising costs when they are incurred. Advertising costs for the years ended June 30, 2017 and 2016, totaled $1,918,062 and $1,318,784, respectively.

Subsequent events: The School has evaluated subsequent events that occurred after June 30, 2017, through the date of this report on August 25, 2017. Any material subsequent events that occurred during this time have been properly recognized or disclosed in the financial statements.

Note 2. Fair Value Measurements and Disclosures

The requirements of Fair Value Measurements and Disclosures of the *FASB Accounting Standards Codification* (ASC) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair Value Measurements and Disclosures also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels.

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are observable, other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs are unobservable and are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The School did not have any investments that are required to be measured at fair value.

Financial instruments: The fair value of the School's cash and cash equivalents, due from government agencies, payables, prepaid expenses and other receivables approximates the carrying amounts of such instruments due to their short-term maturity. The fair value of the debt approximates the carrying amount because the rate and terms currently available to the School approximate the rate and terms on the existing debt.

There have been no changes in valuation techniques used for any assets or liabilities measured at fair value during the years ended June 30, 2017 and 2016.

Note 3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	June 30	
	2017	2016
Petty cash	$ 216	$ 248
Checking accounts	86,007,936	80,442,661
Money market accounts	66,617,549	63,392,219
	$ 152,625,701	$ 143,835,128

Cash and cash equivalents were temporarily restricted as follows:

	June 30	
	2017	2016
Construction	$ 27,044,071	$ 35,238,906
Debt service requirements for bonds	29,546,815	28,142,035
	56,590,886	63,380,941
Less current cash and cash equivalents—restricted	29,114,610	24,923,115
Cash and cash equivalents—noncurrent—restricted	$ 27,476,276	$ 38,457,826

Note 4. Concentration of Credit Risk

The School maintains its cash deposits at Wells Fargo, Public Funds Administration and, at June 30, 2017 and 2016, is insured up to $250,000 and $384,743, respectively, by the Federal Deposit Insurance Corporation. Investment securities held by Wells Fargo that had a carrying value at June 30, 2017 and 2016, of $93,938,666 and $89,619,325, respectively, were pledged as collateral to secure public funds on deposit.

The School maintains proceeds received from the sale of bonds at Regions Bank, Corporate Trust Services in fiduciary accounts. The Office of the Comptroller of the Currency, Regulation 9, requires that banks collateralize uninvested cash in fiduciary accounts. At June 30, 2017 and 2016, assets held by Regions Bank were pledged as collateral as a whole for all Regions Bank fiduciary accounts to secure fiduciary funds held in trust.

The School has not experienced any losses on these accounts, and management believes it is not exposed to any significant credit risk on the excess amounts.

Note 5. Certificates of Deposit

Certificates of deposit consist of the following:

	June 30	
	2017	2016
Certificate of deposit; maturing June 15, 2018; interest at 1.25%	$ 1,000,000	$ -
Certificate of deposit; maturing June 15, 2018; interest at 0.60%	1,000,000	-
Certificate of deposit; maturing June 16, 2018; interest at 0.75%	1,000,000	-
Certificate of deposit; maturing June 15, 2018; interest at 0.75%	1,000,000	-
Certificate of deposit; maturing August 31, 2016; interest at 0.05%	-	134,743
	$ 4,000,000	$ 134,743

Interest income for the years ended June 30, 2017 and 2016, totaled $9,765 and $68, respectively.

Note 6. Due From Government Agencies

Amounts due from government agencies consist of the following:

	June 30	
	2017	2016
Texas Department of Education, Texas Education Agency (TEA)	$ 36,941,148	$ 32,671,260
United States Department of Education	1,361,917	1,887,286
United States Department of Education passed through TEA	1,085,839	525,413
United States Department of Agriculture passed through TEA	413,107	323,895
	$ 39,802,011	$ 35,407,854

Note 7. Property and Equipment

Property and equipment consist of the following:

	June 30, 2016	Additions	Deductions and Transfers	June 30, 2017
Land and improvements	$ 37,731,129	$ 14,183,061	$ (2,003,401)	$ 49,910,789
Buildings and improvements	244,580,903	1,137,883	97,477,246	343,196,032
Leasehold improvements	2,913,247	26,017	-	2,939,264
Vehicles	8,934,259	1,742,451	-	10,676,710
Furniture and equipment	7,155,518	2,128,162	2,231,939	11,515,619
Construction in progress	114,514,317	109,075,745	(97,705,784)	125,884,278
	415,829,373	128,293,319	-	544,122,692
Less accumulated depreciation and amortization	46,141,058	16,787,014		62,928,072
	$ 369,688,315	$ 111,506,305	$ -	$ 481,194,620

Depreciation and amortization expense for the years ended June 30, 2017 and 2016, totaled $16,787,014 and $12,338,214, respectively.

Capitalized property and equipment acquired with public funds received by the School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the schedule of capital assets for the individual charter school.

Note 8. Bonds Payable

Bonds payable consist of the following:

	June 30, 2016	Retirements	Additions	June 30, 2017
Series 2007 A	$ 2,660,000	$ (850,000)	$ -	$ 1,810,000
Series 2009 A and B	27,625,000	(14,050,000)	-	13,575,000
Series 2010 A and B	31,665,000	(24,000,000)	-	7,665,000
Series 2010 Q	7,555,000	-	-	7,555,000
Series 2011	25,555,000	(485,000)	-	25,070,000
Series 2012	57,505,000	(1,150,000)	-	56,355,000
Series 2013	62,130,000	(945,000)	-	61,185,000
Series 2014	90,600,000	(1,050,000)	-	89,550,000
Series 2015	70,885,000	-	-	70,885,000
Series 2016 A	-	-	99,025,000	99,025,000
Series 2016 B	-	-	18,190,000	18,190,000
	376,180,000	$ (42,530,000)	$ 117,215,000	450,865,000
Less current portion	5,860,000			7,315,000
Net long-term bonds payable	$ 370,320,000			$ 443,550,000

Note 8. Bonds Payable (Continued)

Interest expense for the years ended June 30, 2017 and 2016, totaled $21,645,040 and $18,792,810, respectively. Capitalized interest for the years ended June 30, 2017 and 2016, totaled $3,220,196 and $3,738,466, respectively.

The Series 2010 Q bonds tax credit interest subsidy for the years ended June 30, 2017 and 2016, totaled $386,358 and $385,528, respectively, and is reflected in local support, other revenues in the statements of activities.

