

***Economic Opportunities Advancement Corporation
Of Planning Region XI
Waco, Texas***

***REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

For the Year Ended April 30, 2016

SAUNDERS & ASSOCIATES, PLLC

Certified Public Accountants

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ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

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April 30, 2016

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ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

FEDERAL EMPLOYER IDENTIFICATION NUMBER: 74-15490778

Co-Dist. Number: 161801

CERTIFICATE OF BOARD

We, the undersigned, certify that the attached Financial and Compliance Report of Economic Opportunities Advance Corporation of Planning Region XI was reviewed and (check one) ___ approved ___ disapproved for the year ended April 30, 2016, at a meeting of the governing body of the charter holder on the ___ day of _____.

Signature of Board Secretary

Signature of Board President

NOTE: If the governing body of the Economic Opportunities Advancement Corporation of Planning Region XI does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Economic Opportunity for Advancement Corporation of Planning, Region XI

We have audited the accompanying financial statements of Economic Opportunity for Advancement Corporation of Planning, Region XI (a nonprofit organization), which comprise the statement of financial position as of April 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Waco Charter School, a division of Economic Opportunities Advancement Corporation of Planning Region XI, which statements reflect total assets of \$2,529,642 as of August 31, 2016 and total revenues of \$2,406,967 for the period from September 1, 2015 through August 31, 2016. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts for Waco Charter School, is based solely on the report of the other auditors. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Economic Opportunity for Advancement Corporation of Planning, Region XI as of April 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 on our consideration of Economic Opportunity for Advancement Corporation of Planning, Region XI's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Economic Opportunity for Advancement Corporation of Planning, Region XI's internal control over financial reporting and compliance.

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

December 19, 2016

FINANCIAL STATEMENTS

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

STATEMENT OF FINANCIAL POSITION

April 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 893,823	\$ 696,608	\$ 1,590,431
Due From (To) Other Funds	108,191	(108,191)	0
Accounts Receivable:			
Grants/Contracts	0	1,439,297	1,439,297
Other	21,566	6,510	28,076
Inventory	4,341	0	4,341
Prepaid Expenses	0	77,319	77,319
Other Assets	2,508	0	2,508
Total Current Assets	<u>1,030,429</u>	<u>2,111,543</u>	<u>3,141,972</u>
Property and Equipment:			
Buildings and Land	300,511	4,231,824	4,532,335
Construction in Progress	130,080	0	130,080
Equipment	30,536	445,513	476,049
Vehicles	0	524,867	524,867
Accumulated Depreciation	<u>(94,002)</u>	<u>(2,239,928)</u>	<u>(2,333,930)</u>
Total Property and Equipment	<u>367,125</u>	<u>2,962,276</u>	<u>3,329,401</u>
TOTAL ASSETS	<u>\$ 1,397,554</u>	<u>\$ 5,073,819</u>	<u>\$ 6,471,373</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities:			
Accounts Payable	\$ 43,983	\$ 913,053	\$ 957,036
Other Payables	103,312	595	103,907
Accrued Salaries	56,071	236,379	292,450
Accrued Annual Leave	0	169,966	169,966
Deferred Revenue	11,725	288,713	300,438
Due to Grantor	57	0	57
Long-Term Debt-Current Portion	<u>0</u>	<u>27,623</u>	<u>27,623</u>
Total Current Liabilities	<u>215,148</u>	<u>1,636,329</u>	<u>1,851,477</u>
Non-Current Liabilities:			
Long-Term Debt	<u>0</u>	<u>33,336</u>	<u>33,336</u>
Total Liabilities	<u>215,148</u>	<u>1,669,665</u>	<u>1,884,813</u>
Net Assets:			
Net Assets - Programmatic	815,281	502,837	1,318,118
Investment in Fixed Assets	<u>367,125</u>	<u>2,901,317</u>	<u>3,268,442</u>
Total Net Assets	<u>1,182,406</u>	<u>3,404,154</u>	<u>4,586,560</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,397,554</u>	<u>\$ 5,073,819</u>	<u>\$ 6,471,373</u>

* The accompanying notes are an integral part of the financial statements.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES AND GAINS			
Federal/State Grants	\$ 0	\$ 20,192,826	\$ 20,192,826
Miscellaneous Grants/Contracts	0	635,858	635,858
Interest Income	0	0	0
Other	114,802	29,514	144,316
Gain (Loss) on Sale of Assets	0	0	0
In-Kind	0	2,405,352	2,405,352
Net Assets Released From Restrictions:			
Satisfaction of Program Requirements	<u>22,983,545</u>	<u>(22,983,545)</u>	<u>0</u>
Total Revenues And Gains	<u>23,098,347</u>	<u>280,005</u>	<u>23,378,352</u>
EXPENSES AND LOSSES			
Program Services:			
Child Care and Development	16,789,803	0	16,789,803
Community/Emergency Services	2,610,071	0	2,610,071
Weatherization	673,062	0	673,062
Housing	19,893	0	19,893
School	2,073,500	0	2,073,500
Supporting Services:			
Management and General	828,607	0	828,607
Fundraising	<u>22,361</u>	<u>0</u>	<u>22,361</u>
Total Expenses and Losses	<u>23,017,297</u>	<u>0</u>	<u>23,017,297</u>
Change in Net Assets	<u>81,050</u>	<u>280,005</u>	<u>361,055</u>
Net Assets, April 30, 2015			
Programmatic	755,624	262,460	1,018,084
Investment in Fixed Assets	388,899	2,776,543	3,165,442
Other Changes in Net Assets:			
Acquisitions/Dispositions of Fixed Assets	0	231,741	231,741
Depreciation	(43,167)	(147,895)	(191,062)
Returned to Grantor	0	0	0
Interfund Transfers	0	0	0
Prior Period Adjustment	<u>0</u>	<u>1,300</u>	<u>1,300</u>
NET ASSETS, APRIL 30, 2016	<u>\$ 1,182,406</u>	<u>\$ 3,404,154</u>	<u>\$ 4,586,560</u>

* The accompanying notes are an integral part of the financial statements.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended April 30, 2016

