



Certified Public Accountants
and Financial Advisors

Partnerships to Uplift Communities
Consolidated Financial Statements
June 30, 2018

**Independent Auditor's Report on
Consolidated Financial Statements**

For The Fiscal Year Ended

June 30, 2018

PARTNERSHIPS TO UPLIFT COMMUNITIES LOS ANGELES

PARTNERSHIPS TO UPLIFT COMMUNITIES VALLEY

PARTNERSHIPS TO UPLIFT COMMUNITIES LAKEVIEW TERRACE

PUC Community Charter Middle School and PUC Community Early College High School [#0213]

PUC CALS Middle and Early College High [#0331]

PUC Milagro Charter School [#0600]

PUC Lakeview Charter Academy [#0603]

PUC Triumph Charter Academy [#0797]

PUC Excel Charter Academy [#0798]

PUC Santa Rosa Charter Academy [#1091]

PUC Nueva Esperanza Charter Academy [#1092]

PUC Lakeview Charter High School [#1241]

PUC Early College Academy for Leaders and Scholars [#1354]

PUC Community Charter Elementary School [#1657]

PUC Inspire Charter School [#1626]

PUC iPrep Charter School [#1820]

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Partnerships to Uplift Communities
Burbank, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Partnerships to Uplift Communities Los Angeles (a nonprofit organization), Partnerships to Uplift Communities Valley (a nonprofit organization), and Partnerships to Uplift Communities Lakeview Terrace (a nonprofit organization), (collectively referred to as "Partnerships to Uplift Communities"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, and cash flows for the fiscal 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 representation 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 representation of consolidated 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 entity's preparation and fair presentation of the consolidated 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 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 Partnerships to Uplift Communities as of June 30, 2018, and the consolidated changes in their net assets and their cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title II, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of Partnerships to Uplift Communities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Partnerships to Uplift Communities' 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 Partnerships to Uplift Communities' internal control over financial reporting and compliance.

SQUAR MILNER LLP

San Diego, California
December 17, 2018

PARTNERSHIPS TO UPLIFT COMMUNITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS

| | |
|-------------------------------------|-----------------------------|
| Current assets: | |
| Cash | \$ 14,034,086 |
| Restricted cash, current portion | 2,230,377 |
| Accounts receivable | 5,528,106 |
| Prepaid expenses | 83,713 |
| Deferred rent | 76,879 |
| Total current assets | <u>21,953,161</u> |
| Restricted cash, noncurrent portion | 4,328,744 |
| Fixed assets, net | 46,497,594 |
| Deposits | 538,785 |
| Total noncurrent assets | <u>51,365,123</u> |
| Total assets | <u><u>\$ 73,318,284</u></u> |

LIABILITIES AND NET ASSETS

| | |
|---|-----------------------------|
| Current liabilities: | |
| Accounts payable | \$ 3,035,024 |
| Accrued expenses | 2,457,531 |
| Deferred rent | 419,162 |
| Other current liabilities | 1,707,246 |
| Current portion of debt obligations, net | 843,867 |
| Total current liabilities | <u>8,462,830</u> |
| Debt obligations, net, less current portion | 46,190,148 |
| Total long-term liabilities | <u>46,190,148</u> |
| Total liabilities | <u>54,652,978</u> |
| Net assets: | |
| Temporarily restricted | 1,965,324 |
| Unrestricted | 16,699,982 |
| Total net assets | <u>18,665,306</u> |
| Total liabilities and net assets | <u><u>\$ 73,318,284</u></u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------|----------------------|-----------------------------------|----------------------|
| REVENUES | | | |
| Revenue limit sources: | | | |
| State aid | \$ 32,400,193 | \$ - | \$ 32,400,193 |
| Education protection account | 6,321,428 | - | 6,321,428 |
| In-lieu of property taxes | 12,194,884 | - | 12,194,884 |
| Federal revenues | 6,239,956 | - | 6,239,956 |
| State revenues | 10,445,432 | 1,421,313 | 11,866,745 |
| Local revenues: | | | |
| Donations | 596,783 | - | 596,783 |
| Fundraising | 812,102 | - | 812,102 |
| Miscellaneous | 1,659,245 | - | 1,659,245 |
| Total revenues | <u>70,670,023</u> | <u>1,421,313</u> | <u>72,091,336</u> |
| EXPENSES | | | |
| Program services: | | | |
| Education | 54,735,202 | - | 54,735,202 |
| Support services: | | | |
| Management and general | 12,924,465 | 334,737 | 13,259,202 |
| Total expenses | <u>67,659,667</u> | <u>334,737</u> | <u>67,994,404</u> |
| CHANGE IN NET ASSETS | 3,010,356 | 1,086,576 | 4,096,932 |
| NET ASSETS, BEGINNING OF YEAR | <u>13,689,626</u> | <u>878,748</u> | <u>14,568,374</u> |
| NET ASSETS, END OF YEAR | <u>\$ 16,699,982</u> | <u>\$ 1,965,324</u> | <u>\$ 18,665,306</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|--------------|
| Change in net assets | \$ 4,096,932 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 1,793,471 |
| Amortization of debt discount | 133,562 |
| (Increase) decrease in operating assets: | |
| Accounts receivable | 48,813 |
| Prepaid expenses | (7,144) |
| Other current assets | 298 |
| Deferred rent assets | 233,361 |
| Deposits | 28,721 |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | 855,284 |
| Accrued expenses | (1,275,104) |
| Deferred revenue | (378,791) |
| Deferred rent | (7,329) |
| Other current liabilities | 1,667,560 |
| Net cash flows provided by operating activities | 7,189,634 |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|-------------|
| Purchase of fixed assets | (1,987,619) |
| Net cash flows used in investing activities | (1,987,619) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---|-------------|
| Proceeds from notes payable | 250,000 |
| Payments on debt obligations | (1,487,865) |
| Decrease in restricted cash | 196,338 |
| Net cash flows used in financing activities | (1,041,527) |

NET INCREASE IN CASH 4,160,488

CASH, BEGINNING OF YEAR 9,873,598

CASH, END OF YEAR \$ 14,034,086

SUPPLEMENTAL DISCLOSURE:

| | |
|------------------------|--------------|
| Cash paid for interest | \$ 2,972,172 |
|------------------------|--------------|

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

1. ORGANIZATION AND MISSION

Partnerships to Uplift Communities (PUC) Los Angeles (a nonprofit organization) operates five charter schools which are referred to below. PUC Valley (a nonprofit organization) operates Tri-lake Charter School Properties, LLC and five charter schools which are referred to below. PUC Lakeview Terrace (a nonprofit organization) operates Southern California Charter School Properties, LLC and two charter schools, referred to below. All three nonprofit organizations are collectively, hereto forth, referred to as the "Organization".

| Charter Name | Charter Number | Sponsoring District |
|--|-----------------------|-------------------------------------|
| PUC Community Charter Middle and PUC Community Charter Early College High | 0213 | Los Angeles Unified School District |
| PUC CALS Middle and Early College High | 0331 | Los Angeles Unified School District |
| PUC Milagro Charter School | 0600 | Los Angeles Unified School District |
| PUC Lakeview Charter Academy | 0603 | Los Angeles Unified School District |
| PUC Triumph Charter Academy and PUC Triumph Charter High | 0797 | Los Angeles Unified School District |
| PUC Excel Charter Academy | 0798 | Los Angeles Unified School District |
| PUC Santa Rosa Charter Academy | 1091 | Los Angeles Unified School District |
| PUC Nueva Esperanza Charter Academy | 1092 | Los Angeles Unified School District |
| PUC Lakeview Charter High School | 1241 | Los Angeles Unified School District |
| PUC Early College Academy for Leaders and Scholars | 1354 | Los Angeles Unified School District |
| PUC Community Charter Elementary School | 1657 | Los Angeles Unified School District |
| PUC Inspire Charter School | 1626 | Los Angeles Unified School District |
| PUC International Preparatory Charter Academy | 1820 | Los Angeles Unified School District |

The Organization commenced operations during the 1999-2000 fiscal year with Community Charter Middle School. Below is the charter information for each Charter School:

| Charter Name | Original School Start Date | Term of Charter | Charter Expiration | Enrollment Average |
|--|-----------------------------------|------------------------|---------------------------|---------------------------|
| PUC Community Charter Middle and PUC PUC Community Charter Early College High | September 8, 1999 | 5 Years | June 30, 2019 | 766 |
| PUC CALS Middle and Early College High | September 11, 2000 | 5 Years | June 30, 2020 | 528 |
| PUC Milagro Charter School | September 1, 2004 | 5 Years | June 30, 2019 | 274 |
| PUC Lakeview Charter Academy | September 1, 2004 | 5 Years | June 30, 2019 | 327 |
| PUC Triumph Charter Academy and PUC Triumph Charter High | September 24, 2007 | 5 Years | June 30, 2020 | 737 |
| PUC Excel Charter Academy | September 18, 2006 | 5 Years | June 30, 2021 | 296 |
| PUC Santa Rosa Charter Academy | September 16, 2009 | 5 Years | June 30, 2019 | 190 |
| PUC Nueva Esperanza Charter Academy | September 9, 2009 | 5 Years | June 30, 2019 | 432 |
| PUC Lakeview Charter High School | September 14, 2010 | 5 Years | June 30, 2020 | 385 |
| PUC Early College Academy for Leaders and Scholars | August 29, 2011 | 5 Years | June 30, 2019 | 390 |
| PUC Community Charter Elementary School | July 1, 2014 | 5 Years | June 30, 2019 | 287 |
| PUC Inspire Charter School | July 1, 2014 | 5 Years | June 30, 2019 | 295 |
| PUC International Preparatory Charter Academy | August 28, 2017 | 3 Years | June 30, 2019 | 78 |

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

1. ORGANIZATION AND MISSION (continued)

The mission of the Organization is to ensure every student graduates from high school prepared for college success.

Effective August 22, 2018, PUC International Preparatory Charter Academy closed operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

These consolidated financial statements include financial activities of three tax exempt nonprofit public benefit corporations, PUC Los Angeles, PUC Valley, and PUC Lakeview Terrace. PUC Valley includes its wholly owned subsidiary, Tri-Lakes Charter School Properties, LLC (a single member limited liability company) (TL-LLC). PUC Lakeview Terrace includes its wholly owned subsidiary, Southern California Charter School Properties, LLC (a single member limited liability company) (SC-LLC). All of the organizations are controlled through common Boards of Directors. All significant inter-organizational accounts have been eliminated in consolidation.

Financial Statement Presentation

The consolidated financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets: Unrestricted net assets are available to support all activities of the Organization, and are not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily restricted net assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. There were \$1,965,324 in temporarily restricted net assets as of June 30, 2018.

Permanently restricted net assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted net assets as of June 30, 2018.

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Method - Basis of Accounting

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to not-for-profit organizations. Basis of accounting relates to when revenues and expenses are recognized in the accounts and reported on the consolidated financial statements. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Cash and Cash Equivalents

Cash is, from time to time, variously composed of cash on hand and cash in banks. The Organization considers all highly liquid investments with original maturities of three months or less at time of acquisition to be cash equivalents. As of June 30, 2018, there were no cash equivalents.

Deferred Debt Issuance Costs

Costs related to the registration and issuance of the PUC Valley and PUC Lake View Terrace bonds are initially capitalized and are amortized as additional interest expense over the life of the related debt instruments. The aggregate costs, net of accumulated amortization, were \$3,775,985 at June 30, 2018, which is reported as a deduction from the related debt on the consolidated statement of financial position. Amortization expense for the year ended June 30, 2018 was \$133,562.