Series 2007 A bonds: On June 6, 2007, the School issued $36,930,000 of Education Revenue Bonds, Series 2007 A, and $165,000 of Taxable Education Revenue Bonds, Series 2007 B. Proceeds of the bonds were for construction and future debt service. The School paid an insurance premium of $722,942 to ACA Financial Guaranty Corporation to issue a bond insurance policy related to the bonds.

As part of the Series 2014 bonds issuance, the School called and defeased $29,340,000 of Series 2007 A, Education Revenue Bonds. The Series 2007 A bonds mature serially each August 15, starting 2015 through 2018, with a stated interest rate ranging from 4.125 percent to 4.250 percent. As a result of the defeasance, the School is no longer required to maintain a bond insurance policy related to the Series 2007 A bonds.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2007 bonds. The Series 2007 A bonds are subject to optional redemption in whole or in part on August 15, 2017.

Series 2009 A and B bonds: On December 10, 2009, the School issued $29,105,000 of Education Revenue Bonds, Series 2009 A, and $520,000 of Taxable Education Revenue Bonds, Series 2009 B. Proceeds of the bonds were for construction and future debt service.

As part of the Series 2016 bonds issuance, the School called and defeased $13,495,000 of Series 2009 A, Education Revenue Bonds. The Series 2009 A bonds mature serially each August 15, starting 2014 through 2032, with a stated interest rate ranging from 4.76 percent to 6.50 percent. The Series 2009 B bonds mature serially each August 15, starting 2012 through 2014, with a stated interest rate ranging from 5.75 percent to 6.05 percent.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2009 bonds. The Series 2009 A bonds are subject to optional redemption in whole or in part on August 15, 2019.

Series 2010 A, B and Q bonds: On December 7, 2010, the School issued $33,780,000 of Education Revenue Bonds, Series 2010 A; $120,000 of Taxable Education Revenue Bonds, Series 2010 B; and $7,555,000 of Qualified School Construction Bonds—Direct Pay, Series Q. Proceeds of the bonds were for construction and future debt service.

As part of the Series 2016 bonds issuance, the School called and defeased $23,175,000 of Series 2010 A, Education Revenue Bonds. The Series 2010 A bonds mature serially each August 15, starting 2020 through 2024, with a stated interest rate ranging from 5.125 percent to 5.750 percent. The Series 2010 B bonds matured August 15, 2014, with a stated interest rate of 7.500 percent.

The Series Q bonds mature August 15, 2029, with a stated interest rate of 8.25 percent. Interest on the Series A, B and Q bonds is due semiannually on February 15 and August 15.

Note 8. Bonds Payable (Continued)

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2010 bonds. The Series 2010 A bonds are subject to optional redemption in whole or in part on August 15, 2020.

The Series 2010 Q bonds have been designated as “qualified schools construction bonds” pursuant to section 54F of the Internal Revenue Code of 1986, as amended (the Code) and are subject to an irrevocable election to treat such bonds as “specified tax credit bonds” pursuant to section 6431(f) of the Code.

Series 2011 bonds: On December 8, 2011, the School issued $26,480,000 of Education Revenue Bonds, Series 2011. Proceeds of the bonds were for construction and future debt service. The Series 2011 bonds mature serially each August 15, starting 2015 through 2041, with a stated interest rate ranging from 3.20 percent to 5.75 percent.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2011 bonds. The Series 2011 bonds are subject to optional redemption in whole or in part on August 15, 2021.

Series 2012 bonds: On August 17, 2012, the School issued $59,730,000 of Education Revenue Bonds, Series 2012. Proceeds of the bonds were for construction and future debt service. The Series 2012 bonds mature serially each August 15, starting 2015 through 2042, with a stated interest rate ranging from 2.15 percent to 5.00 percent.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2012 bonds. The Series 2012 bonds are subject to optional redemption in whole or in part on August 15, 2022.

Series 2013 bonds: On October 16, 2013, the School issued $63,025,000 of Education Revenue Bonds, Series 2013. Proceeds of the bonds were for construction, future debt service and repayment of the multiple draw term notes payable to Regions Bank. The Series 2013 bonds mature serially each August 15, starting 2015 through 2043, with a stated interest rate ranging from 5 percent to 6 percent.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2013 bonds. The Series 2013 bonds are subject to optional redemption in whole or in part on August 15, 2023.

Series 2014 bonds: On October 1, 2014, the School issued $90,600,000 of Education Revenue and Refunding Bonds, Series 2014. Proceeds of the bonds were for construction, future debt service and repayment of the multiple draw term notes payable to Regions Bank. The Series 2014 bonds mature serially each August 15, starting 2016 through 2044, with a stated interest rate ranging from 2 percent to 5 percent.

As part of this issuance, the School called and defeased $29,340,000 of Series 2007 A, Education Revenue Bonds, which resulted in a noncash loss of extinguishment of debt of $4,293,652. As a result of this defeasance, the School will realize a total decrease in debt service payments of $3,155,343, net of refunding expenses, which resulted in an economic gain of $2,147,481.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2014 bonds. The Series 2014 bonds are subject to optional redemption in whole or in part on August 15, 2024.

Note 8. Bonds Payable (Continued)

Series 2015 bonds: On October 1, 2015, the School issued $70,885,000 of Education Revenue Bonds, Series 2015. Proceeds of the bonds were for construction, future debt service, and repayment of the multiple draw term notes payable to Regions Bank. The Series 2015 bonds mature serially each August 15, starting 2017 through 2045, with a stated interest rate ranging from 3 percent to 5 percent.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2015 bonds. The Series 2015 bonds are subject to optional redemption in whole or in part on August 15, 2025.

Series 2016 A bonds: On September 1, 2016, the School issued $99,025,000 of Education Revenue and Refunding Bonds, Series 2016 A. Proceeds of the bonds were for construction, future debt service, and repayment of the multiple draw term notes payable to Regions Bank. The Series 2016 A bonds mature serially each August 15, starting 2017 through 2046, with a stated interest rate ranging from 2 percent to 5 percent.

As part of this issuance, the School called and defeased $13,495,000 of Series 2009 A, Education Revenue Bonds and $23,175,000 of Series 2010 A, Education Revenue Bonds which resulted in a noncash loss of extinguishment of debt of $8,429,223. As a result of this defeasance, the School will realize a total decrease in debt service payments of $16,209,572, net of refunding expenses, which resulted in an economic gain of $8,789,599.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2016 A bonds. The Series 2016 A bonds are subject to optional redemption in whole or in part on August 15, 2026.