<u>EXPENSES</u>	<u>Child Care and Development</u>	<u>Community/ Emergency Services</u>	<u>Weather- ization</u>	<u>Housing</u>
Salaries & Wages	\$ 4,676,347	\$ 435,809	\$ 101,686	\$ 0
Administrative Salaries	0	0	0	0
Fringe Benefits	1,240,818	69,474	17,808	0
Administrative Fringe Benefits	0	0	0	0
Contractual Services	121,117	3,839	94	0
Travel/Transportation	97,019	20,426	364	0
Supplies and Materials	400,028	80,171	288,176	0
Food	247,529	0	0	0
Postage/Freight	10,808	2,384	1,648	0
Printing & Reproduction	694	2,308	0	0
Professional Services	36,645	2,717	711	2
Telephone	39,836	10,516	2,682	0
Insurance	88,460	6,578	1,533	363
Training	64,417	1,948	14	0
Labor	885	224	194,413	0
Space and Utilities	308,072	55,277	11,215	0
Publications, Dues and Fees	484	1,869	0	0
Equipment/Renovations	19,800	0	0	0
Equipment Lease	0	2,537	2,243	0
Repairs & Maintenance	500,792	7,493	2,410	0
Direct Services	6,413,298	1,878,633	0	19,320
Other	117,402	27,868	48,065	208
Administrative Costs	0	0	0	0
Fundraising	0	0	0	0
Interest	0	0	0	0
In-Kind	2,405,352	0	0	0
TOTAL EXPENSES	\$ 16,789,803	\$ 2,610,071	\$ 673,062	\$ 19,893

* The accompanying notes are an integral part of the financial statements.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended April 30, 2016

<u>EXPENSES</u>	<u>School</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries & Wages	\$ 1,378,925	\$ 0	\$ 2,383	\$ 6,595,150
Administrative Salaries	0	0	565,718	565,718
Fringe Benefits	0	0	1,564	1,329,664
Administrative Fringe Benefits	0	0	133,404	133,404
Contractual Services	415,583	0	500	541,133
Travel/Transportation	0	0	307	118,116
Supplies and Materials	231,586	0	3,402	1,003,363
Food	0	0	0	247,529
Postage/Freight	0	0	0	14,840
Printing & Reproduction	0	0	0	3,002
Professional Services	0	0	129	40,204
Telephone	0	0	0	53,034
Insurance	0	0	300	97,234
Training	0	0	13,536	79,915
Labor	0	0	9	195,531
Space and Utilities	0	0	0	374,564
Publications, Dues and Fees	0	0	184	2,537
Equipment/Renovations	0	0	0	19,800
Equipment Lease	0	0	9,124	13,904
Repairs & Maintenance	0	0	0	510,695
Direct Services	0	0	1,508	8,312,759
Other	41,111	0	9,437	244,091
Administrative Costs	0	0	87,102	87,102
Fundraising	0	22,361	0	22,361
Interest	6,295	0	0	6,295
In-Kind	0	0	0	2,405,352
TOTAL EXPENSES	\$ 2,073,500	\$ 22,361	\$ 828,607	\$ 23,017,297

* The accompanying notes are an integral part of the financial statements.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION
OF PLANNING REGION XI
Waco, Texas

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Provided (Used) by Operating Activities:

Increase (Decrease) in Net Assets \$ 361,055

Adjustments to Reconcile Change in Net Assets to

Net Cash Provided by Operating Activities:

Capitalized Equipment	231,741
Returned to Grantor	0
Prior Period Adjustment	1,300
(Increase) Decrease in Receivables	(178,859)
(Increase) Decrease in Inventory	0
(Increase) Decrease in Prepaid Expenses	61,773
(Increase) Decrease in Other Assets	(2,508)
Increase (Decrease) in Accounts Payable	45,277
Increase (Decrease) in Other Payables	98,660
Increase (Decrease) in Accrued Expenses	45,094
Increase (Decrease) in Due to Grantors	(2,624)
Increase (Decrease) in Deferred Revenue	<u>(56,627)</u>

Net Cash Provided (Used) by Operating Activities 604,282

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition/Disposition of Fixed Assets (231,741)

Net Cash Provided (Used) by Investing Activities (231,741)

CASH FLOWS FROM FINANCING ACTIVITIES

Acquisition of Debt	0
Reduction of Debt	<u>(62,321)</u>

Net Cash Provided (Used) by Financing Activities (62,321)

Net Increase (Decrease) in Cash 310,220

Cash Balance, April 30, 2015 1,280,211

CASH BALANCE, APRIL 30, 2016 \$ 1,590,431

* The accompanying notes are an integral part of the financial statements.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The financial statements include the activity of Economic Opportunities Advancement Corporation (EOAC) for the period May 1, 2015 through April 30, 2016, and its unincorporated division Waco Charter School (School) for the period September 1, 2015 through August 31, 2016.

Economic Opportunities Advancement Corporation (EOAC) is a nonprofit organization chartered by the State of Texas and organized for the purpose of providing community services in the counties of McLennan, Bosque, Limestone, Freestone, Hill, and Falls. EOAC is funded principally through direct federal grants from the Department of Health and Human Services and various grants passed through Texas State Agencies. Local support is in the form of contributions and donated services.

Activities include operating Head Start Centers for qualified children, operating a charter school, contracting with providers of day care services for children under Child Care Services, and the weatherization of personal residences.

Waco Charter School (School) is an unincorporated division of EOAC, a Texas non-profit corporation. Its purpose is to provide education for elementary school students who are at risk. The School is governed by a fifteen-member Board of EOAC (Board). The Board has governance responsibilities over all activities related to the education within the jurisdiction of the School. The Board is appointed and has the exclusive power and duty to govern and oversee the management of the School. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The School receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. The School only operates this single charter school and did not conduct any other charter or non-charter activities. The School utilizes an August 31 fiscal year end in accordance with requirement of TEA. In addition, the School has a separate independent audit.

Basis of Accounting – The accompanying financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, grant and contract funds are recognized as revenue when expenses are incurred and a receivable represents that portion of the grant, which the organization has earned and/or requested but not received. Expenses are recorded when the liability is incurred. Grant funds received, but not yet expended are included in temporarily restricted net assets. Other revenue (i.e. donations) is recognized when received or earned. Net assets represent the cumulative excess of revenue recognized over expenses incurred for each grant or program fund. These amounts are subject to recall or re-obligation at the discretion of the granting agencies or being carried over to the next program year.

Financial State Presentation – EOAC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are for the support of specific operating activities. At present, there are no permanently restricted net assets. In addition, EOAC is required to present a statement of cash flows.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that may 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 any related investments for general or specific purposes. EOAC has no permanently restricted net assets. Therefore, this stipulation has been omitted.

Donated Services, Materials and Facilities – Certain grants require in-kind or matching funds. Free use or reduced rent of facilities is provided by numerous entities in the service area and is valued by independent appraisals. The value of donated services, materials and facilities are recorded as revenue when received and an equal amount is charged to the appropriate expense account.

EOAC – Head Start Program – During the year ended April 30, 2016 the value of donated facilities recorded was \$444,848. The value of donated services for the year ended April 30, 2016 totaled \$1,833,492.

EOAC – Other Programs – Some grants require matching effort that cannot be recorded in the financial statements in accordance with generally accepted accounting principles.