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Fixed assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives of 5 to 10 years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets, sold or retired, and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing \$2,500 or more; all other assets are charged to expense in the year incurred.

Revenue Sources and Recognition

The Organization primarily receives funds from the California Department of Education (CDE). Revenue limit sources and state revenues received from the CDE are determined based on the Organization's average daily attendance (ADA) of students and recognized in the period the ADA occurs.

In addition, the Organization receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred.

Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (See Note 10).

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. However, under this Update, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted and permanently restricted).

3. CASH

Cash at June 30, 2018, consisted of the following:

Deposits:

| | |
|---------------------|----------------------|
| Cash in banks | 14,034,086 |
| Total cash in banks | <u>\$ 14,034,086</u> |

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any such losses on these accounts. At June 30, 2018, the Organization had \$19,862,407 in excess of FDIC insured limits.

4. RESTRICTED CASH

Cash balances held with a fiscal agent, Zions Bank, are held to distribute funds from the Bonds for ongoing and future principal and interest payments, repairs and general reserve account.

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

4. RESTRICTED CASH (continued)

Restricted cash at June 30, 2018, consisted of the following:

| | |
|-----------------------------------|----------------------------|
| Interest account | \$ 1,473,576 |
| Principal account | 760,000 |
| Reserve account | 3,728,744 |
| Expense account | (3,199) |
| Repairs reserve | 350,000 |
| Enrollment stabilization account | 250,000 |
| Total restricted cash | <u>6,559,121</u> |
| Less current portion | <u>(2,230,377)</u> |
| Total non-current restricted cash | <u><u>\$ 4,328,744</u></u> |

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted of the following:

| | |
|---------------------------|----------------------------|
| Revenue Limit Sources: | |
| State Aid | \$ 1,138,909 |
| In Lieu of Property Taxes | 909,676 |
| Federal | 1,154,919 |
| State | 1,765,259 |
| Local: | |
| Miscellaneous | 559,343 |
| Total | <u><u>\$ 5,528,106</u></u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

6. INTERCOMPANY BALANCES AND ACTIVITIES

Due To/From Other Entities

Balances due to and due from other entities at June 30, 2018, consisted of the following:

| <u>Due To</u> | <u>Due From</u> | <u>Amount</u> | <u>Purpose</u> |
|-----------------|----------------------|---------------|---------------------|
| PUC Los Angeles | | | Tenant improvements |
| - MCS | | \$ 33,805 | |
| - ECA | | 35,000 | |
| - IPREP | | (68,805) | |
| PUC Valley | | | Tenant improvements |
| - TCA | | 686,528 | |
| - NECA | | 500,000 | |
| - LCHS | | 374,745 | |
| | PUC Lakeview Terrace | | Tenant improvements |
| | - TL-LLC | (1,561,273) | |
| | Total | <u>\$ -</u> | |

As of June 30, 2018, PUC Valley advanced \$2,806,874 to TL-LLC in order to continue construction on the facility. On September 28, 2016, PUC Valley and TL-LLC executed a Promissory Note to repay the final balance with interest of 3.25% per annum. The Promissory Note matures on August 1, 2020 and is payable in principal and interest of \$62,439 per month. The intercompany balances are eliminated in consolidation.

7. FIXED ASSETS

Fixed assets at June 30, 2018, consisted of the following:

| | |
|---|----------------------|
| Land | \$ 3,934,642 |
| Buildings | 43,082,730 |
| Site improvements | 3,414,282 |
| Work in progress | 1,118,843 |
| Equipment | 3,862,000 |
| Less: accumulated depreciation | <u>(8,914,903)</u> |
| Total fixed assets, net of depreciation | <u>\$ 46,497,594</u> |

During the fiscal year ended June 30, 2018, \$1,793,471 was charged to depreciation expense.

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

8. DEBT OBLIGATIONS

Bonds Payable – PUC Lake View Terrace

On December 1, 2012, the Organization issued \$26,540,000 in Series 2012 Bonds (2012 Bonds) for the financing and refinancing of the acquisition and renovations of certain educational facilities. The Bonds were issued with an interest rate ranging from 4.75% to 7.00% and mature on August 1, 2047. The debt obligations, net, at June 30, 2018 consisted of the following:

| | <u>Current</u> | <u>Long-term</u> | <u>Total</u> |
|---------------------------------------|-------------------|----------------------|----------------------|
| Debt Obligations | \$ 365,000 | \$ 24,760,000 | \$ 25,125,000 |
| Less: unamortized debt issuance costs | (56,913) | (1,501,167) | (1,558,080) |
| | <u>\$ 308,087</u> | <u>\$ 23,258,833</u> | <u>\$ 23,566,920</u> |

Future annual payments of principal and interest on the 2012 Bonds as of June 30, 2018, are as follows:

| Year Ending | Amortization of | | | |
|--------------------|------------------------|----------------------|----------------------|-----------------------|
| June 30, | Principal | Interest | Totals | Debt Issuance |
| | | | | Costs |
| 2019 | \$ 365,000 | \$ 1,297,785 | \$ 1,662,785 | \$ (56,913) |
| 2020 | 385,000 | 1,273,391 | 1,658,391 | (56,913) |
| 2021 | 415,000 | 1,251,916 | 1,666,916 | (56,913) |
| 2022 | 435,000 | 1,231,729 | 1,666,729 | (56,913) |
| 2023 | 455,000 | 1,210,591 | 1,665,591 | (56,913) |
| Thereafter | 23,070,000 | 18,238,030 | 41,308,030 | (1,273,515) |
| Totals | <u>\$ 25,125,000</u> | <u>\$ 24,503,442</u> | <u>\$ 49,628,442</u> | <u>\$ (1,558,080)</u> |

Bonds Payable – PUC Valley

On March 1, 2014, the Organization issued \$26,030,000 in Series 2014 Bonds (2014 Bonds) for the financing and refinancing of and the acquisition of and renovations to certain educational facilities. The Bonds were issued with an interest rate ranging from 5.35% to 7.00% and mature on August 30, 2044. The debt obligations, net, at June 30, 2018 consisted of the following:

| | <u>Current</u> | <u>Long-term</u> | <u>Total</u> |
|---------------------------------------|-------------------|----------------------|----------------------|
| Debt Obligations | \$ 395,000 | \$ 24,920,000 | \$ 25,315,000 |
| Less: unamortized debt issuance costs | (84,220) | (2,113,085) | (2,197,305) |
| | <u>\$ 310,780</u> | <u>\$ 22,806,915</u> | <u>\$ 23,117,695</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

8. DEBT OBLIGATIONS (continued)

Bonds Payable – PUC Valley (continued)

Future annual payments of principal and interest on the 2014 Bonds as of June 30, 2018, are as follows:

| Year Ending | Amortization of | | | |
|--------------------|------------------------|----------------------|----------------------|-----------------------|
| June 30, | Principal | Interest | Totals | Debt Issuance |
| | | | | Costs |
| 2019 | \$ 395,000 | \$ 1,626,026 | \$ 2,021,026 | \$ (84,220) |
| 2020 | 415,000 | 1,604,359 | 2,019,359 | (84,220) |
| 2021 | 440,000 | 1,581,488 | 2,021,488 | (84,220) |
| 2022 | 460,000 | 1,557,413 | 2,017,413 | (84,220) |
| 2023 | 485,000 | 1,532,134 | 2,017,134 | (84,220) |
| Thereafter | 23,120,000 | 20,806,210 | 43,926,210 | (1,776,204) |
| Totals | <u>\$ 25,315,000</u> | <u>\$ 28,707,630</u> | <u>\$ 54,022,630</u> | <u>\$ (2,197,304)</u> |

Notes Payable – PUC Valley

On June 18, 2014, PUC Community Charter Elementary School (CCE), a charter school within PUC Valley, took out a five-year California School Finance Authority Revolving Loan in the principal amount of \$250,000, with interest at 0.22% per annum. The loan matures on March 20, 2019, with principal payments of \$50,000 plus annual interest.

On June 22, 2014, PUC Inspire Charter Academy (ICA), a charter school within PUC Valley, took out a five-year California School Finance Authority Revolving Loan in the principal amount of \$250,000, with interest at 0.22% per annum. The loan matures on March 20, 2019, with principal payments of \$50,000 plus annual interest. Future annual payments of principal and interest of these revolving loans as of June 30, 2018, are as follows:

| Year Ending | Totals | | |
|--------------------|-------------------|-----------------|-------------------|
| June 30, | Principal | Interest | Totals |
| 2019 | 100,000 | 152 | 100,152 |
| Totals | <u>\$ 100,000</u> | <u>\$ 152</u> | <u>\$ 100,152</u> |

Revolving Loan – PUC Los Angeles

On August 18, 2017, PUC International Preparatory Academy (iPrep), a charter school within PUC Los Angeles, took out a two-year California School Finance Authority Revolving Loan in the principal amount of \$250,000, with interest at 0.22% per annum. The loan matures on March 20, 2020, with principal payments of \$125,000 plus annual interest.

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

8. DEBT OBLIGATIONS (continued)

Revolving Loan – PUC Los Angeles (continued)

Future annual payments of principal and interest of these revolving loans as of June 30, 2018, are as follows:

| Year Ending June 30, | Principal | Interest | Totals |
|---------------------------------|-------------------|-----------------|-------------------|
| 2019 | \$ 125,000 | \$ 3,968 | \$ 128,968 |
| 2020 | 125,000 | 972 | 125,972 |
| Totals | <u>\$ 250,000</u> | <u>\$ 4,940</u> | <u>\$ 254,940</u> |

Long-term liabilities activity includes debt and other long-term liabilities. Changes in obligations for the fiscal year ended June 30, 2018, are as follows:

| Long-Term Debt Activities | Beginning Balance June 30, 2017 | Increases | Decreases | Ending Balance June 30, 2018 | Amounts Due Within One Year |
|--|--|-------------------|-----------------------|---|--|
| Bonds Payable: | | | | | |
| PUC Lakeview Terrace | \$25,470,000 | \$ - | \$ (345,000) | \$ 25,125,000 | \$ 365,000 |
| PUC Valley | 25,685,000 | - | (370,000) | 25,315,000 | 395,000 |
| Revolving Loan: | | | | | |
| PUC Valley | 672,865 | - | (672,865) | - | - |
| Notes Payable: | | | | | |
| PUC Valley | 200,000 | - | (100,000) | 100,000 | 100,000 |
| PUC Los Angeles | - | 250,000 | - | 250,000 | 125,000 |
| Total long-term debt activities | 52,027,865 | 250,000 | (1,487,865) | 50,790,000 | 985,000 |
| Less: unamortized debt debt issuance costs | (3,889,547) | - | 133,562 | (3,755,985) | (141,133) |
| Totals | <u>\$48,138,318</u> | <u>\$ 250,000</u> | <u>\$ (1,354,303)</u> | <u>\$ 47,034,015</u> | <u>\$ 843,867</u> |

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of entitlements received but not expended as of June 30, 2018. At June 30, 2018, the Organization's temporarily restricted net assets consisted of:

| | |
|---|---------------------|
| Proposition 39 - California Clean Energy Jobs Act | <u>\$ 1,965,324</u> |
| Totals | <u>\$ 1,965,324</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

10. OPERATING LEASES

The Organization leases office equipment and facilities under lease arrangements that expires during the 2046-2047 fiscal years. The future minimum lease payments as of June 30, 2018, are as follows:

| Year Ending June 30, | Future Operating Lease Payments | | |
|-------------------------|---------------------------------|-------------------------|----------------|
| | LLC Lease Payments | Other Lease Payments | Totals |
| 2019 | \$ 4,156,019 | \$ 2,491,595 | \$ 6,647,614 |
| 2020 | 4,164,121 | 2,191,899 | 6,356,020 |
| 2021 | 3,587,593 | 2,021,630 | 5,609,223 |
| 2022 | 3,263,292 | 1,314,362 | 4,577,654 |
| 2023 | 2,938,991 | 1,024,218 | 3,963,209 |
| Thereafter | 72,651,855 | 15,930,675 | 88,582,530 |
| Total | 90,761,871 | \$ 24,974,379 | \$ 115,736,250 |

The Organization receives no sublease rental revenues nor pays any contingent rentals associated with this lease. For the fiscal year ended June 30, 2018, the aggregate operating lease expense was \$7,097,747.