Series 2016 B bonds: On October 1, 2016, the School issued $18,190,000 of Education Revenue Bonds, Series 2016 B. Proceeds of the bonds were for construction, future debt service. The Series 2016 B bonds mature serially each August 15, starting 2018 through 2028, with a stated interest rate ranging from 2 percent to 5 percent.

The School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2016 B bonds. The Series 2016 B bonds are subject to optional redemption in whole or in part on August 15, 2026.

Covenants: All bond loan agreements establish a debt service coverage ratio, which stipulates that available revenues for each fiscal year (without excluding any discretionary expense actually incurred in such fiscal year) must be equal to at least 1.10 times the annual debt service requirements of the School as of the end of the first fiscal year after the date of issuance of the bonds and thereafter until the bonds have been paid in full. Management believes the School was in compliance with this covenant and all other applicable covenants contained in the loan agreements during the years ended June 30, 2017 and 2016.

Note 8. Bonds Payable (Continued)

Debt service requirements for bonds payable for the year ended June 30, 2017, are as follows:

	Principal	Interest	Tax Credit Subsidy	Totals
Years ending June 30:				
2018	$ 7,315,000	$ 22,214,379	$ (414,769)	$ 29,114,610
2019	8,305,000	21,896,361	(414,769)	29,786,592
2020	9,285,000	21,524,333	(414,769)	30,394,564
2021	9,720,000	21,092,994	(414,769)	30,398,225
2022	10,190,000	20,625,914	(414,769)	30,401,145
Thereafter	406,050,000	258,884,806	(2,190,647)	662,744,159
	$ 450,865,000	$ 366,238,787	$ (4,264,492)	$ 812,839,295

Note 9. Notes Payable

Notes payable consist of the following:

	June 30 2017	June 30 2016
A multiple draw term note payable to Regions Commercial Equipment Finance, LLC, in the original amount equal to, or less than, $30,000,000 during the draw period; requiring semiannual payments of interest on the 15th day of February and August of each calendar year; beginning August 15, 2017, and continuing regularly and semiannually thereafter at monthly LIBOR plus 2.40%. The note is secured by a first and prior lien and security interest on any real property securing the Master Indenture and any other security pledged. The note is subject to various restrictive covenants, with which management believes the School was in compliance as of June 30, 2017. Subsequent to fiscal year end, on July 26, 2017 the note was refinanced and repaid in full (see Note 20).	$ 14,951,921	$ -
A term note payable to Frost Bank in the original amount of $2,500,000; maturing February 1, 2027; requiring monthly payments of principal and interest, including interest at 4.83% through February 1, 2027. This note is unsecured and subordinate to all other debt obligations of the School.	2,443,572	-

Note 9. Notes Payable (Continued)

	June 30 2017	June 30 2016
A multiple draw term note payable to Regions Commercial Equipment LLC, in the original amount equal to, or less than, $20,000,000 during the draw period; requiring semiannual payments of interest on the 15th day of February and August of each calendar year; beginning February 15, 2015, and continuing regularly and semiannually thereafter at monthly LIBOR plus 2.40% through the earlier of the issuance by the School of additional bonds or November 12, 2017. The note is secured by a first and prior lien and security interest on any real property securing the Master Indenture and any other security pledged. The note is subject to various restrictive covenants, with which management believes the School was in compliance as of June 30, 2017 and 2016.	$ -	$ 7,369,510
A term note payable to Wells Fargo Equipment Finance, Inc. in the original amount of $337,600; maturing July 26, 2018; requiring monthly payments of principal and interest, including interest at 3.15% through July 26, 2018. This note is secured by the corresponding buses acquired.	135,087	246,995
A term note payable to Wells Fargo Equipment Finance, Inc. in the original amount of $1,372,600; maturing July 10, 2018; requiring monthly payments of principal and interest, including interest at 3.15% through July 10, 2018. This note is secured by the corresponding buses acquired.	510,667	966,852
A term note payable to Charter Fund, Inc. in the original amount of $400,000; maturing June 30, 2018; with a $400,000 balloon payment at the end of the term, including interest at 1.00% through June 30, 2018. This note is unsecured and subordinate to all other debt obligations of the School.	400,000	400,000
A term note payable to Charter Fund, Inc. in the original amount of $500,000; maturing June 30, 2019; with a $500,000 balloon payment at the end of the term, including interest at 1.00% through June 30, 2019. This note is unsecured and subordinate to all other debt obligations of the School.	500,000	500,000
A term note payable to Charter Fund, Inc. in the original amount of $100,000; maturing June 30, 2019; with a $100,000 balloon payment at the end of the term, including interest at 1.00% through June 30, 2019. This note is unsecured and subordinate to all other debt obligations of the School.	100,000	100,000
	19,041,247	9,583,357
Less current portion	15,160,929	7,937,603
	$ 3,880,318	$ 1,645,754

Note 9. Notes Payable (Continued)

The future minimum payments for notes payable as of June 30, 2017, are as follows:

Years ending June 30:	
2018	$ 15,160,929
2019	1,849,788
2020	221,906
2021	233,276
2022	244,960
Thereafter	1,330,388
	$ 19,041,247

Interest expense for the years ended June 30, 2017 and 2016, totaled $175,927 and $120,920, respectively. There was no capitalized interest for the years ended June 30, 2017 and 2016.