School – Contributed facilities are reflected in the financial statements at fair value of the use of facilities. No contributions of facilities are recorded in 2016. The School receives some contributions of staff and facilities from their parent corporation through other programs operated by EOAC. These contributions have not been valued for inclusion in the financial statements.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory –
EOAC: None.

School: Supplies inventory are recorded utilizing the purchase method of accounting in accordance with the TEA Resource Guide.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences –

EOAC: As of April 30, 2016, the liability for personal leave benefits was \$169,966 and is reflected in the accompanying statement of financial position.

School: The Charter School has non-vested sick and personnel leave benefits at August 31, 2016 which are not recorded in the financial statements in the amount of \$94,432. These benefits are recorded as expenditures as used.

Income Taxes and Uncertain Tax Positions

Income Tax Status – EOAC qualifies as an organization exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. EOAC currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

EOAC has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken, or expected to be taken, in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. EOAC has analyzed tax positions taken for filings with the Internal Revenue Service. EOAC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on EOAC's financial condition, results of operations, or cash flows. Accordingly, EOAC has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at April 30, 2016.

EOAC files forms 990 in the U.S. federal jurisdiction. Federal income status dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, EOAC has no open examinations with the Internal Revenue Service.

Risk Management – EOAC is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year, EOAC purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for the past fiscal year.

Cash and Cash Equivalents – For purposes of the statement of cash flows, EOAC considers all highly liquid investments and certificates of deposit with maturities of three months or less to be cash equivalents. For the year ended April 30, 2016, there were no highly liquid investments or certificates of deposit held by EOAC. EOAC maintains its cash accounts at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposits are carried at cost. Bank balances at year-end are categorized as follows to give an indication of the level of risk assumed by the organization.

<u>Category</u>	<u>Unreconciled Balance</u>
1) Insured or collateralized with securities held by the organization or by its agent in the organization's name.	\$ 626,950
2) Collateralized with securities held by the pledging financial institution's trust department.	1,109,608
3) Uncollateralized	<u>0</u>
Total	<u>\$ 1,736,558</u>

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 2: PROPERTY AND EQUIPMENT

Fixed assets are recorded as expenditures at the time of acquisition in accordance with terms of the various grantors. Those assets with a useful life of more than one year, and an acquisition cost of more than \$5,000 are capitalized and carried on the statement of financial position. A contra-account is maintained and reflects the net difference between the value of the fixed assets and related depreciation and debt. Purchased assets are recorded at cost and donated assets are recorded at fair market value. A detailed record of equipment is maintained. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method. The general range of estimated useful lives is 2 to 50 years.

EOAC – Fixed assets acquired with grant funds are subject to a reversionary interest back to the grantor agency.

School – Capital assets acquired with public funds received by the School for the operation of the charter school constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets (page 37).

The investment in property and equipment at April 30, 2016 was as follows:

	<u>EOAC</u>	<u>School</u>	<u>Total</u>
Buildings and Land	\$ 2,703,672	\$ 1,828,663	\$ 4,532,335
Construction in Progress	0	130,080	130,080
Equipment	328,356	147,693	476,049
Vehicles	<u>524,867</u>	<u>0</u>	<u>524,867</u>
	3,556,895	2,106,436	5,663,331
Less Accumulated Depreciation	<u>(1,688,843)</u>	<u>(645,087)</u>	<u>(2,333,930)</u>
	<u>\$ 1,868,052</u>	<u>\$ 1,461,349</u>	<u>\$ 3,329,401</u>

NOTE 3: NOTES PAYABLE

EOAC:

None.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 3: NOTES PAYABLE, CONTINUED

School:

Note payable to a bank for original amount of \$384,000 due in monthly payments of \$3,810 with interest at 7%, maturing in February 2017, secured by first lien on land and building of Charter School. \$ 7,503

Note payable to a bank for original amount of \$202,000 due in monthly payments of \$1,908 with interest at 6.27%, maturing in July 2019, secured by first lien on land and building of Charter School 53,456

Total School 60,959

TOTAL NOTES PAYABLE \$ 60,959

Future principal payments on these notes are as follows:

For the Year Ended
April 30,

	<u>EOAC</u>		<u>School</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 0	\$ 0	\$ 27,623	\$ 2,775	\$ 27,623	\$ 2,775
2018	0	0	21,418	1,477	21,418	1,477
2019	<u>0</u>	<u>0</u>	<u>11,918</u>	<u>142</u>	<u>11,918</u>	<u>142</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 60,959</u>	<u>\$ 4,394</u>	<u>\$ 60,959</u>	<u>\$ 4,394</u>

NOTE 4: COMMITMENTS AND CONTINGENCIES

EOAC:

In the normal course of operations, EOAC participates in a number of federally assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenses disallowed under the terms of the grant. Presently, EOAC has no such request pending, and in the opinion of management, any such amounts would not be considered material.

School:

The division receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, the charter school funds may be subject to refund if so determined by the Texas Education Agency of the grantor agency.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 4: COMMITMENTS AND CONTINGENCIES, CONTINUED

The Organization leases certain real property and equipment with terms extending beyond one year. The leases are classified as operating leases with future minimum rentals as follows:

<u>Fiscal Year Ending</u> <u>April 30,</u>	<u>EOAC</u>	<u>School</u>	<u>Total</u>
2017	\$ 194,155	\$ 0	\$ 194,155
2018	172,215	0	172,215
2019	159,088	0	159,088
2020	141,001	0	141,001
2021	141,001	0	141,001
Thereafter	<u>953,002</u>	<u>0</u>	<u>953,002</u>
TOTAL	<u>\$ 1,760,462</u>	<u>\$ 0</u>	<u>\$ 1,760,462</u>

Rental expense for leased property and equipment for the year ended April 30, 2016 was as follows:

<u>EOAC</u>	<u>School</u>	<u>Total</u>
<u>\$ 258,249</u>	<u>\$ 0</u>	<u>\$ 258,249</u>

NOTE 5: ECONOMIC DEPENDENCY

The Organization receives a significant portion of its revenue from funds provided through federal grants. These amounts are all appropriated each year by the federal government. If significant budget cuts are made at the federal or state level, the amount of the funds received could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

NOTE 6: PENSION PLAN

EOAC – EOAC has adopted a pension plan for the benefit of all of its eligible employees. The plan requires a contribution equal to 3% of each participant's annual salary. EOAC contributed \$124,433 to the plan for the fiscal year ended April 30, 2016.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 6: PENSION PLAN, CONTINUED

School:

Plan Description – The School contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67 and the Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701. Charters are legally separate entities from the state and each other. Assets contributed by one charter or ISD may be used for the benefit of an employee of another ISD or charter, and any unfunded obligations get passed on to the other charters and ISDs. There is no withdrawal penalty for leaving the TRS system.

The Total Plan Assets at August 31, 2015 are \$157,261,707,241.

Accumulated Benefit Obligations at August 31, 2015 are \$159,496,075,886.