11. EMPLOYEE RETIREMENT SYSTEMS

STRS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS).

Plan Description

The Organization contributes to the STRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2017, total plan net assets are \$197.7 billion, the total actuarial present value of accumulated plan benefits is \$362.4 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

11. EMPLOYEE RETIREMENT SYSTEMS (continued)

STRS (continued)

Funding Policy

Active plan members are required to contribute 10.20% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017-2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal year ending June 30, 2018, were \$3,570,751, and equal 100% of the required contributions for the fiscal year.

PUC Schools Retirement Savings Plan

Plan Description

On January 1, 2008, the Organization established a defined contribution plan called PUC Schools Retirement Savings Plan (Plan) under the provisions of the Employee Retirement Security Act of 1974 (ERISA). The Organization is a sponsor of the Plan.

All employees, except for those which are temporary or seasonal, students of the Organization's charter schools, or work less than 20 hours per week, are eligible to make elective deferrals. The Organization may make a discretionary matching contribution equal to 100% of the participant's elective deferrals up to 2.05% of the participant's contribution as employees who are 21 years of age, employed for a period of 90 days and are not participants of the State Teachers' Retirement System. The Organization's contributions to the Plan for the fiscal year ending June 30, 2018, were \$35,885, and equal 100% of the required contributions for the fiscal year.

12. RELATED PARTY TRANSACTIONS

Lease Agreements

CALSMSHS, CCMSHS and LCA have rental agreements with Southern California Charter School Properties, LLC (SC-LLC). CALSMSHS, CCMSHS and LCA pay a monthly rent of approximately \$37,600, \$71,300 and \$31,100, respectively. Total payments for the fiscal year ended June 30, 2018, were \$1,675,560. The amount was recognized as rental income for the SC-LLC and rental expenditure for CALSMSHS, CCMSHS and LCA and was, therefore, eliminated from the consolidated financial statements.

TCA and LCHS have rental agreements with Tri-lake Charter School Properties, LLC (TL-LLC). TCA and LCHS pay a monthly rent of approximately \$147,700 and \$84,000, respectively. Total payments for the fiscal year ended June 30, 2018, were \$2,718,422. The amount was recognized as rental income for the TL-LLC and rental expenditure for TCA and LCHS and was, therefore, eliminated from the consolidated financial statements.

PARTNERSHIPS TO UPLIFT COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

12. RELATED PARTY TRANSACTIONS (continued)

School Administrative Services Agreement

On July 1, 2013, each individual school of Partnerships to Uplift Communities Los Angeles, Partnerships to Uplift Communities Lake View Terrace and Partnerships to Uplift Communities Valley entered into a service agreement with PUC National, under which PUC National provides school administrative services at the direction of the Organization's Board of Directors. These services include, but are not limited to governance, financial administration, Human Resources, Information Technology and Data Management. The term of the agreement remains in effect in perpetuity, unless terminated by either party or modified by mutual agreement by both parties. Fees are 9.25% of each individual school's total unrestricted revenue, excluding Federal revenues. Per the agreement for 2017-2018, PUC International Preparatory Charter Academy and PUC Santa Rosa Charter Academy did not pay fees. Total fees charged by PUC National to the organization for the year ended June 30, 2018 were \$4,393,982.

13. COMMITMENTS AND CONTINGENCIES

State Allowances, Awards, and Grants

The Organization has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement will not be material.

14. SUBSEQUENT EVENTS

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 17, 2018, which is the date the financial statements were available to be issued. Management has identified the following events:

PUC International Preparatory Academy

Effective August 22, 2018, PUC international Preparatory Charter Academy closed operations due to low enrollment. The assets and liabilities from PUC international Preparatory Academy have been transferred to other schools in Partnerships to Uplift Communities Los Angeles Corporation.

SUPPLEMENTARY INFORMATION

**PARTNERSHIPS TO UPLIFT COMMUNITIES
ORGANIZATION
JUNE 30, 2018**

Partnerships to Uplift Communities consists of the following thirteen Charter Schools:

PUC Community Charter Middle School and PUC Community Early College High School [#0213] is a Grade 6 through Grade 12 Charter School and was granted its charter by the Los Angeles Unified School District on June 9, 2009, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2019.

PUC CALS Middle and Early College High [#0331] is a Grade 6 through Grade 12 Charter School and was granted its charter by the Los Angeles Unified School District on May 18, 2010, for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2020. During the year ended June 30, 2016, PUC California Academy for Liberal Studies Charter Middle School and PUC California Academy for Liberal Studies Early College High School were merged into PUC CALS Middle and Early College High.

PUC Milagro Charter School [#0600] is a Grade Kindergarten through Grade 5 Charter School and was granted its charter by the Los Angeles Unified School District on June 9, 2009, for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2019.

PUC Lakeview Charter Academy [#0603] is a Grade 6 through Grade 8 Charter School and was granted its charter by the Los Angeles Unified School District on June 9, 2009, for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2019.

PUC Triumph Charter Academy [#0797] is a Grade 6 through Grade 12 Charter School and was granted its charter renewal by the Los Angeles Unified School District on March 1, 2011 for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. During the year ended June 30, 2016, PUC Triumph Charter High School was merged into PUC Triumph Charter Academy. The charter was renewed through June 30, 2020.

PUC Excel Charter Academy [#0798] is a Grade 6 through Grade 8 Charter School and was granted its charter by the Los Angeles Unified School District on March 1, 2011, for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2021.

PUC Santa Rosa Charter Academy [#1091] is a Grade 6 through Grade 8 Charter School and was granted its charter by the Los Angeles Unified School District on February 10, 2009, for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2019.

PUC Nueva Esperanza Charter Academy [#1092] is a Grade 6 through Grade 8 Charter School and was granted its charter by the Los Angeles Unified School District on February 10, 2009, for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2019.

**PARTNERSHIPS TO UPLIFT COMMUNITIES
ORGANIZATION
JUNE 30, 2018**

PUC Lakeview Charter High School [#1241] is a Grade 9 through Grade 12 Charter School, serving Grade 9 and Grade 10, and was granted its charter renewal by the Los Angeles Unified School District on May 18, 2010, for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2020.

PUC Early College Academy for Leaders and Scholars [#1354] is a Grade 9 through Grade 12 Charter School, serving Grades 9 through Grade 11, and was granted its charter by the Los Angeles Unified School District on June 21, 2011, for a 5-year term, pursuant to the terms of the Charter Schools Act of 1992, as amended. The charter was renewed through June 30, 2019.

PUC Community Charter Elementary School [#1657] is a Grade Kindergarten through Grade 5 Charter School, serving Grades Kindergarten through Grade 3, and was granted its charter by the Los Angeles Unified School District on July 1, 2014, for a 5-year term expiring on June 30, 2019, pursuant to the terms of the Charter Schools Act of 1992, as amended.

PUC Inspire Charter School [#1626] is a Grade 6 through Grade 8 Charter School, serving Grades 6 through Grade 8, and was granted its charter by the Los Angeles Unified School District on July 1, 2014, for a 5-year term expiring on June 30, 2019, pursuant to the terms of the Charter Schools Act of 1992, as amended.

PUC iPrep Charter School [#1820] is a Grade Kindergarten through Grade 8 Charter School, serving Grades Kindergarten, 1, 6 and 7, and was granted its charter by the Los Angeles Unified School District on August 28, 2017, for a 3-year term expiring on June 30, 2019, pursuant to the terms of the Charter Schools Act of 1992, as amended.

**PARTNERSHIPS TO UPLIFT COMMUNITIES
ORGANIZATION
JUNE 30, 2018**

The Board of Directors for the fiscal year ended June 30, 2018, was comprised of the following members:

PUC Los Angeles/Valley/Lakeview Terrace

| Name | Office | Term | Term Expiration |
|-----------------------|-------------------------|---------|-----------------|
| Juana Maria Valdivida | Chairman | 2 Years | January 2019 |
| Dorothy Lee | Vice-Chairman/Secretary | 2 Years | June 2019 |
| Jesus Almeda | Treasurer | 2 Years | June 2019 |
| Jessica Lopez | Member | 2 Years | June 2019 |
| Genesis Morales | Member | 2 Years | June 2019 |

PUC Schools Administration

| Name | Position |
|----------------------|---|
| Nik Orlando | Regional Superintendent, LA Schools |
| Adrian Abich | Regional Superintendent, Valley Schools |
| Leslie Chang Ed.D | Regional Superintendent, LA Schools |
| Christine Sartiaguda | Director of Clinical Counseling |
| Meredith McOlvin | Director of Inclusion and Special Education |

PUC National (Support) Management

| Name | Position |
|--------------------------|---|
| Jacqueline Elliot, Ed.D. | Chief Executive Officer |
| Lisa Tovar | Chief Financial Officer |
| Malena Orozco-Otero | Chief of Human Capital |
| Jaime Serrano | VP of Information Technology |
| Edwin Torres | Director of Operations, Facilities Operations & Development |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC Community Charter Middle School and PUC Community Early College High School

| | Second Period Report | Annual Report |
|--------------|-------------------------------------|--------------------------|
| Grades 4 - 6 | 116.53 | 115.98 |
| Grades 7 - 8 | 222.66 | 222.02 |
| Grades 9 -12 | 430.82 | 429.56 |
| Total | <u>770.01</u> | <u>767.56</u> |

Community Charter Middle School is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC CALS Middle and Early College High

| | Second Period Report | Annual Report |
|--------------|-------------------------------------|--------------------------|
| Grades 4 - 6 | 69.43 | 69.33 |
| Grades 7 - 8 | 211.80 | 209.65 |
| Grades 9 -12 | 254.55 | 252.40 |
| Total | <u>535.78</u> | <u>531.38</u> |

California Academy for Liberal Studies Charter Middle School is 100% classroom-based and generates no ADA from a full-time independent study program.

| | Second Period Report | Annual Report |
|--|-------------------------------------|--------------------------|
| Transitional Kindergarten/Kindergarten - Grade 3 | 183.62 | 183.37 |
| Grades 4 - 6 | 89.65 | 89.40 |
| Total | <u>273.27</u> | <u>272.77</u> |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC Milagro Charter School

| | <u>Second Period Report</u> | <u>Annual Report</u> |
|--|-------------------------------------|--------------------------|
| Transitional Kindergarten/Kindergarten - Grade 3 | 183.62 | 183.37 |
| Grades 4 - 6 | <u>89.65</u> | <u>89.40</u> |
| Total | <u><u>273.27</u></u> | <u><u>272.77</u></u> |

Milagro Charter School is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC Lakeview Charter Academy

| | <u>Second Period Report</u> | <u>Annual Report</u> |
|--------------|-------------------------------------|--------------------------|
| Grades 4 - 6 | 114.57 | 114.51 |
| Grades 7 - 8 | <u>219.51</u> | <u>218.25</u> |
| Total | <u><u>334.08</u></u> | <u><u>332.76</u></u> |

Lakeview Charter Academy is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC Triumph Charter Academy

| | <u>Second Period Report</u> | <u>Annual Report</u> |
|--------------|-------------------------------------|--------------------------|
| Grades 4 - 6 | 113.84 | 113.05 |
| Grades 7 - 8 | 228.03 | 227.05 |
| Grades 9 -12 | <u>404.71</u> | <u>401.06</u> |
| Total | <u><u>746.58</u></u> | <u><u>741.16</u></u> |

Triumph Charter Academy is 100% classroom-based and generates no ADA from a full-time independent study program.