Note 10. Capital Leases Payable

Capital leases payable consist of the following:

	June 30	
	2017	2016
Buildings:		
Capital lease payable to Regions Commercial Equipment, LLC in the original amount of $2,952,500, requiring monthly payments in the amount of $29,809, including interest at 3.94% through September 2026; secured by the corresponding portable buildings acquired.	$ 2,769,074	$ -
A multiple draw capital lease payable to Regions Commercial Equipment, LLC in the original amount equal to or less than $2,913,104, during the draw period requiring monthly payments of interest at LIBOR plus 1.67% through the draw period ending September 30, 2016; secured by the corresponding portable buildings acquired.	-	617,611
Capital lease payable to RGV Professional, Ltd. in the original amount of $978,060, requiring monthly payments in the amount of $11,866, including interest at 8.00% through April 2017; secured by the corresponding building acquired.	-	114,428
Buses:		
Capital lease payable to Regions Commercial Equipment, LLC in the original amount of $1,105,000, requiring monthly payments in the amount of $14,636, including interest at 3.07% through July 2023; secured by the corresponding buses acquired.	973,431	-
Capital lease payable to Regions Commercial Equipment, LLC in the original amount of $270,000, requiring monthly payments in the amount of $7,742, including interest at 2.07% through July 2017; secured by the corresponding buses acquired.	7,728	99,438

Note 10. Capital Leases Payable (Continued)

	June 30 2017	June 30 2016
Buses: (continued)		
Capital lease payable to Regions Commercial Equipment, LLC in the original amount of $286,000, requiring monthly payments in the amount of $8,200, including interest at 2.07% through July 2017; secured by the corresponding buses acquired.	$ 8,186	$ 105,331
Capital lease payable to Regions Commercial Equipment, LLC in the original amount of $192,000, requiring monthly payments in the amount of $5,505, including interest at 2.07% through August 2017; secured by the corresponding buses acquired.	10,982	76,085
Capital lease payable to Regions Commercial Equipment, LLC in the original amount of $112,000, requiring monthly payments in the amount of $3,211, including interest at 2.07% through August 2017; secured by the corresponding buses acquired.	6,406	44,383
Capital lease payable to Regions Commercial Equipment, LLC in the original amount of $484,000, requiring monthly payments in the amount of $13,878, including interest at 2.07% through August 2017; secured by the corresponding buses acquired.	27,684	191,799
Capital lease payable to Regions Commercial Equipment, LLC in the original amount of $138,000, requiring monthly payments in the amount of $3,957, including interest at 2.07% through August 2017; secured by the corresponding buses acquired.	7,893	54,685
	$ 3,811,384	$ 1,303,760

The future minimum lease payments under the capital leases and the net present value of future minimum lease payments as of June 30, 2017, are as follows:

Years ending June 30:	
2018	$ 602,374
2019	533,329
2020	533,329
2021	533,329
2022	533,329
Thereafter	1,710,496
Total future minimum lease payments	4,446,186
Less amount representing interest	634,802
Present value of future minimum lease payments	3,811,384
Less current portion	469,831
Net long-term capital leases payable	$ 3,341,553

Interest expense for the years ended June 30, 2017 and 2016, totaled $132,556 and $32,383, respectively.

Note 11. Long-Term Debt

Combined maturities for all long-term debt principal at June 30, 2017, are as follows:

	Bonds Payable	Notes Payable	Capital Leases Payable	Total Maturities
Years ending June 30:				
2018	$ 7,315,000	$ 15,160,929	$ 469,831	$ 22,945,760
2019	8,305,000	1,849,788	415,708	10,570,496
2020	9,285,000	221,906	431,017	9,937,923
2021	9,720,000	233,276	446,897	10,400,173
2022	10,190,000	244,960	463,371	10,898,331
Thereafter	406,050,000	1,330,388	1,584,560	408,964,948
	$ 450,865,000	$ 19,041,247	$ 3,811,384	$ 473,717,631

Note 12. Deferred Revenues

Deferred revenues consist of the following:

	June 30 2017	June 30 2016
Michael & Susan Dell Foundation	$ 625,000	$ -
Brown Foundation	616,827	-
CREED Foundation	573,515	-
Rainwater Foundation	350,000	-
Walton Foundation	98,200	-
Miles Foundation	50,000	-
City Education Partners	3,115,540	2,111,009
Choose to Succeed	669,082	1,316,890
KLE Foundation	601,166	1,040,213
Mays Family Foundation	-	484,479
Harvy Najim Foundation	-	291,272
Charter School Growth Fund	653,636	22,048
George W. Brakenridge Foundation	137,070	378,942
Karen and Tom Hixon Fund	-	100,105
Ewing Halsell Foundation	-	789,452
Louis Calder Foundation	-	100,000
Child Nutrition Program	-	64,015
KNAPP Community Care Foundation	-	6,160
	$ 7,490,036	$ 6,704,585

Note 13. Conditional Contributions

The School has conditional promises to give from philanthropic organizations as follows:

	June 30	
	2017	2016
Charter School Growth Fund	$ 14,000,000	$ -
Walton Foundation	$ 2,641,800	$ -
Michael & Susan Dell Foundation	375,000	-
CREED Foundation	9,000,000	-
KLE Foundation	14,901,400	16,530,400
Ewing Halsell Foundation	1,000,000	2,500,000
City Education Partners	506,665	2,310,924
Louis Calder Foundation	100,000	200,000
Anonymous grant	100,000	250,000
Karen and Tom Hixon Foundation	100,000	203,189
KNAPP Community Care Foundation	-	71,875
George W. Brakenridge Foundation	-	300,000
	$ 42,724,865	$ 22,366,388

The future payments under the conditional promises to give from philanthropic organizations at June 30, 2017, are as follows:

Years ending June 30:	
2018	$ 13,247,465
2019	10,277,400
2020	9,800,000
2021	4,800,000
2022	2,800,000
Thereafter	1,800,000
	$ 42,724,865

Payment is contingent upon the School meeting certain criteria specified by the donors. As the condition for payment from the donors has not been met as of June 30, 2017, the amount has not been included in these financial statements.

Note 14. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	June 30	
	2017	2016
Child Nutrition Program	$ 9,894,029	$ 7,962,714
Summer Feeding Program	1,021	1,021
Race to the Top	-	53,086
Najim Foundation	785,411	-
Foundation School Program	102,413,073	87,481,431
Campus Activity Funds	1,049,960	984,709
	$ 114,143,494	$ 96,482,961

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors are as follows:

	Years Ended June 30	
	2017	2016
Philanthropic grants	$ 11,085,531	$ 5,209,807
Campus Activity Funds	3,397,078	3,257,413
Foundation School Program	240,512,897	191,820,633
Instructional materials allotment	2,907,045	2,379,963
Other state programs	1,025,681	1,376,045
Federal programs	33,425,017	28,369,451
Child Nutrition Program	20,752,131	14,959,764
	$ 313,105,380	$ 247,373,076

Note 15. Pension Plan Obligations

Plan description: The School participates in the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost sharing, multiple-employer defined benefit plan with one exception: all risks and costs are not shared by the School, but are the liability of the state of Texas. TRS provides service retirement and disability retirement benefits and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in the Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teachers Retirement System of Texas, which is subject to amendment by the Texas state legislature.