The Plan is 78.43% funded.

The Charter's contributions to the plan did not represent more than 5% of the total contributions to the plan.

Funding Policy – Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all member of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution of 7.2% for fiscal year 2016, and a state contribution rate of 6.8% for fiscal year 2016. In certain instances, the reporting district is required to make all or a portion of the state's contribution. The charter school's employee contributions to the System for the year ending August 31, 2016 was \$80,725. Additional state contributions made for the year ending August 31, 2016 were \$2,663 on portion of employees' salaries that exceeded the statutory minimum. The Charter School was also subject to the Non-OASDI participating surcharge during the fiscal year 2016.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 6: PENSION PLAN, CONTINUED

School:

The Charter contributes to a qualified retirement plan under IRS section 403(b), for those employees that are not part of the TRS plan. Contributions of 3% of employees' gross earnings are made to the plan each month. Employees are required to work one year to be eligible to participate in the plan. Enrollment is twice a year, April and October, with participation beginning July and January respectively. The Charter School made contributions to the 403(b) plan for the year ending August 31, 2016, in the amount of \$24,116, equal to the required contribution for the year.

NOTE 7: RETIREE HEALTH CARE PLANS

School:

TRS - CARE

Plan Description – The Charter School contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575-052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

Funding Policy – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal year 2016. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal year 2016. For the year ended August 31, 2016, the State's contributions to TRS-Care were \$11,212, and the active members contributions were \$7,288, and the Charter School's contributions were \$6,167, which equaled the required contributions for the year.

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

NOTE 7: RETIREE HEALTH CARE PLANS, CONTINUED

MEDICARE PART D SUBSIDIES

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2016, the subsidy payments received by TRS-Care on behalf of the Charter School were \$4,011.

NOTE 8: HEALTH CARE COVERAGE

EOAC:

During the year ended April 30, 2016, employees of EOAC were covered by a Health Insurance Plan (the Plan). EOAC contributes \$400 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

School:

During the year ended August 31, 2016, employees of the division were covered by a Health Insurance Plan (the Plan). The division contributes \$400 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurers. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Charter School and the third party administrator is renewable April 1, 2017, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross/Blue Shield Health Insurance Plan available for the year ended December 31, 2015, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

NOTE 9: SUBSEQUENT EVENTS

Date of Management Evaluation – Management of EOAC has evaluated subsequent events through December 19, 2016, which is the date the financial statements were available to be issued.

NOTE 10: PRIOR PERIOD ADJUSTMENT

EOAC increased its beginning fund balance by \$1,800 to correct prior years deferred revenue. Beginning net assets, if restated for 2016 would be \$4,184,826.

Saunders & Associates, PLLC

Certified Public Accountants

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

Board of Directors
Economic Opportunity for Advancement Corporation of Planning, Region XI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Economic Opportunity for Advancement Corporation of Planning, Region XI (a non-profit organization), which comprise the statement of financial position as of April 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

December 19, 2016

Saunders & Associates, PLLC

Certified Public Accountants

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

Board of Directors
Economic Opportunity for Advancement Corporation of Planning, Region XI

Report on Compliance for Each Major Program

We have audited Economic Opportunity for Advancement Corporation of Planning, Region XI's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Economic Opportunity for Advancement Corporation of Planning, Region XI's major federal programs for the year ended April 30, 2016. Economic Opportunity for Advancement Corporation of Planning, Region XI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Economic Opportunity for Advancement Corporation of Planning, Region XI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 Economic Opportunity for Advancement Corporation of Planning, Region XI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Economic Opportunity for Advancement Corporation of Planning, Region XI's compliance.

Opinion on Each Major Federal Program

In our opinion, Economic Opportunity for Advancement Corporation of Planning, Region XI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2016.

Report on Internal Control Over Compliance

Management of Economic Opportunity for Advancement Corporation of Planning, Region XI 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 Economic Opportunity for Advancement Corporation of Planning, Region XI's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Economic Opportunity for Advancement Corporation of Planning, Region XI's internal control over compliance.

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

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

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

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

December 19, 2016

SUPPLEMENTAL INFORMATION

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended April 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass- Through Grantor's Number	Expenditures
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Head Start	93.600	06CH7109/02	\$ 6,920,649
Passed Through the Texas Department of Housing and Community Affairs:			
LIHEAP Weatherization	93.568	81150002145	251,646
LIHEAP Weatherization	93.568	81160002412	59,448
Comprehensive Energy Assistance Program	93.568	58150002111	892,238
Comprehensive Energy Assistance Program	93.568	58140002232	381,998
Comprehensive Energy Assistance Program	93.568	58160002341	331,859
Community Services Block Grant	93.569	61150002180	435,516
Community Services Block Grant	93.569	61160002381	48,269
Community Services Block Grant	93.569	61150002440	500
Passed Through Texas Workforce Commission:			
Self Sufficiency (TANF)	93.558	1315SSF000	225,090
Passed Through University of Texas Health Service Center at Houston:			
Texas School Ready	93.596	N/A	210,666
Passed Through the Heart of Texas Workforce Development Board:			
CCDF Cluster:			
Child Care Services	93.575	13150102	610,188
Child Care Services	93.596	13150102	2,292,850
Child Care Services	93.575	13160102	533,019
Child Care Services	93.596	13160102	3,051,186
Child Care Services-Operations	93.575	13150102	332,560
Child Care Services-Operations	93.575	13160102	418,356
Total CCDF Cluster			<u>7,238,159</u>
Child Care Services	93.658	13150102	64,421
Child Care Services	93.658	13160102	0
Total U. S. Department of Health and Human Services			<u>17,060,459</u>
<u>U. S. DEPARTMENT OF LABOR</u>			
Passed Through the Heart of Texas Workforce Development Board:			
WIA Youth Activities	17.259	13150102	2,879
WIA Youth Activities	17.259	13160102	5,703
WIA Dislocated Workers	17.260	13150102	0
WIA Dislocated Workers	17.260	13160102	0
Total U. S. Department of Labor			<u>8,582</u>
<u>U. S. DEPARTMENT OF ENERGY</u>			
Passed Through the Texas Department of Housing and Community Affairs:			
Weatherization Assistance for Low-Income Persons	81.042	56140002000	27,258
Weatherization Assistance for Low-Income Persons	81.042	53150002268	86,739
Total U. S. Department of Energy			<u>113,997</u>