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC Excel Charter Academy

| | Second Period Report | Annual Report |
|--------------|-------------------------------------|--------------------------|
| Grades 4 - 6 | 83.71 | 83.43 |
| Grades 7 - 8 | 207.03 | 205.22 |
| Total | <u>290.74</u> | <u>288.65</u> |

Excel Charter Academy is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC Santa Rosa Charter Academy

| | Second Period Report | Annual Report |
|--------------|-------------------------------------|--------------------------|
| Grades 4 - 6 | 29.31 | 28.63 |
| Grades 7 - 8 | 123.71 | 122.92 |
| Total | <u>153.02</u> | <u>151.55</u> |

Santa Rosa Charter Academy is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC Nueva Esperanza Charter Academy

| | Second Period Report | Annual Report |
|--------------|-------------------------------------|--------------------------|
| Grades 4 - 6 | 118.95 | 117.87 |
| Grades 7 - 8 | 230.38 | 227.90 |
| Grades 9 -12 | 162.78 | 159.76 |
| Total | <u>512.11</u> | <u>505.53</u> |

Nueva Esperanza Charter Academy is 100% classroom-based and generates no ADA from a full-time independent study program.

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC Lakeview Charter High School

| | Second Period Report | Annual Report |
|--------------|-------------------------------------|--------------------------|
| Grades 9 -12 | 433.38 | 432.46 |
| Total | 433.38 | 432.46 |

Lakeview Charter High School is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC Early College Academy for Leaders and Scholars

| | Second Period Report | Annual Report |
|--------------|-------------------------------------|--------------------------|
| Grades 9 -12 | 344.94 | 341.56 |
| Total | 344.94 | 341.56 |

Early College Academy for Leaders and Scholars is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC Community Charter Elementary

| | Second Period Report | Annual Report |
|--|-------------------------------------|--------------------------|
| Transitional Kindergarten/Kindergarten - Grade 3 | 192.11 | 191.89 |
| Grades 4 - 6 | 103.89 | 103.31 |
| Total | 296.00 | 295.20 |

Community Charter Elementary is 100% classroom-based and generates no ADA from a full-time independent study program.

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC Inspire Middle Academy

| | Second Period Report | Annual Report |
|--------------|-------------------------------------|--------------------------|
| Grades 4 - 6 | 86.65 | 85.23 |
| Grades 7 - 8 | 199.52 | 197.88 |
| Total | <u>286.17</u> | <u>283.11</u> |

Inspire Middle Academy is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC International Preparatory Academy

| | Second Period Report | Annual Report |
|--|-------------------------------------|--------------------------|
| Transitional Kindergarten/Kindergarten - Grade 3 | 59.31 | 59.11 |
| Grades 4 - 6 | 7.85 | 8.07 |
| Grades 7 - 8 | 11.11 | 11.22 |
| Total | <u>78.27</u> | <u>78.40</u> |

International Preparatory Academy is 100% classroom-based and generates no ADA from a full-time independent study program.

PUC Community Charter Middle School & Community Early College High School

| Grade Level | 2017-18 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 6 | 54,000 | 68,145 | 176 | In Compliance |
| Grade 7 | 54,000 | 68,145 | 176 | In Compliance |
| Grade 8 | 54,000 | 68,145 | 176 | In Compliance |
| Grade 9 | 64,800 | 68,615 | 176 | In Compliance |
| Grade 10 | 64,800 | 68,615 | 176 | In Compliance |
| Grade 11 | 64,800 | 68,615 | 176 | In Compliance |
| Grade 12 | 64,800 | 68,615 | 176 | In Compliance |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC CALS Middle and Early College High

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 6 | 54,000 | 67,340 | 176 | In Compliance |
| Grade 7 | 54,000 | 67,340 | 176 | In Compliance |
| Grade 8 | 54,000 | 67,340 | 176 | In Compliance |
| Grade 9 | 64,800 | 66,240 | 176 | In Compliance |
| Grade 10 | 64,800 | 66,240 | 176 | In Compliance |
| Grade 11 | 64,800 | 66,240 | 176 | In Compliance |
| Grade 12 | 64,800 | 66,240 | 176 | In Compliance |

PUC Milagro Charter School

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Kindergarten | 36,000 | 60,200 | 176 | In Compliance |
| Grade 1 | 50,400 | 60,260 | 176 | In Compliance |
| Grade 2 | 50,400 | 60,260 | 176 | In Compliance |
| Grade 3 | 50,400 | 60,260 | 176 | In Compliance |
| Grade 4 | 54,000 | 60,260 | 176 | In Compliance |
| Grade 5 | 54,000 | 60,260 | 176 | In Compliance |

PUC Lakeview Charter Academy

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 6 | 54,000 | 67,940 | 176 | In Compliance |
| Grade 7 | 54,000 | 67,940 | 176 | In Compliance |
| Grade 8 | 54,000 | 67,940 | 176 | In Compliance |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC Triumph Charter Academy

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 6 | 54,000 | 67,940 | 176 | In Compliance |
| Grade 7 | 54,000 | 67,940 | 176 | In Compliance |
| Grade 8 | 54,000 | 67,940 | 176 | In Compliance |
| Grade 9 | 64,800 | 68,145 | 176 | In Compliance |
| Grade 10 | 64,800 | 68,145 | 176 | In Compliance |
| Grade 11 | 64,800 | 68,145 | 176 | In Compliance |
| Grade 12 | 64,800 | 68,145 | 176 | In Compliance |

PUC Excel Charter Academy

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 6 | 54,000 | 71,828 | 176 | In Compliance |
| Grade 7 | 54,000 | 71,828 | 176 | In Compliance |
| Grade 8 | 54,000 | 71,828 | 176 | In Compliance |

PUC Santa Rosa Charter Academy

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 6 | 54,000 | 63,960 | 176 | In Compliance |
| Grade 7 | 54,000 | 63,960 | 176 | In Compliance |
| Grade 8 | 54,000 | 63,960 | 176 | In Compliance |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC Nueva Esperanza Charter Academy

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 6 | 54,000 | 67,385 | 176 | In Compliance |
| Grade 7 | 54,000 | 67,385 | 176 | In Compliance |
| Grade 8 | 54,000 | 67,385 | 176 | In Compliance |
| Grade 9 | 64,800 | 67,500 | 176 | In Compliance |
| Grade 10 | 64,800 | 67,500 | 176 | In Compliance |
| Grade 11 | 64,800 | 67,500 | 176 | In Compliance |

PUC Lakeview Charter High School

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 9 | 64,800 | 67,735 | 176 | In Compliance |
| Grade 10 | 64,800 | 67,735 | 176 | In Compliance |
| Grade 11 | 64,800 | 67,735 | 176 | In Compliance |
| Grade 12 | 64,800 | 67,735 | 176 | In Compliance |

PUC Early College Academy for Leaders and Scholars

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 9 | 64,800 | 66,600 | 176 | In Compliance |
| Grade 10 | 64,800 | 66,600 | 176 | In Compliance |
| Grade 11 | 64,800 | 66,600 | 176 | In Compliance |
| Grade 12 | 64,800 | 66,600 | 176 | In Compliance |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PUC Community Charter Elementary

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Kindergarten | 36,000 | 58,260 | 176 | In Compliance |
| Grade 1 | 50,400 | 55,150 | 176 | In Compliance |
| Grade 2 | 50,400 | 55,150 | 176 | In Compliance |
| Grade 3 | 50,400 | 55,150 | 176 | In Compliance |
| Grade 4 | 54,000 | 55,150 | 176 | In Compliance |
| Grade 5 | 54,000 | 55,150 | 176 | In Compliance |

PUC Inspire Charter Academy

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Grade 6 | 54,000 | 66,180 | 176 | In Compliance |
| Grade 7 | 54,000 | 66,180 | 176 | In Compliance |
| Grade 8 | 54,000 | 66,180 | 176 | In Compliance |

PUC International Preparatory Charter Academy

| Grade Level | 2017-2018 Minutes Requirements | 2017-2018 Actual Minutes | Number of Days Traditional Calendar | Status |
|--------------------|---|-------------------------------------|--|---------------|
| Kindergarten | 36,000 | 61,200 | 176 | In Compliance |
| Grade 1 | 50,400 | 61,200 | 176 | In Compliance |
| Grade 6 | 54,000 | 65,340 | 176 | In Compliance |
| Grade 7 | 54,000 | 65,340 | 176 | In Compliance |

PARTNERSHIPS TO UPLIFT COMMUNITIES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

| Federal Grantor/ Pass-Through Entity Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|------------------------------------|---|---------------------------------|
| U.S. Department of Agriculture | | | |
| Passed through California Department of Education: | | | |
| Child Nutrition: School Programs | 10.555 | 13391 | \$ 2,608,487 |
| Total U.S. Department of Agriculture | | | <u>2,608,487</u> |
| U.S. Department of Education | | | |
| Passed through California Department of Education: | | | |
| NCLB: Title I, Part A, Basic Grants Low-Income and Neglected | 84.010 | 14329 | 2,106,209 |
| NCLB: Title II, Part A, Teacher Quality | 84.367 | 14341 | 238,600 |
| NCLB: Title V, Part B, Public Charter School Grants | 84.282A | 14941 | 303,488 |
| Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 | 84.027 | 13379 | 983,172 |
| Total U.S. Department of Education | | | <u>3,631,469</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 6,239,956</u> |

NOTE ON BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Partnerships to Uplift Communities and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance. Partnerships to Uplift Communities has elected to use the 10-percent de minimus indirect cost rate allowed under OMB Uniform Guidance.