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. The report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-877-0123, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under TRS Publications.

Note 15. Pension Plan Obligations (Continued)

Charter schools are entities legally separate from the state and each other. Assets contributed by one charter or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement.

Funding policy: Contribution requirements are not actuarially determined, but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0 percent of the member's annual compensation and a state contribution rate of not less than 6.0 percent and not more than 10.0 percent of the aggregate annual compensation of all members of the system and (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a 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. Under provisions in Texas state law, plan members are required to contribute 7.7 percent and 7.2 percent of their annual covered salary for each of the years ended June 30, 2017 and 2016, respectively. The state's contribution rate as a nonemployer contributing entity was 6.8 percent for the years ended June 30, 2017 and 2016. The School's employees' contributions to TRS for the years ended June 30, 2017 and 2016, totaled $12,334,103 and $9,328,579, respectively, equal to the required contributions for each year. There have been no changes that would affect the comparison from year to year.

The School's contribution rate was 6.8% for the years ended June 30, 2017 and 2016. Other contributions made from federal and private grants and from the School totaled $4,038,482 and $3,420,263 for the years ended June 30, 2017 and 2016, respectively. The School's contributions into the plan do not represent more than 5.0% of the total contributions to the plan. The School's participation in the TRS plan for the year ended June 30, 2017, is outlined in the table below (ABO refers to the accumulation benefit obligation):

Pension Fund	Total Plan Assets 2016	Accumulation Benefit Obligation 2016	Percent Funded	Surcharge Imposed
TRS	$ 152,925,647,396	$ 171,797,150,487	78.00%	No

Note 15. Pension Plan Obligations (Continued)

Supplemental retirement plans: The School offers a voluntary 403(b) plan for all employees to make elective contributions to the plan. The School is not required to match any employee contributions and made no matching contributions for the years ended June 30, 2017 and 2016.

The School has adopted an employer-paid 403(b) plan for eligible employees in top management positions to make elective contributions to this plan. The School provides a 1-to-1 match on employee contributions up to 10 percent of the employee's annual salary. Employer contributions to the plan totaled $259,470 and $111,367 for the years ended June 30, 2017 and 2016, respectively.

Note 16. Operating Leases

For the year ended June 30, 2017, future minimum payments on long-term noncancelable operating leases are as follows:

Years ending June 30:	
2018	$ 2,674,306
2019	1,849,339
2020	791,265
2021	123,639
2022	86,400
Thereafter	79,200
	$ 5,604,149

Rent expense for the years ended June 30, 2017 and 2016, totaled $2,818,186 and $2,249,308, respectively.

Note 17. Commitments and 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 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, funds may be subject to refund if so determined by the TEA or other grantor agency.

On June 15, 2017, the Board of Directors authorized the issuance of approximately $183,320,297 in additional bonds for the purpose of capital improvements. Management anticipates the note payable to Regions Bank will be repaid with the proceeds from the bond issuance.

Note 17. Commitments and Contingencies (Continued)

At June 30, 2017, the School had the following construction commitments:

	Contract Amount	Amount Expended	Remaining Commitment
Bluff Springs Campus (Phase I)	$ 11,553,728	$ 11,358,478	$ 195,250
Bluff Springs Campus (Phase II)	6,125,182	-	6,125,182
Brackenridge Campus (Phase I)	12,657,000	10,453,304	2,203,696
Carver Campus (Phase II)	3,909,521	3,888,344	21,177
Eastside Campus (Phase II)	6,242,749	5,509,250	733,499
Ewing Halsell Campus (Phase I)	12,428,973	11,130,640	1,298,333
Frontier Campus (Phase III)	3,657,000	2,593,997	1,063,003
Judson Campus (Phase II)	6,126,000	-	6,126,000
Mays Campus (Phase II)	6,417,054	574,465	5,842,589
Najim Campus (Phase II)	12,775,000	10,949,515	1,825,485
North Mission Campus (Ph II)	4,124,440	-	4,124,440
Quest Campus (Phase III)	2,701,265	1,334,745	1,366,520
Rio Grande City Campus (Phase I)	11,386,778	10,398,961	987,817
Riverview Campus (Phase II)	4,491,851	4,231,439	260,412
Rundberg Campus (Phase II)	6,194,890	5,265,544	929,346
South Flores Campus (Phase III)	2,250,000	1,216,324	1,033,676
Tres Lagos Campus (Phase I)	11,009,138	10,082,904	926,234
IDEA U Campus (Renovations)	49,700	44,730	4,970
	$ 124,100,268	$ 89,032,640	$ 35,067,628

Note 18. Health Insurance

Employees of the School were covered by a health insurance plan during the years ended June 30, 2017 and 2016. The School contributed a monthly portion depending on the employees' health insurance plan rate. The School contributed $341-$674 and $341-$600 for the years ended June 30, 2017 and 2016, respectively. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

Note 19. Related Parties

In the ordinary course of business, the School has entered into contracted service transactions with vendors affiliated with School employees. Related-party transactions consist of the following:

	June 30	
	2017	2016
Payments	$ 389,006	$ 618,811
Accounts payable	101,742	64,755
	$ 490,748	$ 683,566

Note 20. Subsequent Events

On July 17, 2017, the School entered into a multiple draw term note payable with Regions Capital Advantage, Inc. to finance the acquisition and renovation of Camp Rio, in the original amount equal to, or less than, $6,000,000 during the draw period; requiring quarterly payments of interest on the 1st day of January, April, July and October of each calendar year; beginning October 15, 2017, and continuing regularly and quarterly thereafter at a rate of 3.48% through the earlier of the issuance by the School of additional bonds or July 1, 2029. The note is secured by a first and prior lien and security interest on any real property securing the Master Indenture and any other security pledged.

On July 26, 2017 the School refinanced a multiple draw term note payable to Regions Commercial Equipment Finance, LLC, to finance new campus construction, land purchases and certain other projects, in the original amount equal to, or less than, $65,000,000 during the draw period; requiring quarterly payments of interest on the 15th day of February and August of each calendar year; beginning August 15, 2017, and continuing regularly and semiannually thereafter at monthly LIBOR plus 2.20% through the earlier of the issuance by the School of additional bonds or August 15, 2020. The note is secured by a first and prior lien and security interest on any real property securing the Master Indenture and any other security pledged.