** Waco Charter School

* See notes to the Schedule of Expenditures of Federal Awards

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended April 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass- Through Grantor's Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through the Texas Department of Housing and Community Affairs:			
HOME Investments Partnerships Program - Tenant Based Rental Assistance	14.239	1002245	3,604
HOME Investments Partnerships Program - Tenant Based Rental Assistance	14.239	1002246	44
HOME Investments Partnerships Program - Tenant Based Rental Assistance	14.239	1002247	15,804
Total U.S. Department of Housing and Urban Development			<u>19,452</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Emergency Food and Shelter National Board Program	97.024	823400-007 Phase 32	13,927
Total U.S. Department of Homeland Security			<u>13,927</u>
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through the Texas Department of Agriculture:			
Child Nutrition Cluster:			
USDA School Breakfast Program	10.553	161-801	48,043 **
USDA School Lunch Program	10.555	161-801	126,887 **
USDA Fresh Fruits and Vegetables	10.555	161-801	11,061 **
Total Child Nutrition Cluster			<u>185,991</u>
Child and Adult Care Food Program	10.558	TX161-0005	621,179
Total U.S. Department of Agriculture			<u>807,170</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed Through Texas Education Agency:			
Special Education Cluster (IDEA):			
IDEA-B Formula	84.027	161-801	51,126 **
IDEA-B Preschool	84.173	161-801	4,580 **
Total Special Education Cluster (IDEA)			<u>55,706</u>
ESEA Title I Part A	84.010A	1661010116180	127,951 **
ESEA Title I School Improvement	84.010A	S010A130043	0 **
ESEA Title II Part A	84.367A	161-801	12,105 **
Summer School LEP	84.369A	69551302	1,113 **
Total U.S. Department of Education			<u>196,875</u>
TOTAL FEDERAL EXPENDITURES			\$ <u>18,220,462</u>

** Waco Charter School

* See notes to the Schedule of Expenditures of Federal Awards

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended April 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Economic Opportunities Advancement Corporation of Planning Region XI (EOAC) under programs of the federal government for the year ended April 30, 2016. The information in this schedule is presented in accordance with the 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). Because the schedule represents only a selected portion of the operations of EOAC, it is not intended to and does not present the financial position, changes in net assets or cash flows of EOAC.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: CONTINGENT LIABILITIES

EOAC participates in a number of federally assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act Amendments of 1996*, if applicable, in accordance with the required levels of Federal Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs, however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

NOTE 4: RELATIONSHIP TO FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports filed with agencies.

NOTE 5: INDIRECT COSTS

EOAC has elected not to use the 10 percent de minimis indirect cost rate as allowed under the *Uniform Guidance*.

NOTE 6: NON-CASH AWARDS

The Organization received the following non-cash awards:

USDA Commodities	10,579	\$ 11,061 **
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** Waco Charter School

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

(Non-GAAP BASIS)

April 30, 2016

	<u>Payroll Fund 08</u>	<u>EOAC Health Plan Fund 15</u>	<u>CSBG Fund 20</u>	<u>CCS Vendor Fund 30</u>
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 2,000	\$ 0	\$ 188,373	\$ 42,856
Due From (To) Other Funds	(19)	81,775	(13,921)	0
Accounts Receivable:				
Grants/Contracts	0	0	117,860	407,260
Other	0	15,412	6,342	0
Inventory	0	0	0	0
Deferred Expenditures	0	0	0	0
Prepaid Expenses	0	0	11,275	4,079
Other Assets	0	0	0	0
Total Current Assets	<u>1,981</u>	<u>97,187</u>	<u>309,929</u>	<u>454,195</u>
Property and Equipment:				
Buildings and Land	0	0	0	0
Construction in Progress	0	0	0	0
Equipment	0	0	0	0
Vehicles	0	0	21,119	0
Accumulated Depreciation	0	0	(21,119)	0
Total Property and Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 1,981</u>	<u>\$ 97,187</u>	<u>\$ 309,929</u>	<u>\$ 454,195</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	(19)	0	38,237	467,310
Other Payables	0	97,187	595	0
Accrued Salaries	0	0	18,705	6,761
Accrued Annual Leave	0	0	44,458	3,692
Deferred Revenue	0	0	227,071	2,738
Due to Grantor	0	0	0	0
Security Deposits Payable	0	0	0	0
Long-Term Debt - Current Portion	0	0	0	0
Total Current Liabilities	<u>(19)</u>	<u>97,187</u>	<u>329,066</u>	<u>480,501</u>
Non-Current Liabilities:				
Long-Term Debt	0	0	0	0
Total Liabilities	<u>(19)</u>	<u>97,187</u>	<u>329,066</u>	<u>480,501</u>
Net Assets:				
Net Assets - Programmatic	2,000	0	(19,137)	(26,306)
Investment in Fixed Assets	0	0	0	0
Total Net Assets	<u>2,000</u>	<u>0</u>	<u>(19,137)</u>	<u>(26,306)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,981</u>	<u>\$ 97,187</u>	<u>\$ 309,929</u>	<u>\$ 454,195</u>

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

(Non-GAAP BASIS)

April 30, 2016

	CCS Operating Fund 31	Head Start Fund 50	HS Parent Policy Council Fund 59	WAP Fund 60	Annual Events Fund 70
ASSETS					
Current Assets:					
Cash	\$ 85,877	\$ (6,557)	\$ 23,336	\$ 46,463	\$ 125,595
Due From (To) Other Funds	(6,450)	(83,640)	0	(2,016)	(314)
Accounts Receivable:					
Grants/Contracts	15,970	685,376	0	64,981	0
Other	0	154	0	14	0
Inventory	0	0	0	0	0
Deferred Expenditures	0	0	0	0	0
Prepaid Expenses	5,033	54,368	0	1,709	0
Other Assets	0	0	0	0	0
Total Current Assets	100,430	649,701	23,336	111,151	125,281
Property and Equipment:					
Buildings and Land	0	2,670,824	0	0	0
Construction in Progress	0	0	0	0	0
Equipment	0	328,356	0	0	0
Vehicles	0	450,618	0	53,130	0
Accumulated Depreciation	0	(1,597,345)	0	(53,130)	0
Total Property and Equipment	0	1,852,453	0	0	0
TOTAL ASSETS	\$ 100,430	\$ 2,502,154	\$ 23,336	\$ 111,151	\$ 125,281
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	22,333	351,495	0	32,388	0
Other Payables	0	0	0	0	0
Accrued Salaries	15,436	190,681	0	4,796	0
Accrued Annual Leave	29,277	88,157	0	4,382	0
Deferred Revenue	306	35	23,336	35,227	11,565
Due to Grantor	0	0	0	0	0
Security Deposits Payable	0	0	0	0	0
Long-Term Debt - Current Portion	0	0	0	0	0
Total Current Liabilities	67,352	630,368	23,336	76,793	11,565
Non-Current Liabilities:					
Long-Term Debt	0	0	0	0	0
Total Liabilities	67,352	630,368	23,336	76,793	11,565
Net Assets:					
Net Assets - Programmatic	33,078	19,333	0	34,358	113,716
Investment in Fixed Assets	0	1,852,453	0	0	0
Total Net Assets	33,078	1,871,786	0	34,358	113,716
TOTAL LIABILITIES AND NET ASSETS	\$ 100,430	\$ 2,502,154	\$ 23,336	\$ 111,151	\$ 125,281