PARTNERSHIPS TO UPLIFT COMMUNITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2018

| | Program Services | Support Services | Totals |
|--|-----------------------------|-----------------------------------|----------------------|
| | Education | Management and General | |
| Certificated salaries | \$ 20,981,942 | \$ 4,022,549 | \$ 25,004,491 |
| Classified salaries | 5,676,747 | 2,094,399 | 7,771,146 |
| Employee benefits | 6,796,245 | 931,684 | 7,727,929 |
| Books and supplies | 3,389,096 | - | 3,389,096 |
| Travel and conferences | 481,267 | - | 481,267 |
| Dues and memberships | 65,857 | 795 | 66,652 |
| Insurance | - | 420,171 | 420,171 |
| Operation and housekeeping services | 2,563,134 | 1,372,049 | 3,935,183 |
| Rental, leases, repairs, and non-capitalized improvements | 5,956,176 | 4,647,952 | 10,604,128 |
| Professional/consulting services and operating expenditures | 8,824,738 | 1,675,410 | 10,500,148 |
| Communications | - | 561,142 | 561,142 |
| Depreciation | - | 1,793,471 | 1,793,471 |
| Amortization | - | 133,562 | 133,562 |
| Total expenses before eliminations | 54,735,202 | 17,653,184 | 72,388,386 |
| Intercompany eliminations | - | (4,393,982) | (4,393,982) |
| Total expenses | <u>\$ 54,735,202</u> | <u>\$ 13,259,202</u> | <u>\$ 67,994,404</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2018

| | PUC Los Angeles | PUC Valley | PUC Lakeview Terrace | Totals |
|---|---------------------|----------------------|-------------------------|----------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$ 5,418,529 | \$ 4,945,544 | \$ 3,670,013 | \$ 14,034,086 |
| Restricted cash, current portion | - | 1,213,296 | 1,017,081 | 2,230,377 |
| Accounts receivable | 1,824,722 | 2,471,966 | 1,231,418 | 5,528,106 |
| Prepaid expenses | 35,367 | 39,155 | 9,191 | 83,713 |
| Deferred rent | 37,212 | - | 39,667 | 76,879 |
| Total current assets | 7,315,830 | 8,669,961 | 5,967,370 | 21,953,161 |
| Restricted cash, noncurrent portion | - | 2,299,846 | 2,028,898 | 4,328,744 |
| Fixed assets, net | 1,949,740 | 24,268,440 | 20,279,414 | 46,497,594 |
| Deposits | 213,573 | 12,029 | 313,183 | 538,785 |
| Total noncurrent assets | 2,163,313 | 26,580,315 | 22,621,495 | 51,365,123 |
| Total assets | <u>\$ 9,479,143</u> | <u>\$ 35,250,276</u> | <u>\$ 28,588,865</u> | <u>\$ 73,318,284</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 1,182,186 | \$ 953,653 | \$ 899,185 | \$ 3,035,024 |
| Accrued expenses | 602,799 | 1,098,997 | 755,735 | 2,457,531 |
| Deferred rent | - | 419,162 | - | 419,162 |
| Other current liabilities | - | 1,628,748 | 78,498 | 1,707,246 |
| Current portion of debt obligations, net | 125,000 | 410,780 | 308,087 | 843,867 |
| Total current liabilities | 1,909,985 | 4,511,340 | 2,041,505 | 8,462,830 |
| Debt obligations, net, less current portion | 125,000 | 22,806,315 | 23,258,833 | 46,190,148 |
| Total long-term liabilities | 125,000 | 22,806,315 | 23,258,833 | 46,190,148 |
| Total liabilities | <u>2,034,985</u> | <u>27,317,655</u> | <u>25,300,338</u> | <u>54,652,978</u> |
| Net assets: | | | | |
| Temporarily restricted | 983,583 | 402,432 | 579,309 | 1,965,324 |
| Unrestricted | 6,460,575 | 7,530,189 | 2,709,218 | 16,699,982 |
| Total net assets | 7,444,158 | 7,932,621 | 3,288,527 | 18,665,306 |
| Total liabilities and net assets | <u>\$ 9,479,143</u> | <u>\$ 35,250,276</u> | <u>\$ 28,588,865</u> | <u>\$ 73,318,284</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

| | PUC Los Angeles | PUC Valley | PUC Lakeview Terrace | Totals |
|--------------------------------------|----------------------------|-----------------------|---------------------------------|----------------------|
| REVENUES | | | | |
| Revenue limit sources: | | | | |
| State aid | \$ 10,591,565 | \$ 14,982,003 | \$ 6,826,625 | \$ 32,400,193 |
| Education protection account | 2,274,790 | 2,534,431 | 1,512,207 | 6,321,428 |
| In-lieu of property taxes | 4,043,817 | 5,487,173 | 2,663,894 | 12,194,884 |
| Federal revenues | 2,485,573 | 2,449,965 | 1,304,418 | 6,239,956 |
| State revenues | 4,441,306 | 4,800,778 | 2,624,661 | 11,866,745 |
| Local revenues: | | | | |
| Donations | 383,503 | 137,357 | 75,923 | 596,783 |
| Fundraising | 205,765 | 352,280 | 254,057 | 812,102 |
| Miscellaneous | 670,480 | 669,419 | 319,346 | 1,659,245 |
| Total revenues | <u>25,096,799</u> | <u>31,413,406</u> | <u>15,581,131</u> | <u>72,091,336</u> |
| EXPENSES | | | | |
| Program services: | | | | |
| Education | 18,758,805 | 23,783,702 | 12,192,695 | 54,735,202 |
| Support services: | | | | |
| Management and general | 4,932,799 | 5,377,391 | 2,949,012 | 13,259,202 |
| Total expenses | <u>23,691,604</u> | <u>29,161,093</u> | <u>15,141,707</u> | <u>67,994,404</u> |
| CHANGE IN NET ASSETS | 1,405,195 | 2,252,313 | 439,424 | 4,096,932 |
| NET ASSETS, BEGINNING OF YEAR | <u>6,038,963</u> | <u>5,680,308</u> | <u>2,849,103</u> | <u>14,568,374</u> |
| NET ASSETS, END OF YEAR | <u>\$ 7,444,158</u> | <u>\$ 7,932,621</u> | <u>\$ 3,288,527</u> | <u>\$ 18,665,306</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

| | PUC Los Angeles | PUC Valley | PUC Lakeview Terrace | Totals |
|--|---------------------|---------------------|-------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Change in net assets | \$ 1,405,195 | \$ 2,252,313 | \$ 439,424 | \$ 4,096,932 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | | | |
| Depreciation | 214,859 | 964,574 | 614,038 | 1,793,471 |
| Amortization of debt discount | - | 76,649 | 56,913 | 133,562 |
| (Increase) decrease in operating assets: | | | | |
| Accounts receivable | (77,549) | 16,766 | 109,596 | 48,813 |
| Due from related parties | (68,805) | 694,829 | 128,241 | 754,265 |
| Prepaid expenses | 2,665 | (13,013) | 3,204 | (7,144) |
| Other current assets | - | 298 | - | 298 |
| Deferred rent assets | 5,294 | 224,521 | 3,546 | 233,361 |
| Deposits | (33,230) | - | 61,951 | 28,721 |
| Increase (decrease) in operating liabilities: | | | | |
| Accounts payable | 471,802 | 183,475 | 200,007 | 855,284 |
| Intercompany payables | - | (823,070) | - | (823,070) |
| Due to related parties | 68,805 | - | - | 68,805 |
| Accrued expenses | (31,262) | (1,242,032) | (1,810) | (1,275,104) |
| Deferred revenue | (190,544) | (142,264) | (45,983) | (378,791) |
| Deferred rent | - | (7,329) | - | (7,329) |
| Other current liabilities | - | 1,628,748 | 38,812 | 1,667,560 |
| Net cash flows provided by operating activities | <u>1,767,230</u> | <u>3,814,465</u> | <u>1,607,939</u> | <u>7,189,634</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Purchase of fixed assets | (1,624,223) | (291,578) | (71,818) | (1,987,619) |
| Net cash flows used in investing activities | <u>(1,624,223)</u> | <u>(291,578)</u> | <u>(71,818)</u> | <u>(1,987,619)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Proceeds from notes payable | 250,000 | - | - | 250,000 |
| Payments on debt obligations | - | (1,142,865) | (345,000) | (1,487,865) |
| Increase in restricted cash | - | 200,070 | (3,732) | 196,338 |
| Net cash flows (used in) provided by in financing activities | <u>250,000</u> | <u>(942,795)</u> | <u>(348,732)</u> | <u>(1,041,527)</u> |
| NET INCREASE IN CASH | <u>393,007</u> | <u>2,580,092</u> | <u>1,187,389</u> | <u>4,160,488</u> |
| CASH, BEGINNING OF YEAR | <u>5,025,522</u> | <u>2,365,452</u> | <u>2,482,624</u> | <u>9,873,598</u> |
| CASH, END OF YEAR | <u>\$ 5,418,529</u> | <u>\$ 4,945,544</u> | <u>\$ 3,670,013</u> | <u>\$ 14,034,086</u> |
| SUPPLEMENTAL DISCLOSURE: | | | | |
| Cash paid for interest | <u>\$ -</u> | <u>\$ 1,649,539</u> | <u>\$ 1,322,633</u> | <u>\$ 2,972,172</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LOS ANGELES
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2018

| | CALSMHS | MCS | ECA | SRCA | ECALS | iPREP | Eliminations | Totals |
|--|--------------|--------------|--------------|------------|--------------|------------|--------------|--------------|
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash | \$ 1,698,760 | \$ 1,021,311 | \$ 902,665 | \$ 706,544 | \$ 1,081,453 | \$ 7,796 | \$ - | \$ 5,418,529 |
| Accounts receivable | 609,582 | 352,143 | 354,488 | 168,729 | 233,991 | 105,789 | - | 1,824,722 |
| Due from related party | - | 33,805 | - | - | 35,000 | - | (68,805) | - |
| Prepaid expenses | 3,995 | 25,155 | 2,199 | 1,194 | 2,615 | 209 | - | 35,367 |
| Deferred rent | 37,212 | - | - | - | - | - | - | 37,212 |
| Total current assets | 2,349,549 | 1,432,414 | 1,259,352 | 876,467 | 1,353,059 | 113,794 | (68,805) | 7,315,830 |
| Fixed assets, net | 1,328,777 | 32,637 | 116,798 | 44,314 | 101,160 | 326,054 | - | 1,949,740 |
| Deposits | 130,967 | 42,456 | 826 | 6,819 | 25 | 32,480 | - | 213,573 |
| Total noncurrent assets | 1,459,744 | 75,093 | 117,624 | 51,133 | 101,185 | 358,534 | - | 2,163,313 |
| Total assets | \$ 3,809,293 | \$ 1,507,507 | \$ 1,376,976 | \$ 927,600 | \$ 1,454,244 | \$ 472,328 | \$ (68,805) | \$ 9,479,143 |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | \$ 410,997 | \$ 155,886 | \$ 233,153 | \$ 72,366 | \$ 210,191 | \$ 99,593 | \$ - | \$ 1,182,186 |
| Due to related party | - | - | - | - | - | 68,805 | (68,805) | - |
| Accrued expenses | 150,769 | 92,431 | 103,695 | 62,519 | 141,124 | 52,261 | - | 602,799 |
| Current portion of long-term liabilities | - | - | - | - | - | 125,000 | - | 125,000 |
| Total current liabilities | 561,766 | 248,317 | 336,848 | 134,885 | 351,315 | 345,659 | (68,805) | 1,909,985 |
| Long-term liabilities: | | | | | | | | |
| Notes payable, net of current portion | - | - | - | - | - | 125,000 | - | 125,000 |
| Total liabilities | 561,766 | 248,317 | 336,848 | 134,885 | 351,315 | 470,659 | (68,805) | 2,034,985 |
| Net assets: | | | | | | | | |
| Temporarily restricted | 106,907 | 252,758 | 217,715 | 247,469 | 158,734 | - | - | 983,583 |
| Unrestricted | 3,140,620 | 1,006,432 | 822,413 | 545,246 | 944,195 | 1,669 | - | 6,460,575 |
| Total net assets | 3,247,527 | 1,259,190 | 1,040,128 | 792,715 | 1,102,929 | 1,669 | - | 7,444,158 |
| Total liabilities and net assets | \$ 3,809,293 | \$ 1,507,507 | \$ 1,376,976 | \$ 927,600 | \$ 1,454,244 | \$ 472,328 | \$ - | \$ 9,479,143 |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LOS ANGELES
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018**