On August 18, 2017, IPS Enterprises, LLC entered into a term note payable with Mutual of Omaha Bank to finance the land acquisition and construction of a new public charter school facility in Baton Rouge, Louisiana, in the original amount of $11,360,000; maturing February 28, 2023; requiring monthly payments of interest only at 4% plus the 5-year treasury rate through August 31, 2019 and thereafter requiring monthly payments of principal and interest through February 28, 2023. The initial 4% interest rate may vary during the loan term based on the average collected balance on deposit in the compensating balances account maintained by IPS Enterprises, LLC and the School. This note is secured by the corresponding land and school facility.

On August 18, 2017, IPS Enterprises, LLC entered into a term note payable with IPSBN, LLC to finance the land acquisition and construction of a new public charter school facility in Baton Rouge, Louisiana, in the original amount of $2,700,000; maturing February 28, 2023; requiring monthly payments of interest only at 11.75% through August 31, 2020 and thereafter requiring monthly payments of $27,940 principal and interest through February 28, 2023. This note is secured by a subordinate interest in the corresponding land and school facility.

On August 18, 2017, IPS Enterprises, LLC entered into a term note payable with CSGF Facility Fund III, LLC to finance the land acquisition and construction of a new public charter school facility in Baton Rouge, Louisiana, in the original amount of $1,800,000; maturing February 28, 2023; requiring monthly payments of interest at 3% through February 28, 2023, with a $900,000 balloon payment on February 28, 2021 and $900,000 at the end of the term. This note is unsecured and subordinate to all other debt obligations of IPS Enterprises, LLC.

Other Supplemental Information

IDEA Public Schools, Inc.

Exhibit B-1 Schedule of Activities for Individual Charter School
Years Ended June 30, 2017 and 2016

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
Revenues and other support:				
Local support:				
5740 Other revenues from local sources	$ 1,723,055	$ 20,913,346	**$ 22,636,401**	$ 13,335,969
5750 Other revenues from other activities	188,222	1,021,056	**1,209,278**	953,077
Total local support	1,911,277	21,934,402	**23,845,679**	14,289,046
State program revenues:				
5810 Foundation School Program Act revenues	-	248,565,042	**248,565,042**	205,329,975
5820 State program revenues distributed by the Texas Education Agency	-	4,034,330	**4,034,330**	3,786,555
5830 State revenues—other agencies	-	20,649	**20,649**	20,664
Total state program revenues	-	252,620,021	**252,620,021**	209,137,194
Federal program revenues:				
5920 Federal revenues distributed by the Texas Education Agency	-	39,762,085	**39,762,085**	29,256,484
5930 Federal revenues distributed by other state of Texas government agencies	-	1,162,197	**1,162,197**	911,179
5940 Federal revenues distributed directly from the federal government	-	15,150,979	**15,150,979**	15,574,900
Total federal program revenues	-	56,075,261	**56,075,261**	45,742,563
Net assets released from restrictions:				
Restrictions satisfied by payments	312,969,151	(312,969,151)	**-**	-
Total revenues	314,880,428	17,660,533	**332,540,961**	269,168,803
Expenses:				
11 Instruction	133,638,945	-	**133,638,945**	110,204,220
12 Instructional resources and media services	2,027,389	-	**2,027,389**	1,632,596
13 Curriculum and instructional staff development	3,674,622	-	**3,674,622**	3,362,737
21 Instructional leadership	11,532,226	-	**11,532,226**	6,551,044
23 School leadership	29,673,297	-	**29,673,297**	24,523,434
31 Guidance, counseling and evaluation services	12,671,010	-	**12,671,010**	11,481,211
32 Social work services	5,306	-	**5,306**	4,273
33 Health services	1,105,366	-	**1,105,366**	1,021,906
34 Student (pupil) transportation	11,571,839	-	**11,571,839**	10,263,539
35 Food services	20,786,893	-	**20,786,893**	15,087,824
36 Cocurricular/extracurricular activities	2,912,341	-	**2,912,341**	2,436,362
41 General administration	18,061,339	-	**18,061,339**	13,487,085
51 Plant maintenance and operations	33,212,732	-	**33,212,732**	25,025,418
52 Security and monitoring services	1,645,690	-	**1,645,690**	1,044,002
53 Data processing services	5,115,085	-	**5,115,085**	5,527,066
61 Community services	298,373	-	**298,373**	415,105
71 Debt service	15,623,286	-	**15,623,286**	15,247,506
81 Fundraising	1,974,989	-	**1,974,989**	1,394,453
Total expenses	305,530,728	-	**305,530,728**	248,709,781
Gain on disposal of assets	-	-	**-**	240,767
Loss on disposal of assets	-	-	**-**	(128)
Loss on extinguishment of debt	(8,429,223)	-	**(8,429,223)**	-
Change in net assets	920,477	17,660,533	**18,581,010**	20,699,661
Net assets at beginning of year	439,951	96,482,961	**96,922,912**	76,223,251
Net assets at end of year	$ 1,360,428	$ 114,143,494	**$ 115,503,922**	$ 96,922,912

IDEA Public Schools, Inc.

Exhibit C-1 Schedule of Expenses for Individual Charter School
Years Ended June 30, 2017 and 2016

		2017	2016
Expenses:			
6100	Payroll costs	**$ 185,599,606**	$ 147,929,700
6200	Professional and contracted services	**34,551,956**	27,471,613
6300	Supplies and materials	**35,858,057**	29,319,962
6400	Other operating costs	**33,897,823**	28,741,000
6500	Debt	**15,623,286**	15,247,506
	Total expenses	**$ 305,530,728**	$ 248,709,781

IDEA Public Schools, Inc.

Exhibit D-1 Schedule of Capital Assets for Individual Charter School
June 30, 2017

Asset Classification	Ownership Interest Local	State	Federal
Property and equipment:			
1510 Land and improvements	$ -	$ 49,891,889	$ 18,900
1520 Building and improvements	-	343,181,532	14,500
1531 Vehicles	-	7,857,418	123,342
1539 Furniture and equipment	6,704	5,809,535	5,632,351
Capital leases:			
1542 Building improvements	-	2,939,264	-
1558 Vehicles	108,950	2,587,000	-
1559 Equipment	-	36,239	-
1580 Construction in progress	-	123,011,749	2,246,428
	$ 115,654	$ 535,314,626	$ 8,035,521

IDEA Public Schools, Inc.