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

(Non-GAAP BASIS)

April 30, 2016

	HOME Fund 80	Special Fund 90	EOAC Total	Waco Charter School	Total
ASSETS					
Current Assets:					
Cash	\$ 16,769	\$ 129,365	\$ 654,077	\$ 936,354	\$ 1,590,431
Due From (To) Other Funds	0	24,585	0	0	0
Accounts Receivable:			0		
Grants/Contracts	5,791	16,969	1,314,207	125,090	1,439,297
Other	0	6,154	28,076	0	28,076
Inventory	0	0	0	4,341	4,341
Deferred Expenditures	0	0	0	0	0
Prepaid Expenses	0	855	77,319	0	77,319
Other Assets	0	0	0	2,508	2,508
Total Current Assets	22,560	177,928	2,073,679	1,068,293	3,141,972
Property and Equipment:					
Buildings and Land	32,848	0	2,703,672	1,828,663	4,532,335
Construction in Progress	0	0	0	130,080	130,080
Equipment	0	0	328,356	147,693	476,049
Vehicles	0	0	524,867	0	524,867
Accumulated Depreciation	(17,249)	0	(1,688,843)	(645,087)	(2,333,930)
Total Property and Equipment	15,599	0	1,868,052	1,461,349	3,329,401
TOTAL ASSETS	\$ 38,159	\$ 177,928	\$ 3,941,731	\$ 2,529,642	\$ 6,471,373
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	45	34,141	945,930	11,106	957,036
Other Payables	0	6,125	103,907	0	103,907
Accrued Salaries	0	0	236,379	56,071	292,450
Accrued Annual Leave	0	0	169,966	0	169,966
Deferred Revenue	0	160	300,438	0	300,438
Due to Grantor	0	57	57	0	57
Security Deposits Payable	0	0	0	0	0
Long-Term Debt - Current Portion	0	0	0	27,623	27,623
Total Current Liabilities	45	40,483	1,756,677	94,800	1,851,477
Non-Current Liabilities:					
Long-Term Debt	0	0	0	33,336	33,336
Total Liabilities	45	40,483	1,756,677	128,136	1,884,813
Net Assets:					
Net Assets - Programmatic	22,515	137,445	317,002	1,001,116	1,318,118
Investment in Fixed Assets	15,599	0	1,868,052	1,400,390	3,268,442
Total Net Assets	38,114	137,445	2,185,054	2,401,506	4,586,560
TOTAL LIABILITIES AND NET ASSETS	\$ 38,159	\$ 177,928	\$ 3,941,731	\$ 2,529,642	\$ 6,471,373

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

	Payroll Fund 08	EOAC Health Plan Fund 15	CSBG Fund 20	CCS Vendor Fund 30	CCS Operating Fund 31
REVENUES AND GAINS					
Federal/State Grants	\$ 0	\$ 0	\$ 2,329,397	\$ 6,560,246	\$ 750,915
Miscellaneous Grants/Contracts	0	0	336,807	0	0
Interest Income	0	0	0	0	0
Other	0	0	0	20,000	0
Gain (Loss) on Disposition of Assets	0	0	0	0	0
In-Kind	0	0	0	0	0
Total Revenues and Gains	0	0	2,666,204	6,580,246	750,915
EXPENSES AND LOSSES					
Salaries & Wages	0	0	435,809	113,448	430,299
Administrative Salaries	0	0	0	0	56,805
Fringe Benefits	0	0	69,474	13,601	93,237
Administrative Fringe Benefits	0	0	4,918	0	14,769
Contractual Services	0	0	3,839	13,415	13,688
Travel/Transportation	0	0	20,426	6,484	10,364
Supplies	0	0	80,171	0	24,224
Food	0	0	0	0	0
Postage/Freight	0	0	2,384	0	10,808
Printing & Reproduction	0	0	2,308	0	694
Professional Services	0	0	2,717	0	15,279
Telephone	0	0	10,516	0	927
Insurance	0	0	6,578	0	619
Training	0	0	1,948	0	8,325
Program Support	0	0	0	0	0
Labor	0	0	224	0	0
Space and Utilities	0	0	55,277	0	1,379
Publications, Dues and Fees	0	0	1,869	0	0
Equipment/Renovations	0	0	0	0	0
Equipment Lease	0	0	2,537	0	0
Repairs and Maintenance	0	0	7,493	0	96
Direct Services	0	0	1,878,633	6,413,298	0
Other	0	0	27,868	20,000	69,390
Administrative Costs	0	0	51,215	0	12
Fundraising	0	0	0	0	0
Interest	0	0	0	0	0
In-Kind	0	0	0	0	0
Total Expenses	0	0	2,666,204	6,580,246	750,915
Excess (Deficiency) of Revenues and Gains					
Over Expenses and Losses	0	0	0	0	0
Net Assets, April 30, 2015					
Programmatic	200	0	(19,137)	(26,306)	31,778
Investment in Fixed Assets	0	0	0	0	0

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

	Payroll Fund 08	EOAC Health Plan Fund 15	CSBG Fund 20	CCS Vendor Fund 30	CCS Operating Fund 31
Acquisitions of Fixed Assets	0	0	0	0	0
Depreciation	0	0	0	0	0
Returned to Grantor	0	0	0	0	0
Interfund Transfers	1,800	0	0	0	0
Prior Period Adjustment	0	0	0	0	1,300
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,300</u>
NET ASSETS, APRIL 30, 2016	\$ <u>2,000</u>	\$ <u>0</u>	\$ <u>(19,137)</u>	\$ <u>(26,306)</u>	\$ <u>33,078</u>