| | <u>CALSMSSH</u> | <u>MCS</u> | <u>ECA</u> | <u>SRCA</u> | <u>ECALS</u> | <u>iPREP</u> | <u>Totals</u> |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|------------------|---------------------|
| REVENUES | | | | | | | |
| Revenue limit sources: | | | | | | | |
| State aid | \$ 3,489,113 | \$ 1,684,388 | \$ 1,700,111 | \$ 885,788 | \$ 2,326,710 | \$ 505,455 | \$ 10,591,565 |
| Education protection account | 733,576 | 363,301 | 398,220 | 211,677 | 552,362 | 15,654 | 2,274,790 |
| In-lieu of property taxes | 1,292,703 | 659,332 | 701,483 | 369,199 | 832,254 | 188,846 | 4,043,817 |
| Federal revenues | 588,935 | 421,751 | 465,118 | 225,503 | 371,620 | 412,646 | 2,485,573 |
| State revenues | 1,186,521 | 847,843 | 938,896 | 661,174 | 571,024 | 235,848 | 4,441,306 |
| Local revenues: | | | | | | | |
| Donations | 37,384 | 31,036 | 30,957 | 22,890 | 40,580 | 220,656 | 383,503 |
| Fundraising | 51,597 | 30,799 | 22,390 | 40,140 | 43,706 | 17,133 | 205,765 |
| Miscellaneous | 197,845 | 111,679 | 131,969 | 73,172 | 132,648 | 23,167 | 670,480 |
| Total revenues | <u>7,577,674</u> | <u>4,150,129</u> | <u>4,389,144</u> | <u>2,489,543</u> | <u>4,870,904</u> | <u>1,619,405</u> | <u>25,096,799</u> |
| EXPENSES | | | | | | | |
| Program services: | | | | | | | |
| Education | 5,783,069 | 2,997,858 | 3,234,985 | 1,676,953 | 3,680,743 | 1,385,197 | 18,758,805 |
| Support services: | | | | | | | |
| Management and general | 1,476,041 | 853,664 | 860,331 | 546,349 | 962,204 | 234,210 | 4,932,799 |
| Total expenses | <u>7,259,110</u> | <u>3,851,522</u> | <u>4,095,316</u> | <u>2,223,302</u> | <u>4,642,947</u> | <u>1,619,407</u> | <u>23,691,604</u> |
| CHANGE IN NET ASSETS | 318,564 | 298,607 | 293,828 | 266,241 | 227,957 | (2) | 1,405,195 |
| NET ASSETS, BEGINNING OF YEAR | <u>2,928,963</u> | <u>960,583</u> | <u>746,300</u> | <u>526,474</u> | <u>874,972</u> | <u>1,671</u> | <u>6,038,963</u> |
| NET ASSETS, END OF YEAR | <u>\$ 3,247,527</u> | <u>\$ 1,259,190</u> | <u>\$ 1,040,128</u> | <u>\$ 792,715</u> | <u>\$ 1,102,929</u> | <u>\$ 1,669</u> | <u>\$ 7,444,158</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LOS ANGELES
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

| | CALSMHS | MCS | ECA | SRCA | ECALS | iPREP | Totals |
|--|---------------------|---------------------|-------------------|-------------------|---------------------|------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | |
| Change in net assets | \$ 318,564 | \$ 298,607 | \$ 293,828 | \$ 266,241 | \$ 227,957 | \$ (2) | \$ 1,405,195 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | | | | | | |
| Depreciation | 62,806 | 31,060 | 28,249 | 13,761 | 32,214 | 46,769 | 214,859 |
| (Increase) decrease in operating assets: | | | | | | | |
| Accounts receivable | (82,750) | (33,283) | (23,319) | 38,862 | 44,355 | (21,414) | (77,549) |
| Due from related party | - | (33,805) | - | - | (35,000) | - | (68,805) |
| Prepaid expenses | 942 | (257) | 565 | 622 | 1,002 | (209) | 2,665 |
| Deferred rent assets | 5,294 | - | - | - | - | - | 5,294 |
| Deposits | (750) | - | - | - | - | (32,480) | (33,230) |
| Increase (decrease) in operating liabilities: | | | | | | | |
| Accounts payable | 245,067 | 56,403 | 95,400 | 4,214 | 17,183 | 53,535 | 471,802 |
| Due to related party | - | - | - | - | - | 68,805 | 68,805 |
| Accrued expenses | (60,759) | (22,401) | 12,055 | 4,783 | (14,705) | 49,765 | (31,262) |
| Deferred revenue | (26,804) | (18,397) | (22,650) | (7,002) | (20,691) | (95,000) | (190,544) |
| Net cash flows provided by operating activities | <u>461,610</u> | <u>277,927</u> | <u>384,128</u> | <u>321,481</u> | <u>252,315</u> | <u>69,769</u> | <u>1,767,230</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | |
| Purchase of fixed assets | (1,138,504) | (11,968) | (38,984) | - | (61,815) | (372,952) | (1,624,223) |
| Net cash flows used in investing activities | <u>(1,138,504)</u> | <u>(11,968)</u> | <u>(38,984)</u> | <u>-</u> | <u>(61,815)</u> | <u>(372,952)</u> | <u>(1,624,223)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | |
| Proceeds from notes payable | - | - | - | - | - | 250,000 | 250,000 |
| Net cash flows from (used in) financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>250,000</u> | <u>250,000</u> |
| NET INCREASE (DECREASE) IN CASH | <u>(676,894)</u> | <u>265,959</u> | <u>345,144</u> | <u>321,481</u> | <u>190,500</u> | <u>(53,183)</u> | <u>393,007</u> |
| CASH, BEGINNING OF YEAR | <u>2,375,654</u> | <u>755,352</u> | <u>557,521</u> | <u>385,063</u> | <u>890,953</u> | <u>60,979</u> | <u>5,025,522</u> |
| CASH, END OF YEAR | <u>\$ 1,698,760</u> | <u>\$ 1,021,311</u> | <u>\$ 902,665</u> | <u>\$ 706,544</u> | <u>\$ 1,081,453</u> | <u>\$ 7,796</u> | <u>\$ 5,418,529</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LOS ANGELES
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2018

| | <u>Program Services</u> | <u>Support Services</u> | |
|--|-----------------------------|-----------------------------------|----------------------|
| | <u>Education</u> | <u>Management and General</u> | <u>Totals</u> |
| Certificated salaries | \$ 7,743,411 | \$ 1,635,952 | \$ 9,379,363 |
| Classified salaries | 2,006,516 | 855,113 | 2,861,629 |
| Employee benefits | 2,550,145 | 354,435 | 2,904,580 |
| Books and supplies | 975,525 | - | 975,525 |
| Travel and conferences | 163,747 | - | 163,747 |
| Dues and memberships | 25,392 | 795 | 26,187 |
| Insurance | - | 135,493 | 135,493 |
| Operation and housekeeping services | 805,028 | 349,736 | 1,154,764 |
| Rental, leases, repairs, and non-capitalized improvements | 1,648,919 | 476,775 | 2,125,694 |
| Professional/consulting services and operating expenditures | 2,840,122 | 671,988 | 3,512,110 |
| Communications | - | 237,653 | 237,653 |
| Depreciation | - | 214,859 | 214,859 |
| Total expenses | <u>\$ 18,758,805</u> | <u>\$ 4,932,799</u> | <u>\$ 23,691,604</u> |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LOS ANGELES
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL
REPORT - - ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

There was no difference between the net assets reported on June 30, 2018, Charter School Unaudited Actuals Financial Report – Alternative form and the audited financial statements.

**PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC VALLEY
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2018**

| | TCA | NECA | LCHS | CCE | ICA | TL-LLC | Eliminations | Totals |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|----------------------|
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash | \$ 1,354,051 | \$ 617,239 | \$ 1,153,310 | \$ 1,170,414 | \$ 629,719 | \$ 20,811 | \$ - | \$ 4,945,544 |
| Restricted cash, current portion | - | - | - | - | - | 1,213,296 | - | 1,213,296 |
| Accounts receivable | 734,398 | 481,125 | 448,307 | 436,410 | 371,726 | - | - | 2,471,966 |
| Due from related party | 686,528 | 500,000 | 374,745 | - | - | - | (1,561,273) | - |
| Prepaid expenses | 6,905 | 5,372 | 2,283 | 21,573 | 3,022 | - | - | 39,155 |
| Total current assets | <u>2,781,882</u> | <u>1,603,736</u> | <u>1,978,645</u> | <u>1,628,397</u> | <u>1,004,467</u> | <u>1,234,107</u> | <u>(1,561,273)</u> | <u>8,669,961</u> |
| Restricted cash, noncurrent portion | - | - | - | - | - | 2,299,846 | - | 2,299,846 |
| Fixed assets, net | 514,299 | 196,011 | 281,378 | 206,823 | 124,097 | 22,945,832 | - | 24,268,440 |
| Deposits | 734 | - | 19 | 9,013 | 2,263 | - | - | 12,029 |
| Total assets | <u>\$ 3,296,915</u> | <u>\$ 1,799,747</u> | <u>\$ 2,260,042</u> | <u>\$ 1,844,233</u> | <u>\$ 1,130,827</u> | <u>\$ 26,479,785</u> | <u>\$ (1,561,273)</u> | <u>\$ 35,250,276</u> |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | \$ 255,623 | \$ 201,171 | \$ 189,537 | \$ 193,209 | \$ 114,113 | \$ - | \$ - | \$ 953,653 |
| Due to related party | - | - | - | - | - | 1,561,273 | (1,561,273) | - |
| Accrued expenses | 166,151 | 128,656 | 88,297 | 86,534 | 83,829 | 545,530 | - | 1,098,997 |
| Deferred rent | 79,619 | 274,988 | 46,760 | 17,795 | - | - | - | 419,162 |
| Other current liabilities | 987,449 | 14,520 | 626,754 | 25 | - | - | - | 1,628,748 |
| Current portion of debt obligations, net | - | - | - | 50,000 | 50,000 | 310,780 | - | 410,780 |
| Total current liabilities | <u>1,488,842</u> | <u>619,335</u> | <u>951,348</u> | <u>347,563</u> | <u>247,942</u> | <u>2,417,583</u> | <u>(1,561,273)</u> | <u>4,511,340</u> |
| Debt obligations, net of current portion | - | - | - | - | - | 22,806,315 | - | 22,806,315 |
| Total liabilities | <u>1,488,842</u> | <u>619,335</u> | <u>951,348</u> | <u>347,563</u> | <u>247,942</u> | <u>25,223,898</u> | <u>(1,561,273)</u> | <u>27,317,655</u> |
| Net assets: | | | | | | | | |
| Temporarily restricted | 107,272 | 54,547 | 240,613 | - | - | - | - | 402,432 |
| Unrestricted | 1,700,801 | 1,125,865 | 1,068,081 | 1,496,670 | 882,885 | 1,255,887 | - | 7,530,189 |
| Total net assets | <u>1,808,073</u> | <u>1,180,412</u> | <u>1,308,694</u> | <u>1,496,670</u> | <u>882,885</u> | <u>1,255,887</u> | <u>-</u> | <u>7,932,621</u> |
| Total liabilities and net assets | <u>\$ 3,296,915</u> | <u>\$ 1,799,747</u> | <u>\$ 2,260,042</u> | <u>\$ 1,844,233</u> | <u>\$ 1,130,827</u> | <u>\$ 26,479,785</u> | <u>\$ -</u> | <u>\$ 35,250,276</u> |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC VALLEY
COMBINING STATEMENT OF ACTIVITIES
June 30, 2018**