Exhibit E-1 Budgetary Comparison Schedule for Individual Charter School
Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Local support:				
5740 Other revenues from local sources	$ 17,332,978	$ 20,680,713	$ 22,636,401	$ 1,955,688
5750 Other revenues from other activities	1,350,884	1,285,460	1,209,278	(76,182)
Total local support	18,683,862	21,966,173	23,845,679	1,879,506
State program revenues:				
5810 Foundation School Program Act revenues	237,704,506	247,604,206	248,565,042	960,836
5820 State program revenues distributed by the Texas Education Agency	3,862,832	3,862,832	4,034,330	171,498
5830 State revenues—other agencies	-	20,923	20,649	(274)
Total state program revenues	241,567,338	251,487,961	252,620,021	1,132,060
Federal program revenues:				
5920 Federal revenues distributed by the Texas Education Agency	38,711,553	40,311,502	39,762,085	(549,417)
5930 Federal revenues distributed by other state of Texas government agencies	645,980	1,162,197	1,162,197	-
5940 Federal revenues distributed directly from the federal government	16,231,011	16,051,832	15,150,979	(900,853)
Total federal program revenues	55,588,544	57,525,531	56,075,261	(1,450,270)
Total revenues	315,839,744	330,979,665	332,540,961	1,561,296
Expenses:				
11 Instruction	119,528,350	122,770,167	133,638,945	(10,868,778)
12 Instructional resources and media services	2,107,493	2,002,378	2,027,389	(25,011)
13 Curriculum and instructional staff development	3,590,229	3,401,110	3,674,622	(273,512)
21 Instructional leadership	16,850,783	11,913,511	11,532,226	381,285
23 School leadership	26,412,338	31,109,279	29,673,297	1,435,982
31 Guidance, counseling and evaluation services	15,006,867	13,733,585	12,671,010	1,062,575
32 Social work services	14,000	5,425	5,306	119
33 Health services	983,204	1,017,740	1,105,366	(87,626)
34 Student (pupil) transportation	11,662,307	11,866,898	11,571,839	295,059
35 Food services	22,954,547	22,947,594	20,786,893	2,160,701
36 Cocurricular/extracurricular activities	3,784,437	2,833,362	2,912,341	(78,979)
41 General administration	15,430,546	16,602,381	18,061,339	(1,458,958)
51 Plant maintenance and operations	31,449,557	30,618,116	33,212,732	(2,594,616)
52 Security and monitoring services	434,502	1,563,645	1,645,690	(82,045)
53 Data processing services	4,317,230	4,806,975	5,115,085	(308,110)
61 Community services	865,830	277,123	298,373	(21,250)
71 Debt service	16,016,598	16,758,870	15,623,286	1,135,584
81 Fundraising	1,566,621	1,815,001	1,974,989	(159,988)
Total expenses	292,975,439	296,043,160	305,530,728	(9,487,568)
Loss on extinguishment of debt	-	(8,429,223)	(8,429,223)	-
Change in net assets	22,864,305	26,507,282	18,581,010	(7,926,272)
Net assets at beginning of year	71,045,325	72,383,993	96,922,912	24,538,919
Net assets at end of year	$ 93,909,630	$ 98,891,275	$ 115,503,922	$ 16,612,647

IDEA Public Schools, Inc.

Consolidating Statement of Financial Position
June 30, 2017

	IDEA Charter	IPS Enterprises, LLC	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 94,965,252	$ 1,069,563	$ -	$ 96,034,815
Cash and cash equivalents—restricted	29,114,610	-	-	29,114,610
Due from government agencies	39,802,011	-	-	39,802,011
Other receivables	1,014,236	136,252	(745,359)	405,129
Certificates of deposit	4,000,000	-	-	4,000,000
Inventories	113,641	-	-	113,641
Prepaid expenses	1,521,403	124,825	-	1,646,228
Other current assets	360,210	25,000	-	385,210
Total current assets	170,891,363	1,355,640	(745,359)	171,501,644
Property and equipment:				
Land and improvements	49,910,789	-	-	49,910,789
Buildings and improvements	343,196,032	-	-	343,196,032
Leasehold improvements	2,939,264	-	-	2,939,264
Vehicles	10,676,710	-	-	10,676,710
Furniture and equipment	11,484,829	30,790	-	11,515,619
Construction in progress	125,258,177	626,101	-	125,884,278
Total property and equipment	543,465,801	656,891	-	544,122,692
Less accumulated depreciation and amortization	62,926,362	1,710	-	62,928,072
Net property and equipment	480,539,439	655,181	-	481,194,620
Other assets:				
Cash and cash equivalents—noncurrent—restricted	27,476,276	-	-	27,476,276
Total other assets	27,476,276	-	-	27,476,276
Total assets	$ 678,907,078	$ 2,010,821	$ (745,359)	$ 680,172,540

	IDEA Charter	IPS Enterprises, LLC	Eliminations	Total
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$ 23,588,886	$ 5,000	$ -	$ 23,593,886
Accrued wages payable	15,312,435	-	-	15,312,435
Accrued payroll expenses	3,965,706	-	-	3,965,706
Accrued interest payable	9,407,186	-	-	9,407,186
Accrued expenses	5,187,876	-	-	5,187,876
Deferred revenues	6,219,574	1,270,462	-	7,490,036
Other liabilities	232,130	745,359	(745,359)	232,130
Notes payable—current portion	15,160,929	-	-	15,160,929
Bonds payable—current portion	7,315,000	-	-	7,315,000
Capital leases payable—current portion	469,831	-	-	469,831
Total current liabilities	86,859,553	2,020,821	(745,359)	88,135,015
Long-term liabilities:				
Bonds payable	443,550,000	-	-	443,550,000
Bond and other debt issuance costs, net	(8,421,018)	(10,000)	-	(8,431,018)
Premium on issuance of bonds, net of amortization	34,192,750	-	-	34,192,750
Notes payable	3,880,318	-	-	3,880,318
Capital leases payable	3,341,553	-	-	3,341,553
Total long-term liabilities	476,543,603	(10,000)	-	476,533,603
Total liabilities	563,403,156	2,010,821	(745,359)	564,668,618
Net assets:				
Unrestricted	1,360,428	-	-	1,360,428
Temporarily restricted	114,143,494	-	-	114,143,494
Total net assets	115,503,922	-	-	115,503,922
Total liabilities and net assets	$ 678,907,078	$ 2,010,821	$ (745,359)	$ 680,172,540

This Page Intentionally Left Blank.