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

	Head Start Fund 50	HS Parent Policy Council Fund 59	WAP Fund 60	Annual Events Fund 70	HOME Fund 80
REVENUES AND GAINS					
Federal/State Grants	\$ 7,541,829	\$ 0	\$ 425,091	\$ 0	\$ 19,452
Miscellaneous Grants/Contracts	0	0	299,051	0	0
Interest Income	0	0	0	0	0
Other	0	0	0	38,532	215
Gain (Loss) on Disposition of Assets	0	0	0	0	0
In-Kind	2,405,352	0	0	0	0
Total Revenues and Gains	<u>9,947,181</u>	<u>0</u>	<u>724,142</u>	<u>38,532</u>	<u>19,667</u>
EXPENSES AND LOSSES					
Salaries & Wages	3,962,217	0	101,686	0	0
Administrative Salaries	500,835	0	6,078	0	0
Fringe Benefits	1,103,039	0	17,808	0	0
Administrative Fringe Benefits	112,137	0	1,580	0	0
Contractual Services	94,014	0	94	0	0
Travel/Transportation	76,213	0	364	51	0
Supplies	375,120	0	288,176	706	0
Food	247,529	0	0	0	0
Postage/Freight	0	0	1,648	0	0
Printing & Reproduction	0	0	0	0	0
Professional Services	21,366	0	711	67	2
Telephone	38,909	0	2,682	0	0
Insurance	87,841	0	1,533	0	363
Training	56,092	0	14	2,004	0
Program Support	0	0	0	0	0
Labor	885	0	194,413	9	0
Space and Utilities	303,993	0	11,215	0	0
Publications, Dues and Fees	484	0	0	0	0
Equipment/Renovations	19,800	0	0	0	0
Equipment Lease	0	0	2,243	0	0
Repairs and Maintenance	500,696	0	2,410	0	0
Direct Services	0	0	0	0	19,320
Other	28,012	0	48,065	2,634	208
Administrative Costs	0	0	35,745	0	130
Fundraising	0	0	0	22,361	0
Interest	0	0	0	0	0
In-Kind	2,405,352	0	0	0	0
Total Expenses	<u>9,934,534</u>	<u>0</u>	<u>716,465</u>	<u>27,832</u>	<u>20,023</u>
Excess (Deficiency) of Revenues and Gains					
Over Expenses and Losses	12,647	0	7,677	10,700	(356)
Net Assets, April 30, 2015					
Programmatic	6,686	0	26,681	103,016	22,871
Investment in Fixed Assets	1,766,836	0	1,771	0	16,420

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

	Head Start Fund 50	HS Parent Policy Council Fund 59	WAP Fund 60	Annual Events Fund 70	HOME Fund 80
Acquisitions of Fixed Assets	231,741	0	0	0	0
Depreciation	(146,124)	0	(1,771)	0	(821)
Returned to Grantor	0	0	0	0	0
Interfund Transfers	0	0	0	0	0
Prior Period Adjustment	0	0	0	0	0
NET ASSETS, APRIL 30, 2016	\$ 1,871,786	\$ 0	\$ 34,358	\$ 113,716	\$ 38,114

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

	Special Fund 90	Total EOAC	Waco Charter School	Total
REVENUES AND GAINS				
Federal/State Grants	\$ 210,666	\$ 17,837,596	\$ 2,355,230	\$ 20,192,826
Miscellaneous Grants/Contracts	0	635,858	0	635,858
Interest Income	0	0	0	0
Other	33,832	92,579	51,737	144,316
Gain (Loss) on Disposition of Assets	0	0	0	0
In-Kind	0	2,405,352	0	2,405,352
Total Revenues and Gains	<u>244,498</u>	<u>20,971,385</u>	<u>2,406,967</u>	<u>23,378,352</u>
EXPENSES AND LOSSES				
Salaries & Wages	172,766	5,216,225	1,378,925	6,595,150
Administrative Salaries	2,000	565,718	0	565,718
Fringe Benefits	32,505	1,329,664	0	1,329,664
Administrative Fringe Benefits	0	133,404	0	133,404
Contractual Services	500	125,550	415,583	541,133
Travel/Transportation	4,214	118,116	0	118,116
Supplies	3,380	771,777	231,586	1,003,363
Food	0	247,529	0	247,529
Postage/Freight	0	14,840	0	14,840
Printing & Reproduction	0	3,002	0	3,002
Professional Services	62	40,204	0	40,204
Telephone	0	53,034	0	53,034
Insurance	300	97,234	0	97,234
Training	11,532	79,915	0	79,915
Program Support	0	0	0	0
Labor	0	195,531	0	195,531
Space and Utilities	2,700	374,564	0	374,564
Publications, Dues and Fees	184	2,537	0	2,537
Equipment/Renovations	0	19,800	0	19,800
Equipment Lease	9,124	13,904	0	13,904
Repairs and Maintenance	0	510,695	0	510,695
Direct Services	1,508	8,312,759	0	8,312,759
Other	6,803	202,980	41,111	244,091
Administrative Costs	0	87,102	0	87,102
Fundraising	0	22,361	0	22,361
Interest	0	0	6,295	6,295
In-Kind	0	2,405,352	0	2,405,352
Total Expenses	<u>247,578</u>	<u>20,943,797</u>	<u>2,073,500</u>	<u>23,017,297</u>
Excess (Deficiency) of Revenues and Gains Over Expenses and Losses	(3,080)	27,588	333,467	361,055
Net Assets, April 30, 2015				
Programmatic	142,325	288,114	729,970	1,018,084
Investment in Fixed Assets	0	1,785,027	1,380,415	3,165,442

ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PLANNING REGION XI
Waco, Texas

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

	Special Fund 90	Total EOAC	Waco Charter School	Total
Acquisitions of Fixed Assets	0	231,741	0	231,741
Depreciation	0	(148,716)	(42,346)	(191,062)
Returned to Grantor	0	0	0	0
Interfund Transfers	(1,800)	0	0	0
Prior Period Adjustment	0	1,300	0	1,300
NET ASSETS, APRIL 30, 2016	<u>\$ 137,445</u>	<u>\$ 2,185,054</u>	<u>\$ 2,401,506</u>	<u>\$ 4,586,560</u>

WACO CHARTER SCHOOL
Waco, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2016

ASSETS

Current Assets:

Cash	\$	936,354
Due From (To) Other Funds		0
Accounts Receivable:		
Grants/Contracts		125,090
Other		0
Inventory		4,341
Other Assets		2,508
Total Current Assets		<u>1,068,293</u>

Property and Equipment:

Buildings and Land		1,828,663
Construction in Progress		130,080
Equipment		147,693
Accumulated Depreciation		<u>(645,087)</u>
Total Property and Equipment		<u>1,461,349</u>

TOTAL ASSETS \$ 2,529,642

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$	11,106
Other Payables		0
Accrued Salaries		56,071
Accrued Annual Leave		0
Deferred Revenue		0
Due to Grantor		0
Current Portion of Long-Term Debt		<u>27,623</u>
Total Current Liabilities		94,800

Non-Current Liabilities:

Long-Term Debt		<u>33,336</u>
Total Liabilities		<u>128,136</u>

Net Assets:

Unrestricted		891,131
Temporarily Restricted		<u>1,510,375</u>
Total Net Assets		<u>2,401,506</u>