| | TCA | NECA | LCHS | CCE | ICA | TL-LLC | Elimination | Totals |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|--------------------|--------------------|---------------------|
| REVENUES | | | | | | | | |
| Revenue limit sources: | | | | | | | | |
| State aid | \$ 4,849,063 | \$ 3,010,102 | \$ 3,003,447 | \$ 2,120,543 | \$ 1,998,848 | \$ - | \$ - | \$ 14,982,003 |
| Education protection account | 1,022,358 | 701,655 | 693,984 | 59,200 | 57,234 | - | - | 2,534,431 |
| In-lieu of property taxes | 1,801,311 | 1,235,593 | 1,045,638 | 714,174 | 690,457 | - | - | 5,487,173 |
| Federal revenues | 769,407 | 540,632 | 392,172 | 378,952 | 368,802 | - | - | 2,449,965 |
| State revenues | 1,576,443 | 1,041,267 | 1,010,093 | 602,497 | 570,478 | - | - | 4,800,778 |
| Local revenues: | | | | | | | | |
| Donations | 36,671 | 25,428 | 32,428 | 27,950 | 14,880 | - | - | 137,357 |
| Fundraising | 125,388 | 52,285 | 99,245 | 51,900 | 23,462 | - | - | 352,280 |
| Rent | - | - | - | - | - | 2,718,422 | (2,718,422) | - |
| Miscellaneous | 147,695 | 137,209 | 91,800 | 61,199 | 67,511 | 164,005 | - | 669,419 |
| Total revenues | <u>10,328,336</u> | <u>6,744,171</u> | <u>6,368,807</u> | <u>4,016,415</u> | <u>3,791,672</u> | <u>2,882,427</u> | <u>(2,718,422)</u> | <u>31,413,406</u> |
| EXPENSES | | | | | | | | |
| Program services: | | | | | | | | |
| Education | 8,074,083 | 5,124,014 | 4,803,311 | 2,813,263 | 2,969,031 | - | - | 23,783,702 |
| Support services: | | | | | | | | |
| Management and general | 1,788,242 | 1,413,895 | 1,104,252 | 745,377 | 707,712 | 2,336,335 | (2,718,422) | 5,377,391 |
| Total expenses | <u>9,862,325</u> | <u>6,537,909</u> | <u>5,907,563</u> | <u>3,558,640</u> | <u>3,676,743</u> | <u>2,336,335</u> | <u>(2,718,422)</u> | <u>29,161,093</u> |
| CHANGE IN NET ASSETS | 466,011 | 206,262 | 461,244 | 457,775 | 114,929 | 546,092 | - | 2,252,313 |
| NET ASSETS, BEGINNING OF YEAR | 1,342,062 | 974,150 | 847,450 | 1,038,895 | 767,956 | 709,795 | - | 5,680,308 |
| NET ASSETS, END OF YEAR | <u>\$ 1,808,073</u> | <u>\$ 1,180,412</u> | <u>\$ 1,308,694</u> | <u>\$ 1,496,670</u> | <u>\$ 882,885</u> | <u>\$1,255,887</u> | <u>\$ -</u> | <u>\$ 7,932,621</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC VALLEY
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

| | TCA | NECA | LCHS | CCE | ICA | TL-LLC | Totals |
|---|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | |
| Change in net assets | \$ 466,011 | \$ 206,262 | \$ 461,244 | \$ 457,775 | \$ 114,929 | \$ 546,092 | \$ 2,252,313 |
| Adjustments to reconcile change in net assets to net cash from provided by operating activities: | | | | | | | |
| Depreciation | 160,358 | 47,722 | 91,219 | 37,375 | 40,144 | 587,756 | 964,574 |
| Amortization of debt discount | - | - | - | - | - | 76,649 | 76,649 |
| (Increase) decrease in operating assets: | | | | | | | |
| Accounts receivable | 79,967 | (27,835) | (88,454) | (23,235) | 76,323 | - | 16,766 |
| Due from related party | 454,048 | 2,696 | 236,267 | - | 1,818 | - | 694,829 |
| Prepaid expenses | 3,064 | (1,244) | 3,487 | (18,137) | (183) | - | (13,013) |
| Other current assets | 298 | - | - | - | - | - | 298 |
| Deposits | 147,083 | - | 77,464 | (13) | (13) | - | 224,521 |
| Increase (decrease) in operating liabilities: | | | | | | | |
| Accounts payable | 88,476 | 86,199 | 136,445 | 52,467 | 44,888 | (225,000) | 183,475 |
| Intercompany payables | - | - | - | - | - | (823,070) | (823,070) |
| Due to related party | - | - | - | - | - | - | - |
| Accrued expenses | (818,426) | (55,767) | (370,317) | 11,631 | (766) | (8,387) | (1,242,032) |
| Deferred revenue | (19,629) | (21,573) | (66,026) | (17,381) | (17,655) | - | (142,264) |
| Deferred rent | (3,353) | 11,401 | (1,970) | (13,407) | - | - | (7,329) |
| Other current liabilities | 987,449 | 14,520 | 626,754 | 25 | - | - | 1,628,748 |
| Net cash flows provided by operating activities | <u>1,545,346</u> | <u>262,381</u> | <u>1,106,113</u> | <u>487,100</u> | <u>259,485</u> | <u>154,040</u> | <u>3,814,465</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | |
| Purchase of fixed assets | (58,029) | (110,297) | (37,707) | (44,169) | (41,376) | - | (291,578) |
| Net cash flows used in investing activities | <u>(58,029)</u> | <u>(110,297)</u> | <u>(37,707)</u> | <u>(44,169)</u> | <u>(41,376)</u> | <u>-</u> | <u>(291,578)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | |
| Payments on debt obligations | (398,807) | - | (274,058) | (50,000) | (50,000) | (370,000) | (1,142,865) |
| Increase in restricted cash | - | - | - | - | - | 200,070 | 200,070 |
| Net cash flows used in financing activities | <u>(398,807)</u> | <u>-</u> | <u>(274,058)</u> | <u>(50,000)</u> | <u>(50,000)</u> | <u>(169,930)</u> | <u>(942,795)</u> |
| NET INCREASE (DECREASE) IN CASH | <u>1,088,510</u> | <u>152,084</u> | <u>794,348</u> | <u>392,931</u> | <u>168,109</u> | <u>(15,890)</u> | <u>2,580,092</u> |
| CASH, BEGINNING OF YEAR | <u>265,541</u> | <u>465,155</u> | <u>358,962</u> | <u>777,483</u> | <u>461,610</u> | <u>36,701</u> | <u>2,365,452</u> |
| CASH, END OF YEAR | <u>\$ 1,354,051</u> | <u>\$ 617,239</u> | <u>\$ 1,153,310</u> | <u>\$ 1,170,414</u> | <u>\$ 629,719</u> | <u>\$ 20,811</u> | <u>\$ 4,945,544</u> |
| SUPPLEMENTAL DISCLOSURE: | | | | | | | |
| Cash paid for interest | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 184</u> | <u>\$ 184</u> | <u>\$ 1,649,171</u> | <u>\$ 1,649,539</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2018

| | Program Services | Support Services | Totals |
|--|-----------------------------|-----------------------------------|----------------------|
| | Education | Management and General | |
| Certificated salaries | \$ 8,515,918 | \$ 1,601,357 | \$ 10,117,275 |
| Classified salaries | 2,559,944 | 848,457 | 3,408,401 |
| Employee benefits | 2,679,974 | 384,034 | 3,064,008 |
| Books and supplies | 1,571,263 | - | 1,571,263 |
| Travel and conferences | 192,914 | - | 192,914 |
| Dues and memberships | 23,660 | - | 23,660 |
| Insurance | - | 191,597 | 191,597 |
| Operation and housekeeping services | 1,142,619 | 778,527 | 1,921,146 |
| Rental, leases, repairs, and non-capitalized improvements | 3,078,016 | 2,521,450 | 5,599,466 |
| Professional/consulting services and operating expenditures | 4,019,394 | 511,648 | 4,531,042 |
| Communications | - | 217,520 | 217,520 |
| Depreciation | - | 964,574 | 964,574 |
| Amortization | - | 76,649 | 76,649 |
| Total expenses before eliminations | 23,783,702 | 8,095,813 | 31,879,515 |
| Intercompany eliminations | - | (2,718,422) | (2,718,422) |
| Total expenses | <u>\$ 23,783,702</u> | <u>\$ 5,377,391</u> | <u>\$ 29,161,093</u> |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC VALLEY
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL
REPORT - - ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

There was no difference between the net assets reported on June 30, 2018, Charter School Unaudited Actuals Financial Report – Alternative form and the audited financial statements.

**PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LAKEVIEW TERRACE
COMBINING STATEMENT OF FINANCIAL POSITION
For the Fiscal Year Ended June 30, 2018**

| | CCMSHS | LCA | SC-LLC | Totals |
|---|---------------------|---------------------|----------------------|----------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$ 2,665,884 | \$ 973,286 | \$ 30,843 | \$ 3,670,013 |
| Restricted cash, current portion | - | - | 1,017,081 | 1,017,081 |
| Accounts receivable | 838,452 | 392,966 | - | 1,231,418 |
| Prepaid expenses | 6,181 | 3,010 | - | 9,191 |
| Deferred rent | 27,921 | 11,746 | - | 39,667 |
| Total current assets | 3,538,438 | 1,381,008 | 1,047,924 | 5,967,370 |
| Restricted cash, noncurrent portion | - | - | 2,028,898 | 2,028,898 |
| Fixed assets, net | 234,923 | 133,578 | 19,910,913 | 20,279,414 |
| Deposits | 223,678 | 89,505 | - | 313,183 |
| Total noncurrent assets | 458,601 | 223,083 | 21,939,811 | 22,621,495 |
| Total assets | <u>\$ 3,997,039</u> | <u>\$ 1,604,091</u> | <u>\$ 22,987,735</u> | <u>\$ 28,588,865</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 381,027 | \$ 168,200 | \$ 349,958 | \$ 899,185 |
| Accrued expenses | 229,090 | 89,792 | 436,853 | 755,735 |
| Other current liabilities | 39,446 | 39,052 | - | 78,498 |
| Current portion of debt obligations, net | - | - | 308,087 | 308,087 |
| Total current liabilities | 649,563 | 297,044 | 1,094,898 | 2,041,505 |
| Debt obligations, net, less current portion | - | - | 23,258,833 | 23,258,833 |
| Total liabilities | 649,563 | 297,044 | 24,353,731 | 25,300,338 |
| Net assets: | | | | |
| Temporarily restricted | 323,311 | 255,998 | - | 579,309 |
| Unrestricted | 3,024,165 | 1,051,049 | (1,365,996) | 2,709,218 |
| Total net assets | 3,347,476 | 1,307,047 | (1,365,996) | 3,288,527 |
| Total liabilities and net assets | <u>\$ 3,997,039</u> | <u>\$ 1,604,091</u> | <u>\$ 22,987,735</u> | <u>\$ 28,588,865</u> |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LAKEVIEW TERRACE
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018**