IDEA Public Schools, Inc.

Consolidating Statement of Activities
Year Ended June 30, 2017

	IDEA Charter	IPS Enterprises, LLC	Total
Revenues and other support:			
Local support:			
Contributions	$ 4,293,538	$ -	$ 4,293,538
Grants	11,734,713	136,229	11,870,942
Food service	1,019,478	-	1,019,478
Other revenues	6,797,950	97,870	6,895,820
Total local support	23,845,679	234,099	24,079,778
State program revenues:			
Foundation School Program	248,565,042	-	248,565,042
Other state aid	4,054,979	-	4,054,979
Total state program revenues	252,620,021	-	252,620,021
Federal program revenues:			
ESEA Title I—Part A	8,218,535	-	8,218,535
ESEA Title I—Part A—Priority and Focus School	38,039	-	38,039
ESEA Title II—Part A Teacher/Principal Training	1,662,432	-	1,662,432
ESEA Title III—Part A Language Acquisition	726,738	-	726,738
IDEA B Formula—Special Education	3,154,468	-	3,154,468
IDEA—Part B Special Education Preschool Grants	1,276	-	1,276
ESEA Title V—Part B Charter Schools	6,243,533	-	6,243,533
ESEA Title V—Part C Charter Schools	49,794	-	49,794
HEA Title IV—Part A GEAR-UP—Connect2College	1,408,312	-	1,408,312
ARRA ESEA Race To The Top—District Grants	7,131,316	-	7,131,316
ESEA Title V—Part D Fund for the Improvement of Education	318,024	-	318,024
Twenty—First Century Community Learning Centers	3,309,259	-	3,309,259
Child Nutrition	21,541,133	-	21,541,133
SSA, Title XIX—School Health and Related Services	1,162,197	-	1,162,197
School Improvement Grants	1,110,205	-	1,110,205
Total federal program revenues	56,075,261	-	56,075,261
Total revenues and other support	332,540,961	234,099	332,775,060
Expenses:			
Program services:			
Instructional and instructional related services	139,340,956	-	139,340,956
Instructional and school leadership	41,205,523	-	41,205,523
Total program services	180,546,479	-	180,546,479
Support services:			
Administrative support services	18,061,339	170,340	18,231,679
Ancillary services	298,373	-	298,373
Support services—nonstudent based	39,973,507	-	39,973,507
Support services—student (pupil)	49,052,755	50,000	49,102,755
Debt service	15,623,286	-	15,623,286
Fundraising	1,974,989	13,759	1,988,748
Total support services	124,984,249	234,099	125,218,348
Total expenses	305,530,728	234,099	305,764,827
Loss on extinguishment of debt	(8,429,223)	-	(8,429,223)
Change in net assets	18,581,010	-	18,581,010
Net assets at beginning of year	96,922,912	-	96,922,912
Net assets at end of year	$ 115,503,922	$ -	$ 115,503,922

IDEA Public Schools, Inc.

Consolidating Statement of Cash Flows
Year Ended June 30, 2017

	IDEA Charter	IPS Enterprises, LLC	Total
Cash flows from operating activities:			
Change in net assets	$ 18,581,010	$ -	$ 18,581,010
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	13,361,178	1,711	13,362,889
Allowance for doubtful accounts	490,041	-	490,041
Extinguishment of debt	8,429,223	-	8,429,223
Gain on disposal of assets	-	-	-
Changes in current assets and liabilities:			
Due from government agencies	(4,394,157)	-	(4,394,157)
Other receivables	(769,047)	(136,252)	(905,299)
Inventories	10,949	-	10,949
Prepaid expenses	(1,074,581)	(124,825)	(1,199,406)
Other current assets	(146,441)	(35,000)	(181,441)
Accounts payable	4,321,467	5,000	4,326,467
Accrued wages payable	4,536,979	-	4,536,979
Accrued payroll expenses	737,839	-	737,839
Accrued interest payable	1,179,345	-	1,179,345
Accrued expenses	(3,937,322)	-	(3,937,322)
Deferred revenues	(485,011)	1,270,462	785,451
Other liabilities	35,320	745,359	780,679
Net cash provided by operating activities	40,876,792	1,726,455	42,603,247
Cash flows from investing activities:			
Construction and purchase of property and equipment	(127,636,427)	(656,892)	(128,293,319)
Purchase of certificate of deposit	(4,000,000)	-	(4,000,000)
Proceeds from certificate of deposit	134,742	-	134,742
Investment in notes receivable from graduates	(490,041)	-	(490,041)
Net cash used in investing activities	(131,991,726)	(656,892)	(132,648,618)
Cash flows from financing activities:			
Proceeds from borrowings of long-term debt	132,430,692	-	132,430,692
Principal payments on long-term debt	(31,540,260)	-	(31,540,260)
Payment to escrow for extinguishment of debt, net	(2,054,488)	-	(2,054,488)
Net cash provided by financing activities	98,835,944	-	98,835,944
Net increase in cash and cash equivalents	7,721,010	1,069,563	8,790,573
Cash and cash equivalents at beginning of year	143,835,128	-	143,835,128
Cash and cash equivalents at end of year	$ 151,556,138	$ 1,069,563	$ 152,625,701

(Continued)

IDEA Public Schools, Inc.

Consolidating Statement of Cash Flows (Continued)
Year Ended June 30, 2017

	IDEA Charter	IPS Enterprises, LLC	Total
Cash and cash equivalents	$ 94,965,252	$ 1,069,563	$ 96,034,815
Cash and cash equivalents—restricted	29,114,610	-	29,114,610
Cash and cash equivalents—noncurrent—restricted	27,476,276	-	27,476,276
Total cash and cash equivalents	$ 151,556,138	$ 1,069,563	$ 152,625,701
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 20,774,183	$ -	$ 20,774,183
Accrued liabilities related to the purchase of property and equipment	$ 12,544,595	$ 31,429	$ 12,576,024
Proceeds deposited into escrow for purposes of refunding bonds	$ 44,043,157	$ -	$ 44,043,157
Retirement of existing bonds from escrow	$ (36,670,000)	$ -	$ (36,670,000)

This Page Intentionally Left Blank.