TOTAL LIABILITIES AND NET ASSETS \$ 2,529,642

WACO CHARTER SCHOOL
Waco, Texas

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Local and Intermediate Sources	\$ 42,223	\$ 9,514	\$ 51,737
State Program Revenues:			
Foundation School Program	0	1,931,332	1,931,332
Other State Aid	0	41,032	41,032
Total State Program Revenues	0	1,972,364	1,972,364
Federal Program Revenues:			
ESEA Title I, Part A	0	127,951	127,951
ESEA Title II, Part A	0	12,105	12,105
Child Nutrition	0	174,930	174,930
USDA Donated Commodities	0	11,061	11,061
LEP Summer School	0	1,113	1,113
IDEA-B Formula	0	51,126	51,126
IDEA-B Preschool	0	4,580	4,580
Total Federal Program Revenues	0	382,866	382,866
Net Assets Released From Restrictions:			
Satisfaction of Program Requirements	2,105,063	(2,105,063)	0
Total Revenues	2,147,286	259,681	2,406,967
EXPENSES			
Program Services:			
Instruction	1,222,730	0	1,222,730
Instructional Resources and Media Services	35,999	0	35,999
Curriculum and Staff Development	12,514	0	12,514
School Leadership	208,898	0	208,898
Support Services - Student (Pupil):			
Guidance, Counseling, & Evaluation Services	116,627	0	116,627
Health Services	1,614	0	1,614
Food Service	185,573	0	185,573
Cocurricular	0	0	0
General Administration	153,226	0	153,226
Facilities Maintenance & Operation	144,946	0	144,946
Support Services - Nonstudent Based:			
Security and Monitoring Services	752	0	752
Data Processing Services	26,672	0	26,672
Other Expenses			
Interest Expense	6,295	0	6,295
Total Expenses	2,115,846	0	2,115,846
Change in Net Assets	31,440	259,681	291,121
Net Assets, August 31, 2015	859,691	1,250,694	2,110,385
NET ASSETS, AUGUST 31, 2016	\$ 891,131	\$ 1,510,375	\$ 2,401,506

WACO CHARTER SCHOOL
Waco, Texas

STATEMENT OF EXPENSES

For the Year Ended August 31, 2016

	<u>Total</u>
<u>EXPENSES</u>	
6100 Payroll Costs	1,378,925
6200 Professional and Contracted Services	415,583
6300 Supplies and Materials	231,586
6400 Other Operating Costs	83,457
6500 Debt	<u>6,295</u>
TOTAL EXPENSES	<u>\$ 2,115,846</u>

WACO CHARTER SCHOOL
Waco, Texas

STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Foundation School Payments	\$ 1,944,912
Cash Received from Grants	382,866
Local Sources	51,737
Cash Payments to Employees for Services	(1,362,931)
Cash Payments to Other Suppliers for Goods and Services	(699,617)
Other Operating Cash Receipts (Payments)	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>316,967</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition or Construction of Capital Assets	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>0</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Paid	<u>(62,321)</u>
Net Cash Provided (Used) by Financing Activities	<u>(62,321)</u>
Net Increase (Decrease) in Cash	254,646

Cash Balance, August 31, 2015	<u>681,708</u>
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CASH BALANCE, AUGUST 31, 2016	<u><u>\$ 936,354</u></u>
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RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Change in Net Assets	\$ 291,121
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	42,346
(Increase) Decrease in Receivables	(27,452)
(Increase) Decrease in Inventory	0
(Increase) Decrease in Other Assets	(2,509)
Increase (Decrease) in Accounts Payable	(11,441)
Increase (Decrease) in Accrued Expenses	24,902
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 316,967</u></u>

WACO CHARTER SCHOOL
Waco, Texas

SCHEDULE OF CAPITAL ASSETS

For the Year Ended August 31, 2016

<u>Description</u>	<u>Ownership Interest</u>			<u>Total</u>
	<u>Local</u>	<u>State</u>	<u>Federal</u>	
Land	\$ 0	\$ 120,000	\$ 0	\$ 120,000
Buildings and Improvements	267,663	264,000	1,177,000	1,708,663
Interim Construction	130,080	0	0	130,080
Furniture and Equipment	<u>30,536</u>	<u>117,157</u>	<u>0</u>	<u>147,693</u>
Total Property and Equipment	<u>\$ 428,279</u>	<u>\$ 501,157</u>	<u>\$ 1,177,000</u>	<u>\$ 2,106,436</u>

WACO CHARTER SCHOOL
Waco, Texas

BUDGETARY COMPARISON SCHEDULE

For the Year Ended August 31, 2016

		Budgeted Amounts		Actual	Variance
		Original	Final	Amounts	Final Budget
<u>REVENUES</u>					
5700	Local and Intermediate Sources	\$ 22,727	\$ 22,727	\$ 51,737	\$ 29,010
5800	State Program Revenues	1,951,281	1,951,281	1,972,364	21,083
5900	Federal Program Revenues	430,597	430,597	382,866	(47,731)
	Total Revenues	2,404,605	2,404,605	2,406,967	2,362
<u>EXPENSES</u>					
0011	Instructions	1,311,527	1,311,527	1,222,730	88,797
0012	Instructional Resources and Media Services	38,400	38,400	35,999	2,401
0013	Curriculum and Staff Development	12,705	12,705	12,514	191
0023	School Leadership	223,748	223,748	208,898	14,850
0031	Guidance, Counseling and Evaluation Services	161,506	161,506	116,627	44,879
0033	Health Services	1,700	1,700	1,614	86
0035	Food Services	219,069	219,069	185,573	33,496
0041	General Administration	159,134	159,134	153,226	5,908
0051	Plant Maintenance and Operations	210,426	210,426	144,946	65,480
0052	Security and Monitoring Services	1,401	1,401	752	649
0053	Data Processing Services	29,300	29,300	26,672	2,628
0072	Interest on Long-Term Debt	13,000	7,000	6,295	705
	Total Expenses	2,381,916	2,375,916	2,115,846	260,070
	Changes in Net Assets	22,689	28,689	291,121	262,432
	Net Assets, Beginning of Year	2,110,385	2,110,385	2,110,385	0
	NET ASSETS, END OF YEAR	\$ 2,133,074	\$ 2,139,074	\$ 2,401,506	\$ 262,432

STATUS OF PRIOR AUDIT FINDINGS

April 30, 2016

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Financial Statement Findings and Questioned Costs:

2015-001 INELIGIBLE LIHEAP-WX PARTICIPANT SERVED DUE TO OVER-INCOME
93.568 Low-Income Energy Assistance (TDHCA 81140001878)

Questioned Costs: \$ 6,596.26 Overall
3,241.60 LIHEAP

Condition: During our examination, it was noted that out of a population of approximately 80 participants, we noted 1 incident of the 16 participant files tested where the participant was ineligible due to the household income exceeding the specified guidelines. The participant was treated as if they were eligible and a payment was made on their behalf in the LIHEAP-WX program.

Current Status: This finding can be cleared

SCHEDULE OF FINDINGS AND QUESTIONS COSTS

For the Year Ended April 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weakness(es)? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?
 Yes No

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

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
93.600	Head Start

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.