| | <u>CCMSHS</u> | <u>LCA</u> | <u>SC-LLC</u> | <u>Eliminations</u> | <u>Totals</u> |
|--|---------------------|---------------------|-----------------------|---------------------|---------------------|
| REVENUES | | | | | |
| Revenue limit sources: | | | | | |
| State aid | \$ 4,920,384 | \$ 1,906,241 | \$ - | \$ - | \$ 6,826,625 |
| Education protection account | 1,054,674 | 457,533 | - | - | 1,512,207 |
| In-lieu of property taxes | 1,857,842 | 806,052 | - | - | 2,663,894 |
| Federal revenues | 868,508 | 435,910 | - | - | 1,304,418 |
| State revenues | 1,627,180 | 997,481 | - | - | 2,624,661 |
| Local revenues: | | | | | |
| Donations | 44,777 | 31,146 | - | - | 75,923 |
| Fundraising | 190,309 | 63,748 | - | - | 254,057 |
| Rent | - | - | 1,675,560 | (1,675,560) | - |
| Miscellaneous | 175,847 | 80,677 | 62,822 | - | 319,346 |
| Total revenues | <u>10,739,521</u> | <u>4,778,788</u> | <u>1,738,382</u> | <u>(1,675,560)</u> | <u>15,581,131</u> |
| EXPENSES | | | | | |
| Program services: | | | | | |
| Education | 8,566,159 | 3,626,536 | - | - | 12,192,695 |
| Support services: | | | | | |
| Management and general | 1,876,775 | 817,239 | 1,930,558 | (1,675,560) | 2,949,012 |
| Total expenses | <u>10,442,934</u> | <u>4,443,775</u> | <u>1,930,558</u> | <u>(1,675,560)</u> | <u>15,141,707</u> |
| CHANGE IN NET ASSETS | 296,587 | 335,013 | (192,176) | - | 439,424 |
| NET ASSETS, BEGINNING OF YEAR | <u>3,050,889</u> | <u>972,034</u> | <u>(1,173,820)</u> | <u>-</u> | <u>2,849,103</u> |
| NET ASSETS (DEFICIT), END OF YEAR | <u>\$ 3,347,476</u> | <u>\$ 1,307,047</u> | <u>\$ (1,365,996)</u> | <u>\$ -</u> | <u>\$ 3,288,527</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LAKEVIEW TERRACE
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

| | <u>CCMSHS</u> | <u>LCA</u> | <u>SL-LLC</u> | <u>Totals</u> |
|--|----------------------------|--------------------------|-------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Change in net assets | \$ 296,587 | \$ 335,013 | \$ (192,176) | \$ 439,424 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | | | |
| Depreciation | 61,404 | 21,407 | 531,227 | 614,038 |
| Amortization of debt discount | - | - | 56,913 | 56,913 |
| (Increase) decrease in operating assets: | | | | |
| Accounts receivable | 131,182 | (21,586) | - | 109,596 |
| Due from related party | 126,297 | 1,944 | - | 128,241 |
| Prepaid expenses | 2,456 | 748 | - | 3,204 |
| Deferred rent assets | 2,443 | 1,103 | - | 3,546 |
| Deposits | 61,966 | (15) | - | 61,951 |
| Increase (decrease) in operating liabilities: | | | | |
| Accounts payable | 170,708 | 29,299 | - | 200,007 |
| Accrued expenses | 8,914 | (2,674) | (8,050) | (1,810) |
| Deferred revenue | (28,810) | (17,173) | - | (45,983) |
| Other current liabilities | 39,446 | 38,768 | (39,402) | 38,812 |
| Net cash flows provided by operating activities: | <u>872,593</u> | <u>386,834</u> | <u>348,512</u> | <u>1,607,939</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Purchase of fixed assets | (43,076) | (28,742) | - | (71,818) |
| Net cash flows used in investing activities | <u>(43,076)</u> | <u>(28,742)</u> | <u>-</u> | <u>(71,818)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Payments on debt obligations | - | - | (345,000) | (345,000) |
| Increase in restricted cash | - | - | (3,732) | (3,732) |
| Net cash flows used in financing activities | <u>-</u> | <u>-</u> | <u>(348,732)</u> | <u>(348,732)</u> |
| NET INCREASE (DECREASE) IN CASH | 829,517 | 358,092 | (220) | 1,187,389 |
| CASH, BEGINNING OF YEAR | <u>1,836,367</u> | <u>615,194</u> | <u>31,063</u> | <u>2,482,624</u> |
| CASH, END OF YEAR | <u>\$ 2,665,884</u> | <u>\$ 973,286</u> | <u>\$ 30,843</u> | <u>\$ 3,670,013</u> |
| SUPPLEMENTAL DISCLOSURE: | | | | |
| Cash paid for interest | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,322,633</u> | <u>\$ 1,322,633</u> |

PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LAKEVIEW TERRACE
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2018

| | <u>Program Services</u> | <u>Support Services</u> | <u>Totals</u> |
|--|-----------------------------|-----------------------------------|----------------------|
| | <u>Education</u> | <u>Management and General</u> | |
| Certificated salaries | \$ 4,722,613 | \$ 785,240 | \$ 5,507,853 |
| Classified salaries | 1,110,287 | 390,829 | 1,501,116 |
| Employee benefits | 1,566,126 | 193,215 | 1,759,341 |
| Books and supplies | 842,308 | - | 842,308 |
| Travel and conferences | 124,606 | - | 124,606 |
| Dues and memberships | 16,805 | - | 16,805 |
| Insurance | - | 93,081 | 93,081 |
| Operation and housekeeping services | 615,487 | 243,786 | 859,273 |
| Rental, leases, repairs, and non-capitalized improvements | 1,229,241 | 1,649,727 | 2,878,968 |
| Professional/consulting services and operating expenditures | 1,965,222 | 491,774 | 2,456,996 |
| Communications | - | 105,969 | 105,969 |
| Depreciation | - | 614,038 | 614,038 |
| Amortization | - | 56,913 | 56,913 |
| Total expenses before eliminations | <u>12,192,695</u> | <u>4,624,572</u> | <u>16,817,267</u> |
| Eliminations | - | (1,675,560) | (1,675,560) |
| Total expense | <u>\$ 12,192,695</u> | <u>\$ 2,949,012</u> | <u>\$ 15,141,707</u> |

**PARTNERSHIPS TO UPLIFT COMMUNITIES
PUC LAKEVIEW TERRACE
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL
REPORT -- ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

| | <u>CCMSHS</u> | <u>LCA</u> | <u>Totals</u> |
|---|---------------------|---------------------|---------------------|
| June 30, 2018, Charter School Unaudited Actuals Financial Report -- Alternative Form, Ending Fund Balance | \$ 3,348,486 | \$ 1,307,047 | \$ 4,655,533 |
| Adjustments and reclassifications: | | | |
| Increasing (decreasing) the fund balance to net assets: | | | |
| Accounts receivable overstatement | (252,788) | - | (252,788) |
| Intercompany receivables understatement | 175 | - | 175 |
| Other current assets understatement | 27,921 | - | 27,921 |
| Deposits understatement | 223,678 | - | 223,678 |
| Accounts payable overstatement (understatement) | 4 | - | 4 |
| Net adjustments and reclassifications | <u>(1,010)</u> | <u>-</u> | <u>(1,010)</u> |
| June 30, 2018, Audited Financial Statements, Net Assets | <u>\$ 3,347,476</u> | <u>\$ 1,307,047</u> | <u>\$ 4,654,523</u> |

OTHER INDEPENDENT AUDITOR'S REPORTS

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
Partnerships to Uplift Communities
Burbank, California

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 consolidated financial statements of Partnerships to Uplift Communities Los Angeles (a nonprofit organization), Partnerships to Uplift Communities Valley (a nonprofit organization), and Partnerships to Uplift Communities Lakeview Terrace (a nonprofit organization), (collectively referred to as "Partnership to Uplift Communities") which comprise the consolidated statements of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 17, 2018 .

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Partnership to Uplift Communities' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partnership to Uplift Communities' internal control. Accordingly, we do not express an opinion on the effectiveness of Partnership to Uplift Communities' 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 consolidated 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 Partnership to Uplift Communities' consolidated 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 Partnership to Uplift Communities' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partnership to Uplift Communities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SQUAR MILNER LLP

San Diego, California
December 17, 2018

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE OMB UNIFORM GUIDANCE**

Board of Directors
Partnerships to Uplift Communities
Burbank, California

Report on Compliance for Each Major Federal Program

We have audited Partnership to Uplift Communities Los Angeles (a nonprofit organization), Partnership to Uplift Communities Valley (a nonprofit organization), and Partnership to Uplift Communities Lakeview Terrace (a nonprofit organization), (collectively referred to as “Partnership to Uplift Communities”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Partnership to Uplift Communities’ major federal programs for the fiscal year ended June 30, 2018. Partnership to Uplift Communities’ 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, contracts, 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 Partnership to Uplift Communities’ 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 Partnership to Uplift Communities’ 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 Partnership to Uplift Communities’ compliance.



Opinion on Each Major Federal Program

In our opinion, Partnership to Uplift Communities 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 fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Partnership to Uplift Communities 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 Partnership to Uplift Communities' 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 Partnership to Uplift Communities' 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.

SQUAR MILNER, LLP

San Diego, California
December 17, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Partnership to Uplift Communities
Burbank, California

Report on Compliance for Each State Program

We have audited the compliance of Partnerships to Uplift Communities Los Angeles, Partnerships to Uplift Communities Valley, and Partnerships to Uplift Communities Lakewood Terrace (collectively referred to as "Partnerships to Uplift Communities" or the "Organization") with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of Partnership to Uplift Communities' state programs for the fiscal year ended June 30, 2018. Partnership to Uplift Communities' state programs are identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Partnerships to Uplift Communities' state 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 State's Audit Guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about Partnerships to Uplift Communities' 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 state program. However, our audit does not provide a legal determination of Partnerships to Uplift Communities' compliance. In connection with the audit referred to above, we selected transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:



| Description | Procedures Performed |
|--|-----------------------------|
| Educator Effectiveness | Yes |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program | Yes |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based Attendance | Not Applicable |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study for Charter Schools | Not Applicable |
| Determination of Funding for Nonclassroom-Based Instruction | Not Applicable |
| Annual Instructional Minutes - Classroom Based | Yes |
| Charter School Facility Grant Program | Yes |

The term “Not Applicable” is used above to mean either that the Organization did not offer the program during the current fiscal year, or that the program applies only to a different type of local education agency.

Opinion on State Programs

In our opinion, Partnerships to Uplift Communities’ 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 state programs for the fiscal year ended June 30, 2018.

The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

SQUAR MILNER LLP

San Diego, California
December 17, 2018.

FINDINGS AND RECOMMENDATIONS SECTION

PARTNERSHIPS TO UPLIFT COMMUNITIES
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported under section 200.516 Audit Findings paragraph (a) of OMB Uniform Guidance? Yes X No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 10.555 | Child Nutrition: School Programs |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

**PARTNERSHIPS TO UPLIFT COMMUNITIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018**

| <u>Findings/Recommendations</u> | <u>Current Status</u> | <u>Explanation If Not Implemented</u> |
|--|------------------------------|--|
| None Noted | None Noted | N/A |